Significant commodity contracts outstanding at September 30, 2009 were as follows:

Crude Oil	Quantity (bpd)	Price (US$/bbl) [1]	Hedge Period
Purchased puts	55 000	60.00	2009
Fixed price	104 391	51.00	2009
Purchased puts	55 000	60.00	2010
Sold puts	54 753	60.00	2010
Collars – floor	50 041	50.00	2010
Collars – cap	49 986	68.06	2010

(1) Price for crude oil contracts is US$ WTI per barrel at Cushing, Oklahoma.

The net earnings impact associated with our commodity and treasury hedging activities in the third quarter of 2009 was a pre-tax gain of $55 million, compared to $68 million in the third quarter of 2008. The earnings impact in the first nine months of 2009 was a pre-tax loss of $897 million, compared to a pre-tax loss of $31 million in the first nine months of 2008.

A reconciliation of changes in accumulated other comprehensive income (AOCI) attributable to derivative hedging activities for the nine month periods ending September 30 is as follows:

($ millions)	**2009**	2008
AOCI attributable to derivative hedging activities, beginning of the period, net of income taxes of $5 (2008 – $4)	**13**	13
Current period net changes arising from cash flow hedges, net of income taxes of $nil (2008 – $3)	**1**	(7)
Net unrealized hedging losses (gains) at the beginning of the year reclassified to earnings during the period, net of income taxes of $nil (2008 – $2)	**2**	5
AOCI attributable to derivative hedging activities, at September 30, net of income taxes of $5 (2008 – $3)	**16**	11

Energy Trading Activities

In addition to derivative contracts used for hedging activities, Suncor uses physical and financial energy derivatives to earn trading revenues. These energy contracts are comprised of crude oil, natural gas and refined products derivative contracts. The results of these trading activities are reported as energy trading revenues and expenses in the Consolidated Statements of Earnings and Comprehensive Income. The net pre-tax earnings associated with our energy trading activities in the third quarter of 2009 were $35 million (2008 – $85 million). The net pre-tax earnings in the first nine months of 2009 were $34 million (2008 – $100 million).

Fair Value of Derivative Financial Instruments

The fair value of derivative financial instruments is the estimated amount we would receive (pay) to terminate the contracts. Such amounts, which also represent the unrealized gain (loss) on the contracts, were as follows:

($ millions)	**September 30 2009**	December 31 2008
Derivative financial instruments accounted for as hedges		
Assets	**20**	24
Liabilities	**—**	(13)
Derivative financial instruments not accounted for as hedges		
Assets	**209**	635
Liabilities	**(627)**	(14)
Net derivative financial instruments	**(398)**	632

Risks Associated with Derivative Financial Instruments

Our strategic crude oil hedging program is subject to periodic management reviews to determine appropriate hedge requirements in light of our tolerance for exposure to market volatility as well as the need for stable cash flow to finance future growth.

We may be exposed to certain losses in the event that the counterparties to derivative financial instruments are unable to meet the terms of the contracts. We minimize this risk by entering into agreements with investment grade counterparties. Risk is also minimized through regular management review of the potential exposure to and credit ratings of such counterparties. Our exposure is limited to those counterparties holding derivative contracts with net positive fair values at the reporting date.

Energy marketing and trading activities are governed by a separate risk management function which reviews and monitors practices and policies and provides independent verification and valuation of these activities.

Risk Factors Affecting Performance

For a description of risk factors that may affect performance, including but not limited to political, environmental, socio-economic, operational, market and other business risk factors, see Suncor's 2008 Annual Information Form and Petro-Canada's 2008 Annual Information Form.

Environmental Regulation and Risk

In 2007, the Canadian federal government introduced the Clean Air Act regulatory framework, which is expected to regulate both greenhouse gas emissions and air pollutants from industrial emitters. Suncor has been engaging in the ongoing consultations on this framework. The financial impact of this proposed legislation will be dependent on the details of Clean Air Act regulations, which were expected to be released by the end of 2008. Now that the Canadian federal government has committed to implement a North American cap and trade system with the United States, it is not certain that the Clean Air Act framework, in its current form, will be implemented.

The Ontario provincial and Colorado state governments are also in various stages of developing greenhouse gas management legislation and regulation. At this time, no such legislation has been tabled in these jurisdictions and any potential impacts are unknown.

Currently in the UK, a review of regulations which may impact the disposal of naturally occurring radioactive material (NORM) is in consultation stage with the government. At this time, no such legislation has been tabled in this jurisdiction and any potential impacts are unknown.

There remains uncertainty around the outcome and impacts of climate change and other environmental regulations. Depending on the scope of any final regulations, these impacts may have an adverse effect on our operational and financial results in the future. We continue to actively work to mitigate our environmental impact, investing in renewable energy such as wind power and biofuels, accelerating land reclamation, installing new emission abatement equipment and investigating other mitigation opportunities.

In early 2009, a number of frameworks, proposals and directives were issued by the various provincial regulators that oversee oil sands development. These relate to tailings management, water use and land use to name a few. While the financial implications of such directives are yet unknown, Suncor is committed to working with the appropriate regulatory bodies as they develop new policies and to fully comply with all existing and new regulations and directives as they apply to the company's operations. In Suncor's recently released 2009 Report on Sustainability, we announced environmental targets for air emissions, land reclamation and water use. For details on these targets, refer to the Report on Sustainability located at www.suncor.com.

Control Environment

Based on their evaluation as of September 30, 2009, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the United States Securities Exchange Act of 1934 (the Exchange Act)) are effective to ensure that information required to be disclosed by us in reports that we file or submit to Canadian and U.S. securities authorities is recorded, processed, summarized and reported within the time periods specified in Canadian and U.S. securities laws. In addition, as of September 30, 2009, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) – 15d-15(f)) that occurred during the three month period ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We will continue to periodically evaluate our disclosure controls and procedures and internal control over financial reporting and will make any modifications from time-to-time as deemed necessary.

Management continues to integrate the acquired company historical internal control over financial reporting with

Suncor's internal control over financial reporting. This integration will lead to changes in these controls in future fiscal periods but management does not yet know whether these changes will materially affect the Company's internal control over financial reporting. Management expects this integration process to be completed during 2010.

Based on their inherent limitations, disclosure control and procedures and internal controls over financial reporting may not prevent or detect misstatements and even those options determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Change in Accounting Policies

(a) Goodwill and Intangible Assets

On January 1, 2009, the company retroactively adopted Canadian Institute of Chartered Accountants (CICA) Handbook section 3064 "Goodwill and Intangible Assets". This new standard replaces section 3062 "Goodwill and Other Intangible Assets" and section 3450 "Research and Development Costs", and focuses on the criteria for asset recognition in the financial statements, including those internally developed. The impact of adopting this standard resulted in a change in the classification of our deferred maintenance shutdown costs that had previously been classified within other assets and amortized over the period to the next shutdown, as follows:

Change in Consolidated Balance Sheets

($ millions, increase/(decrease))	**As at September 30 2009**	As at December 31 2008
Property, plant and equipment, net	**475**	566
Other assets	**(475)**	(566)

(b) 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.

In the third quarter of 2009, the company began integration of the legacy Petro-Canada and Suncor's IFRS conversion projects. Key activities included integrating the project plans, reviewing the accounting documentation, aligning the IFRS accounting conclusions, and reviewing of the design of the Information Technology dual reporting solutions.

The IFRS project continues to be on target to meet the changeover date. New and revised IFRS developments will be reviewed throughout the project and changes made as necessary.

Non-GAAP Financial Measures

Certain financial measures referred to in this MD&A, namely operating earnings, cash flow from operations, return on capital employed (ROCE) and oil sands cash and total operating costs per barrel, are not prescribed by GAAP. These non-GAAP financial measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other companies. Suncor includes these non-GAAP financial measures because investors may use this information to analyze operating performance, leverage and liquidity. The additional information should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Operating earnings (loss) represent net earnings (loss) excluding the change in fair value of commodity derivatives, unrealized foreign exchange gain (loss) on U.S. dollar denominated long term debt, mark-to-market valuation of stock-based compensation, impact of income tax rate adjustments on future income tax liabilities, costs related to start-up or deferral of growth projects, and impacts related to the merger with Petro-Canada. Operating earnings are used by the Company to evaluate operating performance. See page 8 of this MD&A for a reconciliation of net earnings to operating earnings.

Suncor provides a detailed numerical reconciliation of ROCE on an annual basis in the company's annual MD&A, which is to be read in conjunction with the company's annual consolidated financial statements. For a summarized narrative reconciliation of ROCE calculated on a September 30, 2009 interim basis, please refer to page 48.

Cash flow from operations is expressed before changes in non-cash working capital. Cash flow from operations is the same measure as the cash flow from operating activities before changes in working capital measure that is included in the unaudited interim consolidated financial statements. Beginning in third quarter 2009, cash flow from operations includes the impact of fair value changes on both the current and long-term portions of commodity derivatives and stock-based compensation (previously only included the impact on the long-term portions). Prior period comparative figures have been restated. A reconciliation of net earnings to cash flow from operating activities before changes in working capital is provided in the Statement of Cash Flows and Schedules of Segmented Data, which are an integral part of Suncor's September 30, 2009 unaudited interim consolidated financial statements.

A reconciliation of cash flow from operations on a per common share basis is presented in the following table:

	Three months ended September 30		Nine months ended September 30	
	2009	2008	**2009**	2008
Cash flow from operations ($ millions)	**574**	1 146	**1 670**	3 826
Weighted number of shares outstanding – basic (millions of shares)	**1 247.9**	934.5	**1 061.1**	930.4
Cash flow from operations – basic ($ per share)	**0.46**	1.23	**1.57**	4.11

The following tables outline the reconciliation of Oil Sands cash and total operating costs to expenses included in the Schedules of Segmented Data in the company's financial statements.

Oil Sands Operating Costs – Total Operations (1)

	Three months ended September 30				Nine months ended September 30			
	2009		2008		**2009**		2008	
(unaudited)	$ millions	$/barrel	$ millions	$/barrel	$ millions	$/barrel	$ millions	$/barrel
Operating, selling and general expenses	**981**		822		**2 977**		2 213	
Less: Natural gas costs, inventory changes, stock-based compensation, and other	**(23)**		(182)		**(236)**		(341)	
Less: Safe mode costs	**(45)**		—		**(260)**		—	
Less: Non-monetary transactions	**(14)**		(25)		**(56)**		(81)	
Less: Syncrude-related operating, selling and general expenses	**(66)**		—		**(66)**		—	
Accretion of asset retirement obligations	**27**		14		**80**		41	
Cash costs	**860**	**30.65**	629	27.80	**2 439**	**30.30**	1 832	30.00
Natural gas	**44**	**1.55**	97	4.30	**164**	**2.05**	347	5.70
Imported bitumen (excluding other reported product purchases)	**2**	**0.05**	42	1.90	**3**	**0.05**	107	1.75
Cash operating costs	**906**	**32.25**	768	34.00	**2 606**	**32.40**	2 286	37.45
Project start-up costs	**12**	**0.45**	8	0.35	**38**	**0.45**	29	0.50
Total cash operating costs	**918**	**32.70**	776	34.35	**2 644**	**32.85**	2 315	37.95
Depreciation, depletion and amortization	**214**	**7.60**	151	6.70	**593**	**7.35**	412	6.75
Total operating costs	**1 132**	**40.30**	927	41.05	**3 237**	**40.20**	2 727	44.70
Production excluding Syncrude (thousands of barrels per day)	**305.3**		245.6		**294.8**		222.6	

(1) Excludes Suncor's proportionate production share and operating costs from the Syncrude joint venture

Oil Sands Operating Costs – In-Situ Bitumen Production Only

	Three months ended September 30				Nine months ended September 30			
	2009		2008		**2009**		2008	
(unaudited)	$ millions	$/barrel	$ millions	$/barrel	$ millions	$/barrel	$ millions	$/barrel
Operating, selling and general expenses	**113**		82		**307**		251	
Less: Natural gas costs	**(29)**		(42)		**(82)**		(133)	
Less: Safe mode costs	**(16)**		—		**(66)**		—	
Cash costs	**68**	**10.25**	40	10.75	**159**	**10.65**	118	11.75
Natural gas	**29**	**4.30**	42	11.30	**82**	**5.55**	133	13.25
Cash operating costs	**97**	**14.55**	82	22.05	**241**	**16.20**	251	25.00
In-situ start-up costs	**4**	**0.65**	3	0.80	**19**	**1.30**	9	0.90
Total cash operating costs	**101**	**15.20**	85	22.85	**260**	**17.50**	260	25.90
Depreciation, depletion and amortization	**39**	**5.95**	20	5.40	**92**	**6.25**	63	6.30
Total operating costs	**140**	**21.15**	105	28.25	**352**	**23.75**	323	32.20
Production (thousands of barrels per day)	**71.9**		40.4		**54.3**		36.6	

Notice – Forward-Looking Information

This Management's Discussion and Analysis contains certain forward-looking statements and other information that are based on Suncor's current expectations, estimates, projections and assumptions that were made by the company in light of its experience and its perception of historical trends.

All statements and other information that address expectations or projections about the future, including statements about Suncor's strategy for growth, expected and future expenditures, commodity prices, costs, schedules, production volumes, operating and financial results and expected impact of future commitments, are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects," "anticipates," "estimates," "plans," "scheduled," "intends," "believes," "projects," "indicates," "could," "focus," "vision," "goal," "outlook," "proposed," "target," "objective," and similar expressions. These statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Suncor. Suncor's actual results may differ materially from those expressed or implied by its forward-looking statements and readers are cautioned not to place undue reliance on them.

Suncor's outlook includes a production range based on our current expectations, estimates, projections and assumptions. Uncertainties in the estimating process and the impact of future events may cause actual results to differ, in some cases materially, from our estimates. Assumptions are based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be relevant. For a description of assumptions and risk factors specifically related to the 2009 outlook, see page 4 of our third quarter 2009 report to Shareholders.

The risks, uncertainties and other factors that could influence actual results include but are not limited to, market instability affecting Suncor's ability to borrow in the capital debt markets at acceptable rates; availability of third-party bitumen; success of hedging strategies, maintaining a desirable debt to cash flow ratio; changes in the general economic, market and business conditions; fluctuations in supply and demand for Suncor's products; commodity prices, interest rates and currency exchange rates; Suncor's ability to respond to changing markets and to receive timely regulatory approvals; the successful and timely implementation of capital projects including growth projects and regulatory projects; the accuracy of cost estimates, some of which are provided at the conceptual or other preliminary stage of projects and prior to commencement or conception of the detailed engineering needed to reduce the margin of error and increase the level of accuracy; the integrity and reliability of Suncor's capital assets; the cumulative impact of other resource development; the cost of compliance with current and future environmental laws; the accuracy of Suncor's reserve, resource and future production estimates and its success at exploration and development drilling and related activities; the maintenance of satisfactory relationships with unions, employee associations and joint venture partners; competitive actions of other companies, including increased competition from other oil and gas companies or from companies that provide alternative sources of energy; labour and material shortages; uncertainties resulting from potential delays or changes in plans with respect to projects or capital expenditures; actions by governmental authorities including the imposition of taxes or changes to fees and royalties, changes in environmental and other regulations (for example, the Government of Alberta's review of the unintended consequences of the proposed Crown royalty regime, the Government of Canada's current review of greenhouse gas emission regulations); the ability and willingness of parties with whom we have material relationships to perform their obligations to us; political, economic and socio-economic risk associated with foreign operations (including OPEC production quotas); the occurrence of unexpected events such as fires, blowouts, freeze-ups, equipment failures and other similar events affecting Suncor or other parties whose operations or assets directly or indirectly affect Suncor; failure to realize anticipated synergies or cost savings; risks regarding the integration of the two entities; and incorrect assessments of the values of the other entity. The foregoing important factors are not exhaustive.

Many of these risk factors are discussed in further detail throughout this Management's Discussion and Analysis and in Suncor's and legacy Petro-Canada's Annual Information Form/Form 40-F on file with Canadian securities commissions at www.sedar.com and the United States Securities and Exchange Commission (SEC) at www.sec.gov. Readers are also referred to the risk factors described in other documents that Suncor files from time to time with securities regulatory authorities. Copies of these documents are available without charge from the company.

Consolidated Statements of Earnings

(unaudited)

($ millions)	Three months ended September 30 2009	Three months ended September 30 2008 (restated) (note 2)	Nine months ended September 30 2009	Nine months ended September 30 2008 (restated) (note 2)
Revenues				
Operating revenues	**5 847**	5 598	**11 121**	14 198
Less: Royalties	**(450)**	(301)	**(612)**	(804)
Operating revenues (net of royalties)	**5 397**	5 297	**10 509**	13 394
Energy trading activities (note 5)	**2 608**	3 198	**6 896**	8 267
Interest and other income (note 3f)	**438**	12	**439**	25
	8 443	8 507	**17 844**	21 686
Expenses				
Purchases of crude oil and products	**2 284**	2 640	**4 502**	5 838
Operating, selling and general (note 9)	**1 747**	1 037	**4 283**	2 960
Energy trading activities (note 5)	**2 572**	3 156	**6 857**	8 272
Transportation costs	**133**	53	**260**	153
Depreciation, depletion and amortization	**621**	263	**1 234**	763
Accretion of asset retirement obligations	**45**	16	**103**	48
Exploration	**129**	30	**168**	73
Loss (gain) on disposal of assets	**(10)**	4	**12**	(14)
Project start-up costs	**12**	8	**38**	29
Financing expenses (income) (note 7)	**(348)**	156	**(417)**	241
	7 185	7 363	**17 040**	18 363
Earnings Before Income Taxes	**1 258**	1 144	**804**	3 323
Provisions for (Recovery of) Income Taxes (note 14)				
Current	**449**	192	**653**	406
Future	**(120)**	137	**(538)**	565
	329	329	**115**	971
Net Earnings	**929**	815	**689**	2 352
Net Earnings Per Common Share (dollars), (note 8)				
Basic	**0.74**	0.87	**0.65**	2.53
Diluted	**0.74**	0.86	**0.64**	2.48
Cash dividends	**0.10**	0.05	**0.20**	0.15

Consolidated Statements of Comprehensive Income

(unaudited)

($ millions)	Three months ended September 30 2009	Three months ended September 30 2008	Nine months ended September 30 2009	Nine months ended September 30 2008
Net earnings	**929**	815	**689**	2 352
Other comprehensive income (loss), net of income taxes				
Change in foreign currency translation adjustment	**(186)**	52	**(250)**	93
Gain (loss) on derivative contracts designated as cash flow hedges	**1**	52	**3**	(2)
Comprehensive Income	**744**	919	**442**	2 443

See accompanying notes

Consolidated Balance Sheets

(unaudited)

($ millions)	September 30 2009 (note 3)	December 31 2008 (restated) (note 2)
Assets		
Current assets		
Cash and cash equivalents	**587**	660
Accounts receivable (note 5)	**4 020**	1 580
Inventories	**2 683**	909
Income taxes receivable	**586**	67
Future income taxes	**362**	21
Total current assets	**8 238**	3 237
Property, plant and equipment, net (note 2)	**57 572**	28 882
Other assets (note 2)	**570**	388
Goodwill (note 3)	**3 221**	21
Future income taxes	**345**	—
Total assets	**69 946**	32 528
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt	**3**	2
Current portion of long-term debt (note 12)	**21**	18
Accounts payable and accrued liabilities (note 5)	**5 997**	3 326
Income taxes payable	**1 277**	81
Future income taxes	**15**	111
Total current liabilities	**7 313**	3 538
Long-term debt (note 12)	**13 826**	7 866
Accrued liabilities and other (note 5)	**5 473**	1 986
Future income taxes (note 14)	**9 480**	4 615
Shareholders' equity (see below)	**33 854**	14 523
Total liabilities and shareholders' equity	**69 946**	32 528

Shareholders' Equity

	Number (thousands)		Number (thousands)	
Share capital	**1 558 901**	**20 031**	935 524	1 113
Contributed surplus		**508**		288
Accumulated other comprehensive income (loss) (note 13)		**(150)**		97
Retained earnings		**13 465**		13 025
Total shareholders' equity		**33 854**		14 523

See accompanying notes

Consolidated Statements of Cash Flows

(unaudited)

($ millions)	Three months ended September 30 2009	Three months ended September 30 2008	Nine months ended September 30 2009	Nine months ended September 30 2008
Operating Activities				
Net earnings	**929**	815	**689**	2 352
Adjustments for:				
Depreciation, depletion and amortization	**621**	263	**1 234**	763
Future income taxes	**(120)**	137	**(538)**	565
Accretion of asset retirement obligations	**45**	16	**103**	48
Unrealized foreign exchange (gain) loss on U.S. dollar denominated long-term debt	**(400)**	173	**(657)**	238
Change in fair value of derivative contracts	**(333)**	(173)	**1 039**	(131)
Loss (gain) on disposal of assets	**(10)**	4	**12**	(14)
Stock-based compensation	**125**	(25)	**228**	14
Gain on effective settlement of pre-existing contract with Petro-Canada (note 3f)	**(438)**	—	**(438)**	—
Other	**61**	(83)	**(127)**	(57)
Exploration expenses	**94**	19	**125**	48
Cash flow from operating activities before changes in non-cash working capital	**574**	1 146	**1 670**	3 826
Decrease (increase) in non-cash working capital related to operating activities (note 15)	**99**	83	**(568)**	(583)
Cash flow from operating activities	**673**	1 229	**1 102**	3 243
Investing Activities				
Capital and exploration expenditures	**(961)**	(1 959)	**(2 690)**	(5 317)
Deferred outlays and other investments	**17**	(3)	**(27)**	(36)
Cash acquired through business combination (net) (note 3)	**248**	—	**248**	—
Proceeds from disposals	**9**	8	**36**	33
Decrease (increase) in non-cash working capital related to investing activities	**(30)**	61	**(708)**	239
Cash flow used in investing activities	**(717)**	(1 893)	**(3 141)**	(5 081)
Net cash deficiency before financing activities	**(44)**	(664)	**(2 039)**	(1 838)
Financing Activities				
Increase (decrease) in short-term debt	**—**	—	**1**	(1)
Net proceeds from issuance of long-term debt	**—**	—	**—**	2 704
Net increase (decrease) in long-term debt	**311**	(152)	**2 209**	(195)
Issuance of common shares under stock option plan	**8**	15	**30**	184
Dividends paid on common shares	**(155)**	(46)	**(249)**	(134)
Cash flow provided by (used in) financing activities	**164**	(183)	**1 991**	2 558
Increase (Decrease) in Cash and Cash Equivalents	**120**	(847)	**(48)**	720
Effect of Foreign Exchange on Cash and Cash Equivalents	**(18)**	16	**(25)**	26
Cash and Cash Equivalents at Beginning of Period	**485**	2 146	**660**	569
Cash and Cash Equivalents at End of Period	**587**	1 315	**587**	1 315

See accompanying notes

Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

($ millions)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
At December 31, 2007	881	194	(253)	11 074
Net earnings	—	—	—	2 352
Dividends paid on common shares	—	—	—	(134)
Issued for cash under stock option plan	218	(34)	—	—
Issued under dividend reinvestment plan	5	—	—	(5)
Stock-based compensation expense	—	94	—	—
Income tax benefit of stock option deduction in the U.S.	—	9	—	—
Change in accumulated other comprehensive income (loss)	—	—	91	—
At September 30, 2008	1 104	263	(162)	13 287
At December 31, 2008	1 113	288	97	13 025
Net earnings	**—**	**—**	**—**	**689**
Dividends paid on common shares	**—**	**—**	**—**	**(249)**
Issued for cash under stock option plans	**38**	**(8)**	**—**	**—**
Issued under dividend reinvestment plan	**2**	**—**	**—**	**—**
Stock-based compensation expense	**—**	**77**	**—**	**—**
Issued for Petro-Canada acquisition (note 3)	**18 878**	**—**	**—**	**—**
Fair value of Petro-Canada stock options exchanged for Suncor stock options (note 3)	**—**	**147**	**—**	**—**
Income tax benefit of stock option deduction in the U.S.	**—**	**4**	**—**	**—**
Change in accumulated other comprehensive income (loss)	**—**	**—**	**(247)**	**—**
At September 30, 2009	**20 031**	**508**	**(150)**	**13 465**

See accompanying notes

Schedules of Segmented Data

(unaudited)

Three months ended September 30

($ millions)	Oil Sands 2009	Oil Sands 2008	Natural Gas 2009	Natural Gas 2008	East Coast Canada 2009	East Coast Canada 2008	International 2009	International 2008	Refining and Marketing 2009	Refining and Marketing 2008	Corporate, Energy Trading and Eliminations 2009	Corporate, Energy Trading and Eliminations 2008	Total 2009	Total 2008
EARNINGS														
Revenues														
Operating revenues	1 190	2 334	167	201	125	—	468	—	3 893	3 060	4	3	5 847	5 598
Less: Royalties	(219)	(249)	(16)	(52)	(63)	—	(152)	—	—	—	—	—	(450)	(301)
Operating revenues (net of royalties)	971	2 085	151	149	62	—	316	—	3 893	3 060	4	3	5 397	5 297
Energy trading activities	—	—	—	—	—	—	—	—	—	—	2 608	3 198	2 608	3 198
Intersegment revenues	987	315	41	15	97	—	—	—	2	—	(1 127)	(330)	—	—
Interest and other income	438	—	—	—	—	—	—	—	—	—	—	12	438	12
	2 396	2 400	192	164	159	—	316	—	3 895	3 060	1 485	2 883	8 443	8 507
Expenses														
Purchases of crude oil and products	16	175	—	—	16	—	—	—	3 294	2 855	(1 042)	(390)	2 284	2 640
Operating, selling and general	981	822	114	46	31	—	61	—	405	177	155	(8)	1 747	1 037
Energy trading activities	—	—	—	—	—	—	—	—	—	—	2 572	3 156	2 572	3 156
Transportation costs	62	48	20	6	8	—	12	—	35	3	(4)	(4)	133	53
Depreciation, depletion and amortization	242	151	148	59	50	—	78	—	97	40	6	13	621	263
Accretion of asset retirement obligations	30	14	7	2	1	—	7	—	—	—	—	—	45	16
Exploration	2	7	50	23	—	—	77	—	—	—	—	—	129	30
Loss (gain) on disposal of assets	—	11	(5)	2	—	—	—	—	(5)	(2)	—	(7)	(10)	4
Project start-up costs	12	8	—	—	—	—	—	—	—	—	—	—	12	8
Financing expenses (income)	—	—	—	—	—	—	—	—	—	—	(348)	156	(348)	156
	1 345	1 236	334	138	106	—	235	—	3 826	3 073	1 339	2 916	7 185	7 363
Earnings (loss) before income taxes	1 051	1 164	(142)	26	53	—	81	—	69	(13)	146	(33)	1 258	1 144
Income taxes	(313)	(310)	31	(8)	(14)	—	(49)	—	(18)	2	34	(13)	(329)	(329)
Net earnings (loss)	738	854	(111)	18	39	—	32	—	51	(11)	180	(46)	929	815

Schedules of Segmented Data (continued)

(unaudited)

Three months ended September 30

($ millions)	Oil Sands 2009	Oil Sands 2008	Natural Gas 2009	Natural Gas 2008	East Coast Canada 2009	East Coast Canada 2008	International 2009	International 2008	Refining and Marketing 2009	Refining and Marketing 2008	Corporate, Energy Trading and Eliminations 2009	Corporate, Energy Trading and Eliminations 2008	Total 2009	Total 2008
CASH FLOW BEFORE FINANCING ACTIVITIES														
Operating activities														
Net earnings (loss)	**738**	854	**(111)**	18	**39**	—	**32**	—	**51**	(11)	**180**	(46)	**929**	815
Adjustments for:														
Depreciation, depletion and amortization	**242**	151	**148**	59	**50**	—	**78**	—	**97**	40	**6**	13	**621**	263
Future income taxes	**(9)**	149	**(24)**	4	**14**	—	**(17)**	—	**18**	(8)	**(102)**	(8)	**(120)**	137
Accretion of asset retirement obligations	**30**	14	**7**	2	**1**	—	**7**	—	**—**	—	**—**		**45**	16
Unrealized foreign exchange (gain) loss on U.S. dollar denominated long-term debt	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**(400)**	173	**(400)**	173
Change in fair value of derivative contracts	**(302)**	(64)	**(1)**	(6)	**—**	—	**—**	—	**4**	(7)	**(34)**	(96)	**(333)**	(173)
Loss (gain) on disposal of assets	**—**	11	**(5)**	2	**—**	—	**—**	—	**(5)**	(2)	**—**	(7)	**(10)**	4
Stock-based compensation	**39**	6	**13**	1	**2**	—	**9**	—	**23**	2	**39**	(34)	**125**	(25)
Gain on effective settlement of pre-existing contract with Petro-Canada	**(438)**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**(438)**	—
Other	**(58)**	(91)	**(2)**	(1)	**24**	—	**9**	—	**87**	5	**1**	4	**61**	(83)
Exploration expenses	**—**	—	**49**	19	**—**	—	**45**	—	**—**	—	**—**	—	**94**	19
Cash flow from (used in) operating activities before changes in non-cash working capital	**242**	1 030	**74**	98	**130**	—	**163**	—	**275**	19	**(310)**	(1)	**574**	1 146
Decrease (increase) in non-cash working capital related to operating activities	**(465)**	726	**13**	110	**32**	—	**58**	—	**(262)**	(380)	**723**	(373)	**99**	83
Total cash flow from (used in) operating activities	**(223)**	1 756	**87**	208	**162**	—	**221**	—	**13**	(361)	**413**	(374)	**673**	1 229
Investing activities:														
Capital and exploration expenditures	**(594)**	(1 791)	**(64)**	(80)	**(63)**	—	**(147)**	—	**(93)**	(77)	**—**	(11)	**(961)**	(1 959)
Deferred outlays and other investments	**(9)**	(6)	**—**	—	**—**	—	**—**	—	**—**	—	**26**	3	**17**	(3)
Cash acquired through business combination (net)	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**248**	—	**248**	—
Proceeds from disposals	**—**	—	**—**	1	**—**	—	**—**	—	**9**	—	**—**	7	**9**	8
Decrease (increase) in investing working capital	**(9)**	69	**(13)**	—	**(1)**	—	**(6)**	—	**(1)**	(1)	**—**	(7)	**(30)**	61
Total cash from (used in) investing activities	**(612)**	(1 728)	**(77)**	(79)	**(64)**	—	**(153)**	—	**(85)**	(78)	**274**	(8)	**(717)**	(1 893)
Net cash surplus (deficiency) before financing activities	**(835)**	28	**10**	129	**98**	—	**68**	—	**(72)**	(439)	**687**	(382)	**(44)**	(664)

Schedules of Segmented Data

(unaudited)

Nine months ended September 30

($ millions)	Oil Sands 2009	Oil Sands 2008	Natural Gas 2009	Natural Gas 2008	East Coast Canada 2009	East Coast Canada 2008	International 2009	International 2008	Refining and Marketing 2009	Refining and Marketing 2008	Corporate, Energy Trading and Eliminations 2009	Corporate, Energy Trading and Eliminations 2008	Total 2009	Total 2008
EARNINGS														
Revenues														
Operating revenues	**2 953**	5 998	**333**	572	**125**	—	**468**	—	**7 229**	7 615	**13**	13	**11 121**	14 198
Less: Royalties	**(365)**	(661)	**(32)**	(143)	**(63)**	—	**(152)**	—	**—**	—	**—**	—	**(612)**	(804)
Operating revenues (net of royalties)	**2 588**	5 337	**301**	429	**62**	—	**316**	—	**7 229**	7 615	**13**	13	**10 509**	13 394
Energy trading activities	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**6 896**	8 267	**6 896**	8 267
Intersegment revenues	**1 527**	1 045	**63**	45	**97**	—	**—**	—	**2**	—	**(1 689)**	(1 090)	**—**	—
Interest and other income	**438**	—	**—**	—	**—**	—	**—**	—	**—**	—	**1**	25	**439**	25
	4 553	6 382	**364**	474	**159**	—	**316**	—	**7 231**	7 615	**5 221**	7 215	**17 844**	21 686
Expenses														
Purchases of crude oil and products	**242**	336	**—**	—	**16**	—	**—**	—	**5 801**	6 650	**(1 557)**	(1 148)	**4 502**	5 838
Operating, selling and general	**2 977**	2 213	**197**	128	**31**	—	**61**	—	**761**	547	**256**	72	**4 283**	2 960
Energy trading activities	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**6 857**	8 272	**6 857**	8 272
Transportation costs	**178**	140	**31**	13	**8**	—	**12**	—	**44**	11	**(13)**	(11)	**260**	153
Depreciation, depletion and amortization	**622**	412	**258**	169	**50**	—	**78**	—	**208**	148	**18**	34	**1 234**	763
Accretion of asset retirement obligations	**82**	41	**12**	6	**1**	—	**7**	—	**1**	1	**—**	—	**103**	48
Exploration	**8**	16	**83**	57	**—**	—	**77**	—	**—**	—	**—**	—	**168**	73
Loss (gain) on disposal of assets	**17**	13	**(20)**	(22)	**—**	—	**—**	—	**15**	2	**—**	(7)	**12**	(14)
Project start-up costs	**38**	29	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**38**	29
Financing expenses (income)	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**(417)**	241	**(417)**	241
	4 164	3 200	**561**	351	**106**	—	**235**	—	**6 830**	7 359	**5 144**	7 453	**17 040**	18 363
Earnings (loss) before income taxes	**389**	3 182	**(197)**	123	**53**	—	**81**	—	**401**	256	**77**	(238)	**804**	3 323
Income taxes	**(68)**	(882)	**48**	(34)	**(14)**	—	**(49)**	—	**(126)**	(87)	**94**	32	**(115)**	(971)
Net earnings (loss)	**321**	2 300	**(149)**	89	**39**	—	**32**	—	**275**	169	**171**	(206)	**689**	2 352
As at September 30														
TOTAL ASSETS	**35 505**	23 161	**5 381**	1 807	**4 870**	—	**9 879**	—	**11 132**	5 702	**3 179**	(139)	**69 946**	30 531

Schedules of Segmented Data (continued)

(unaudited)

Nine months ended September 30

($ millions)	Oil Sands 2009	Oil Sands 2008	Natural Gas 2009	Natural Gas 2008	East Coast Canada 2009	East Coast Canada 2008	International 2009	International 2008	Refining and Marketing 2009	Refining and Marketing 2008	Corporate, Energy Trading and Eliminations 2009	Corporate, Energy Trading and Eliminations 2008	Total 2009	Total 2008
CASH FLOW BEFORE FINANCING ACTIVITIES														
Operating activities														
Net earnings (loss)	321	2 300	(149)	89	39	—	32	—	275	169	171	(206)	689	2 352
Adjustments for:														
Depreciation, depletion and amortization	622	412	258	169	50	—	78	—	208	148	18	34	1 234	763
Future income taxes	(540)	515	(23)	20	14	—	(17)	—	103	72	(75)	(42)	(538)	565
Accretion of asset retirement obligations	82	41	12	6	1	—	7	—	1	1	—	—	103	48
Unrealized foreign exchange (gain) loss on U.S. dollar denominated long-term debt	—	—	—	—	—	—	—	—	—	—	(657)	238	(657)	238
Change in fair value of derivative contracts	988	(81)	(1)	(1)	—	—	—	—	(19)	5	71	(54)	1 039	(131)
Loss (gain) on disposal of assets	17	13	(20)	(22)	—	—	—	—	15	2	—	(7)	12	(14)
Stock-based compensation	76	59	15	4	2	—	9	—	30	16	96	(65)	228	14
Gain on effective settlement of pre-existing contract with Petro-Canada	(438)	—	—	—	—	—	—	—	—	—	—	—	(438)	—
Other	(232)	(73)	(3)	(9)	24	—	9	—	82	16	(7)	9	(127)	(57)
Exploration expenses	—	—	80	48	—	—	45	—	—	—	—	—	125	48
Cash flow from (used in) operating activities before changes in non-cash working capital	896	3 186	169	304	130	—	163	—	695	429	(383)	(93)	1 670	3 826
Decrease (increase) in operating working capital	(1 523)	190	(2)	41	32	—	58	—	(584)	(225)	1 451	(589)	(568)	(583)
Total cash flow from (used in) operating activities	(627)	3 376	167	345	162	—	221	—	111	204	1 068	(682)	1 102	3 243
Investing activities:														
Capital and exploration expenditures	(2 073)	(4 899)	(254)	(246)	(63)	—	(147)	—	(153)	(152)	—	(20)	(2 690)	(5 317)
Deferred outlays and other investments	(35)	(37)	—	—	—	—	—	—	—	—	8	1	(27)	(36)
Cash acquired through business combination (net)	—	—	—	—	—	—	—	—	—	—	248	—	248	—
Proceeds from disposals	—	—	27	26	—	—	—	—	9	—	—	7	36	33
Decrease (increase) in investing working capital	(687)	260	(13)	—	(1)	—	(6)	—	(1)	(14)	—	(7)	(708)	239
Total cash from (used in) investing activities	(2 795)	(4 676)	(240)	(220)	(64)	—	(153)	—	(145)	(166)	256	(19)	(3 141)	(5 081)
Net cash surplus (deficiency) before financing activities	(3 422)	(1 300)	(73)	125	98	—	68	—	(34)	38	1 324	(701)	(2 039)	(1 838)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of computation as, and should be read in conjunction with, the most recent annual financial statements, except for the accounting policy change as described in note 2, Change in Accounting Policies. Certain information and disclosures normally required to be included in notes to the annual consolidated financial statements have been condensed or omitted.

In the opinion of management, these interim consolidated financial statements contain all adjustments of a normal and recurring nature necessary to present fairly Suncor Energy Inc.'s (Suncor) financial position at September 30, 2009 and the results of its operations and cash flows for the three and nine month periods ended September 30, 2009 and 2008.

Certain prior period comparative figures have been reclassified to conform to the current period presentation.

2. CHANGE IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

On January 1, 2009, the company retroactively adopted Canadian Institute of Chartered Accountants (CICA) Handbook section 3064 "Goodwill and Intangible Assets". This new standard replaces section 3062 "Goodwill and Other Intangible Assets" and section 3450 "Research and Development Costs", and focuses on the criteria for asset recognition in the financial statements, including those internally developed. The impact of adopting this standard resulted in a change in the classification of our deferred maintenance shutdown costs that had previously been classified within other assets and amortized over the period to the next shutdown, as follows:

Change in Consolidated Balance Sheets

($ millions, increase/(decrease))	**As at September 30 2009**	As at December 31 2008
Property, plant and equipment, net	**475**	566
Other assets	**(475)**	(566)

3. BUSINESS COMBINATION WITH PETRO-CANADA

(a) Overview

In the first quarter of 2009, Suncor announced that it had agreed to merge with Petro-Canada. The transaction was accomplished through a plan of arrangement, which included a share exchange, pursuant to which holders of common shares of Petro-Canada received 1.28 common shares of Suncor for each common share of Petro-Canada held.

In the second and third quarters of 2009, the arrangement received approval from Suncor and Petro-Canada shareholders, the Alberta Court of Queen's Bench, and the Competition Bureau of Canada. The transaction closed August 1, 2009 and the merged company continues to operate as Suncor Energy Inc.

(b) Accounting for business combinations

The company has accounted for this business combination as prescribed by CICA Handbook section 1581 "Business Combinations". As such, the company is required to recognize Petro-Canada assets and liabilities as at August 1, 2009. The results of Petro-Canada operations are included in the consolidated financial statements of the company from August 1, 2009.

(c) Consideration and purchase price

Consideration offered to complete the merger included 621.1 million shares of Suncor with a value of $18,878 million, or $30.39 per share, that were issued to Petro-Canada shareholders and 7.1 million Suncor share options with a fair value of $147 million, that were exchanged for existing Petro-Canada share options. The replacement of stock options and other stock-based compensation plans that are accounted for as liabilities are not included in consideration (see note 9).

The total purchase price for the acquisition was $19,630 million, consisting of the following amounts:

($ millions)	
621.1 million common shares issued to Petro-Canada shareholders	18,878
7.1 million Petro-Canada share options exchanged for share options of Suncor	147
Transaction costs	167
Effective settlement of pre-existing contract with Petro-Canada (note f)	438
Total purchase price	19,630

(d) Preliminary allocation of purchase price

The following fair values were assigned to the net assets of Petro-Canada as at August 1, 2009:

($ millions)	
Current assets	4,645
Property, plant and equipment	27,550
Other assets	537
Total assets	32,732
Current liabilities	3,762
Long-term debt	4,410
Accrued liabilities and other	3,439
Future income taxes	4,690
Total liabilities	16,301
Net assets purchased	16,431
Goodwill	3,199
Total purchase price	19,630

Cash acquired was $248 million, net of transaction costs of $167 million.

Other assets includes $236 million for intangible assets, relating to the Petro-Canada brand, with an indefinite life, and customer lists, which will be amortized over their estimated useful lives.

This preliminary allocation of the purchase price is based on current best estimates by Suncor's management and is based principally on valuations prepared by independent valuation specialists. The completion of the purchase price allocation may result in further adjustment to the carrying value of Petro-Canada's recorded assets and liabilities and the residual amount allocated to goodwill. The company is in the process of finalizing the allocation of goodwill on acquisition to its operating segments. In the Schedule of Segmented Data, goodwill on acquisition has been included in total assets for the Corporate, Energy Trading and Eliminations segment. No amount that is part of goodwill is expected to be deductible for tax purposes.

(e) Employee future benefits

The fair values assigned to the pension and post-retirement benefits plans assumed, included in Accrued liabilities and other, are as follows:

($ millions)	Pension Benefits	Other Post-Retirement Benefits	Total
Market value of plan assets	1 255	—	1 255
Accrued benefit obligation	1 912	265	2 177
Net liability assumed	(657)	(265)	(922)

The valuation of the net liability assumed was based on the following assumptions:

(percent)	Pension Benefits	Other Post-Retirement Benefits
Discount rate	5.25	5.25
Rate of compensation increase	3.00	3.00
Expected return on plan assets	6.75	N/A

(f) Pre-existing contract with Petro-Canada

CICA Emerging Issues Committee Abstract 154 (EIC 154) *Accounting for Pre-existing Relationships between the Parties of a Business Combination* states that the consummation of a business combination between parties with a pre-existing relationship requires an evaluation to determine if a settlement of the related contract exists, and where the relationship is favourable to the acquirer, that the purchase cost of the acquisition be the sum of the consideration paid and the benefit from the settlement of the relationship. The benefit is measured as the lesser of the amount of any stated settlement provisions in the contract and the amount by which the contract is favourable, from the perspective of the acquirer, when compared to pricing for current market transactions for the same or similar items.

In 2003, Suncor entered into a fee-for-service contract where it agreed to upgrade bitumen supplied by Petro-Canada. The contract came into effect January 1, 2009. The contract processing fee included an escalation factor tied to the price of West Texas Intermediate (WTI) crude, which was intended to approximate changes in Canadian light/heavy differentials for crude oil. The contract terms included a take-or-pay volume commitment and no early settlement provisions.

Since 2003, crude prices have increased significantly and industry conditions for the supply and demand of upgraded bitumen have changed dramatically resulting in the contract being favourable to Suncor at the transaction closing date. A value of $438 million was assigned to the effective settlement of the contract, by comparing estimated future processing fees on the take-or-pay volume commitment to estimated Canadian light/heavy differentials using future pricing assumptions for WTI, synthetic crude and bitumen.

The deemed settlement amount of $438 million (net of income taxes of $nil) is included in the total purchase price of the acquisition and included in interest and other income in the Consolidated Statement of Earnings.

4. CHANGE IN SEGMENTED DISCLOSURES

As a result of the business combination described in note 3, the company has reclassified its operations into the following segments.

Oil Sands includes the company's operations in northeast Alberta to produce synthetic crude through the recovery and upgrading of bitumen from mining and in-situ development.

Natural Gas includes exploration and production of natural gas, crude oil and natural gas liquids in western Canada and the U.S. Rockies.

The East Coast Canada segment comprises activity offshore Newfoundland and Labrador, and includes interests in the Hibernia, Terra Nova, White Rose and Hebron oilfields.

The International segment includes the exploration for, and production of, crude oil and natural gas in the U.K., the Netherlands, Trinidad and Tobago, Libya and Syria.

Refining and Marketing includes the purchase and sale of crude oil, the refining of crude oil products, and the distribution and marketing of these and other purchased products through refineries located in eastern and western Canada and the U.S., as well as a lubricants plant located in eastern Canada.

The Corporate, Energy Trading and Eliminations segment includes third-party energy trading activities and activities not directly attributable to an operating segment.

All prior periods have been restated to conform to these segment definitions.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

(a) Balance Sheet Financial Instruments

The company's financial instruments in the Consolidated Balance Sheets consist of cash and cash equivalents, accounts receivable, derivative contracts, substantially all current liabilities (except for the current portions of income tax, asset retirement and pension obligations), long-term debt, and a portion of non-current accrued liabilities and other. Unless otherwise noted, carrying values reflect the current fair value of the company's financial instruments.

The estimated fair values of recognized financial instruments have been determined based on the company's assessment of available market information and appropriate valuation methodologies based on industry accepted third-party models; however, these estimates may not necessarily be indicative of the amounts that could be realized or settled in a current market transaction.

The company's fixed-term debt is accounted for under the amortized cost method. Upon initial recognition, the cost of the debt is its fair value, adjusted for any associated transaction costs. We do not recognize gains or losses arising from changes in the fair value of this debt until the gains or losses are realized. Gains or losses on our U.S. dollar denominated long-term debt resulting from changes in the exchange rate are recognized in the period in which they occur. At September 30, 2009, the carrying value of our fixed-term debt accounted for under the amortized cost method was $10.3 billion (December 31, 2008 – $6.7 billion) and the fair value was $10.8 billion (December 31, 2008 – $5.4 billion).

(b) Hedges – Documented as Part of a Qualifying Hedge Relationship

Fair Value Hedges

At September 30, 2009, the company had interest rate swaps classified as fair value hedges outstanding until August 2011, relating to fixed-rate debt. There was no ineffectiveness recognized on interest rate swaps designated as fair value hedges during the three and nine month periods ended September 30, 2009 and September 30, 2008.

There was no earnings impact associated with hedge ineffectiveness on derivative contracts to hedge risks specific to individual transactions during the three month period ended September 30, 2009 (2008 – loss of $1 million, net of income taxes of $1 million). During the nine month period ended September 30, 2009, the earnings impact was a gain of $2 million, net of income taxes of $1 million (2008 – loss of $4 million, net of income taxes of $2 million).

Cash Flow Hedges

At September 30, 2009, the company had hedged a portion of its forecasted cash flows subject to natural gas price risk. There was no earnings impact associated with realized and unrealized hedge ineffectiveness on derivative contracts designated as cash flow hedges during the three and nine month periods ended September 30, 2009 and September 30, 2008.

Fair Value of Hedging Derivative Financial Instruments

The fair value of hedging derivative financial instruments as recorded, is the estimated amount that the company would receive (pay) to terminate the hedging derivative contracts. Such amounts, which also represent the unrealized gain (loss) on the contracts, were as follows:

($ millions)	**September 30 2009**	December 31 2008
Revenue hedge swaps and collars	**1**	(2)
Fixed to floating interest rate swaps	**17**	24
Specific hedges of individual transactions	**2**	(11)
Fair value of outstanding hedging derivative financial instruments	**20**	11

Accumulated Other Comprehensive Income (AOCI)

A reconciliation of changes in AOCI attributable to derivative hedging activities for the nine month periods ending September 30 is as follows:

($ millions)	**2009**	**2008**
AOCI attributable to derivative hedging activities, beginning of the period, net of income taxes of $5 (2008 – $4)	**13**	13
Current period net changes arising from cash flow hedges, net of income taxes of $nil (2008 – $3)	**1**	(7)
Net unrealized hedging losses at the beginning of the year reclassified to earnings during the period, net of income taxes of $nil (2008 – $2)	**2**	5
AOCI attributable to derivative hedging activities, at September 30, net of income taxes of $5 (2008 – $3)	**16**	11

(c) Hedges – Not Documented as Part of a Qualifying Hedge Relationship

The company also periodically enters into derivative financial instruments such as options, basis swaps, and heat rate swaps that either do not qualify for hedge accounting treatment or that the company has not elected to document as part of a qualifying hedge relationship. The earnings impact associated with these contracts for the three month period ended September 30, 2009, was a gain of $43 million, net of income taxes of $15 million (2008 – a gain of $54 million, net of income taxes of $22 million). During the nine month period ended September 30, 2009, the earnings impact was a loss of $658 million, net of income taxes of $232 million (2008 – a loss of $6 million, net of income taxes of $2 million).

Significant contracts outstanding at September 30, 2009 were as follows:

Crude oil	Quantity (bpd)	Average Price [1] (US$/bbl)	Hedge Period
Purchased puts [2]	55 000	60.00	2009
Fixed price	104 391	51.00	2009
Purchased puts [2]	55 000	60.00	2010
Sold puts [3]	54 753	60.00	2010
Collars – floor	50 041	50.00	2010
Collars – cap	49 986	68.06	2010

(1) Average price for crude puts is US$ WTI per barrel at Cushing, Oklahoma.

(2) Total premium paid was US$59 million.

(3) Premium received was US$213 million.

(d) Energy Trading Activities

In addition to the financial derivatives used for hedging activities, the company uses physical and financial energy contracts, including swaps, forwards and options to earn trading revenues. Physical energy trading contracts involve activities intended to enhance prices and satisfy physical deliveries to customers. Net pretax earnings for the three and nine month periods ended September 30, before intersegment eliminations, were as follows:

Earnings (Loss) Before Income Taxes

($ millions)	Three months ended September 30 2009	2008	Nine months ended September 30 2009	2008
Physical energy contracts trading activity	**42**	92	**51**	103
Financial energy contracts trading activity	**(3)**	(6)	**(8)**	3
General and administrative costs	**(4)**	(1)	**(9)**	(6)
Total	**35**	85	**34**	100

(e) Fair Value of Non-Designated Derivative Financial Instruments

The fair value of unsettled (unrealized) non-designated derivative financial instruments, which includes all contracts referenced in section (c) & (d) above are as follows:

($ millions)	**September 30 2009**	December 31 2008
Derivative financial instrument assets [1]	**209**	635
Derivative financial instrument liabilities [2]	**(627)**	(14)
Net assets (liabilities)	**(418)**	621

(1) As at September 30, 2009, $168 million is recorded in accounts receivable (December 31, 2008 – $376 million) and $41 million is recorded in other assets (December 31, 2008 – $259 million) in the Consolidated Balance Sheets.

(2) As at September 30, 2009, $517 million is recorded in accounts payable and accrued liabilities (December 31, 2008 – $14 million) and $110 million is recorded in accrued liabilities and other in the Consolidated Balance Sheets.

Change in fair value of net assets

($ millions)	**2009**
Fair value of contracts outstanding at December 31, 2008	621
Fair value of contracts realized during the period	**177**
Fair value of contracts entered into during the period	**(854)**
Changes in values attributable to market price and other market changes during the period	**(362)**
Fair value of contracts outstanding at September 30, 2009	**(418)**

Financial Risk Factors

The company is exposed to a number of different financial risks arising from normal course business exposures, as well as the company's use of financial instruments. These risk factors include market risks relating to commodity prices, foreign currency risk and interest rate risk, as well as liquidity risk and credit risk.

The company maintains a formal governance process to manage its financial risks. The company's Risk Management Committee (RMC) is charged with the oversight of the company's risk management for trading risk management activities which are defined as strategic hedging, optimization trading, marketing and speculative trading. The RMC, acting under board authority, meets regularly to monitor limits on risk exposures, review policy compliance and validate risk-related methodologies and procedures. All risk management activity is carried out by specialist teams that have the appropriate skills, experience and supervision with the appropriate financial and management controls.

At September 30, 2009, the company's exposure to risks associated arising from the use of financial instruments had not changed significantly from December 31, 2008.

Changes in commodity prices on our financial contracts would have the following impact on our net earnings and other comprehensive income for the three months ended September 30, 2009:

Financial Instrument Sensitivity Analysis

($ millions)	September 30, 2009 (1)	Change	Net Earnings	Other Comprehensive Income
Crude Oil	US$76.37/barrel			
Price increase		US$1.00/barrel	(20)	—
Price decrease		US$1.00/barrel	20	—
Natural Gas	US$5.91/mcf			
Price increase		US$0.10/mcf	—	—
Price decrease		US$0.10/mcf	—	—

(1) Prices represent the average of the forward strip prices at September 30, 2009.

For a full discussion of the company's financial risk factors, see page 67 of our 2008 Annual Report.

6. CAPITAL STRUCTURE FINANCIAL POLICIES

The company's primary capital management objective is to maintain a solid investment-grade credit rating profile. This objective affords the company the financial flexibility and access to the capital it requires to execute on its growth objectives.

The company monitors capital through two key ratios: net debt to cash flow from operations and total debt to total debt plus shareholders' equity.

Net debt to cash flow from operations is calculated as short-term debt plus long-term debt less cash and cash equivalents divided by the twelve month trailing cash flow from operations.

Total debt to total debt plus shareholders' equity is calculated as short term-debt plus long-term debt divided by short-term debt plus long-term debt plus shareholders' equity.

The company's strategy during the third quarter of 2009 was to maintain the measure set out in the following schedule. The company believes that maintaining our capital target helps to provide the company access to capital at a reasonable cost by maintaining solid investment-grade credit ratings. The company operates in a cyclical business environment and ratios may periodically fall outside of management targets.

At September 30, ($ millions)	Capital Measure Target	**2009**	2008
Components of ratios			
Short-term debt		**3**	2
Current portion of long-term debt		**21**	5
Long-term debt		**13 826**	6 568
Total debt		**13 850**	6 575
Cash and equivalents		**587**	1 315
Net debt		**13 263**	5 260
Shareholders' equity		**33 854**	14 492
Total capitalization (total debt + shareholders' equity)		**47 704**	21 067
Cash flow from operations (trailing twelve months)		**1 901**	5 011
Net debt/cash flow from operations	< 2.0 times	**7.0**	1.0
Total debt/total debt plus shareholders' equity		**29%**	31%

Quarterly Operating Summary (continued)

(unaudited)

	Two months ended	Three months ended					Nine months ended		Twelve months ended
	Sept 30 2009	**Sept 30 2009**	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	**Sept 30 2009**	Sept 30 2008	Dec 31 2008
EAST COAST CANADA									
Production [a]									
Terra Nova	**16.0**	**—**	—	—	—	—	**—**	—	—
Hibernia	**28.5**	**—**	—	—	—	—	**—**	—	—
White Rose	**5.1**	**—**	—	—	—	—	**—**	—	—
Total production	**49.6**	**—**	—	—	—	—	**—**	—	—
Average sales price	**75.22**	**—**	—	—	—	—	**—**	—	—
Ending capital employed [i]	**2 050**	**—**	—	—	—	—			
(for the twelve months ended)									
Return on capital employed [j]	**12.2**	**—**	—	—	—	—			
Return on capital employed [j]**	**7.4**	**—**	—	—	—	—			
INTERNATIONAL									
Production [e]									
North Sea									
Buzzard	**29.4**	**—**	—	—	—	—	**—**	—	—
Other U.K.	**11.4**	**—**	—	—	—	—	**—**	—	—
The Netherlands sector of the North Sea	**13.8**	**—**	—	—	—	—	**—**	—	—
Total North Sea	**54.6**	**—**	—	—	—	—	**—**	—	—
Other International									
Libya	**42.7**	**—**	—	—	—	—	**—**	—	—
Trinidad & Tobago	**11.3**	**—**	—	—	—	—	**—**	—	—
Total Other International	**54.0**	**—**	—	—	—	—	**—**	—	—
Total production	**108.6**	**—**	—	—	—	—	**—**	—	—
Average sales price – North Sea [b]	**68.67**	**—**	—	—	—	—	**—**	—	—
Average sales price – Other International [l]	**62.40**	**—**	—	—	—	—	**—**	—	—
Ending capital employed [i]	**2 230**	**—**	—	—	—	—			
(for the twelve months ended)									
Return on capital employed [j]	**9.3**	**—**	—	—	—	—			
Return on capital employed [j]**	**4.8**	**—**	—	—	—	—			

Quarterly Operating Summary (continued)

(unaudited)

	Two months ended	Three months ended					Nine months ended		Twelve months ended
	Sept 30 2009	**Sept 30 2009**	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	**Sept 30 2009**	Sept 30 2008	Dec 31 2008
REFINING AND MARKETING									
Eastern North America									
Refined product sales (h)									
Transportation fuels									
Gasoline – retail	**16.8**	**12.5**	4.0	3.8	3.9	3.8	**6.8**	3.9	3.9
– other	**6.2**	**5.8**	4.7	4.4	5.0	4.3	**4.9**	4.0	4.0
Distillate	**12.6**	**10.3**	5.4	5.1	5.4	5.2	**7.0**	5.2	5.2
Total transportation fuel sales	**35.6**	**28.6**	14.1	13.3	14.3	13.3	**18.7**	13.1	13.1
Petrochemicals	**2.3**	**1.7**	1.0	1.0	1.0	1.0	**1.2**	0.8	0.8
Asphalt	**3.3**	**2.4**	0.7	0.8	0.5	0.6	**1.3**	0.6	0.6
Other	**3.8**	**3.0**	1.0	0.5	0.5	1.2	**1.6**	1.0	1.0
Total refined product sales	**45.0**	**35.7**	16.8	15.6	16.3	16.1	**22.8**	15.5	15.5
Crude oil supply and refining									
Processed at refineries (h)	**31.8**	**25.5**	11.8	11.3	11.2	11.6	**16.2**	11.0	11.0
Utilization of refining capacity (j)	**93**	**94**	87	84	101	104	**90**	99	99
Western North America									
Refined product sales (h)									
Transportation fuels									
Gasoline – retail	**5.3**	**3.8**	0.6	0.7	0.7	0.7	**1.7**	0.7	0.7
– other	**14.3**	**12.3**	8.3	7.5	7.1	7.2	**9.4**	7.3	7.3
Distillate	**15.2**	**11.8**	5.0	5.4	5.5	5.4	**7.4**	5.6	5.6
Total transportation fuel sales	**34.8**	**27.9**	13.9	13.6	13.3	13.3	**18.5**	13.6	13.6
Asphalt	**1.6**	**1.7**	1.4	1.2	1.0	1.3	**1.4**	1.3	1.2
Other	**6.1**	**4.6**	1.8	1.0	0.9	1.3	**2.5**	1.3	1.2
Total refined product sales	**42.5**	**34.2**	17.1	15.8	15.2	15.9	**22.4**	16.2	16.0
Crude oil supply and refining									
Processed at refineries (h)	**33.7**	**27.8**	15.6	14.2	13.6	13.5	**19.3**	13.7	13.7
Utilization of refining capacity (j)	**97**	**100**	106	96	95	95	**101**	96	96

Ending capital employed excluding major projects in progress (i)		**8 300**	3 224	2 985	2 974	3 289
(for the twelve months ended)						
Return on capital employed (j)		**2.5**	3.0	3.7	1.8	9.3
Return on capital employed (j) **		**2.5**	3.0	3.7	1.8	9.0

Quarterly Operating Summary (continued)

(unaudited)

	Three months ended					Nine months ended		Twelve months ended
	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	**Sept 30 2009**	Sept 30 2008	Dec 31 2008
NETBACKS								
Natural Gas [g]								
Western Canada								
Average price realized	**3.28**	3.51	5.02	6.35	10.25	**3.72**	9.37	8.64
Royalties	**(0.24)**	0.33	(1.14)	(1.60)	(2.70)	**(0.32)**	(2.35)	(2.17)
Operating costs	**(1.91)**	(1.71)	(1.65)	(1.46)	(1.86)	**(1.81)**	(1.64)	(1.60)
Operating netback	**1.13**	2.13	2.23	3.29	5.69	**1.59**	5.38	4.87
Depreciation, depletion and amortization	**(2.73)**	(2.92)	(2.97)	(2.98)	(3.08)	**(2.83)**	(2.87)	(2.89)
Administrative expenses and other	**(1.12)**	(1.26)	(0.05)	(0.59)	(1.23)	**(0.90)**	(0.48)	(0.52)
Earnings before income taxes	**(2.72)**	(2.05)	(0.79)	(0.28)	1.38	**(2.14)**	2.03	1.46
U.S. Rockies								
Average price realized	**5.17**	—	—	—	—	**5.17**	—	—
Royalties	**(0.82)**	—	—	—	—	**(0.82)**	—	—
Operating costs	**(1.79)**	—	—	—	—	**(1.79)**	—	—
Operating netback	**2.56**	—	—	—	—	**2.56**	—	—
Depreciation, depletion and amortization	**(3.20)**	—	—	—	—	**(3.20)**	—	—
Administrative expenses and other	**(0.45)**	—	—	—	—	**(0.45)**	—	—
Earnings before income taxes	**(1.09)**	—	—	—	—	**(1.09)**	—	—
Total Natural Gas								
Average price realized	**3.45**	3.51	5.02	6.35	10.25	**3.80**	9.37	8.64
Royalties	**(0.29)**	0.33	(1.14)	(1.60)	(2.70)	**(0.35)**	(2.35)	(2.17)
Operating costs	**(1.89)**	(1.71)	(1.65)	(1.46)	(1.86)	**(1.81)**	(1.64)	(1.60)
Operating netback	**1.27**	2.13	2.23	3.29	5.69	**1.64**	5.38	4.87
Depreciation, depletion and amortization	**(2.78)**	(2.92)	(2.97)	(2.98)	(3.08)	**(2.85)**	(2.87)	(2.89)
Administrative expenses and other	**(1.06)**	(1.26)	(0.05)	(0.59)	(1.23)	**(0.87)**	(0.48)	(0.52)
Earnings before income taxes	**(2.57)**	(2.05)	(0.79)	(0.28)	1.38	**(2.08)**	2.03	1.46
East Coast Canada [b]								
Average price realized	**77.85**	—	—	—	—	**77.85**	—	—
Royalties	**(21.02)**	—	—	—	—	**(21.02)**	—	—
Operating costs	**(13.36)**	—	—	—	—	**(13.36)**	—	—
Operating netback	**43.47**	—	—	—	—	**43.47**	—	—
Depreciation, depletion and amortization	**(17.48)**	—	—	—	—	**(17.48)**	—	—
Administrative expenses and other	**(0.52)**	—	—	—	—	**(0.52)**	—	—
Earnings before income taxes	**25.47**	—	—	—	—	**25.47**	—	—

Quarterly Operating Summary (continued)

(unaudited)

	Three months ended					Nine months ended		Twelve months ended
	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	**Sept 30 2009**	Sept 30 2008	Dec 31 2008
International								
North Sea[b]								
Gross price	**72.06**	—	—	—	—	**72.06**	—	—
Operating costs	**(14.04)**	—	—	—	—	**(14.04)**	—	—
Operating netback	**58.02**	—	—	—	—	**58.02**	—	—
Depreciation, depletion and amortization	**(24.54)**	—	—	—	—	**(24.54)**	—	—
Administrative expenses and other	**(7.61)**	—	—	—	—	**(7.61)**	—	—
Earnings before income taxes	**25.87**	—	—	—	—	**25.87**	—	—
Other International								
North Africa/Near East[b]								
Gross price	**76.02**	—	—	—	—	**76.02**	—	—
Royalties	**(46.46)**	—	—	—	—	**(46.46)**	—	—
Operating costs	**(2.21)**	—	—	—	—	**(2.21)**	—	—
Operating netback	**27.35**	—	—	—	—	**27.35**	—	—
Depreciation, depletion and amortization	**(2.31)**	—	—	—	—	**(2.31)**	—	—
Administrative expenses and other	**(5.21)**	—	—	—	—	**(5.21)**	—	—
Earnings before income taxes	**19.83**	—	—	—	—	**19.83**	—	—
Other International								
Northern Latin America[g]								
Average price realized	**2.09**	—	—	—	—	**2.09**	—	—
Royalties	**(1.58)**	—	—	—	—	**(1.58)**	—	—
Operating costs	**(2.76)**	—	—	—	—	**(2.76)**	—	—
Operating netback	**(2.25)**	—	—	—	—	**(2.25)**	—	—
Depreciation, depletion and amortization	**(0.79)**	—	—	—	—	**(0.79)**	—	—
Administrative expenses and other	**0.12**	—	—	—	—	**0.12**	—	—
Earnings before income taxes	**(2.92)**	—	—	—	—	**(2.92)**	—	—
Total International[l]								
Average price realized	**67.42**	—	—	—	—	**67.42**	—	—
Royalties	**(19.25)**	—	—	—	—	**(19.25)**	—	—
Operating costs	**(8.22)**	—	—	—	—	**(8.22)**	—	—
Operating netback	**39.95**	—	—	—	—	**39.95**	—	—
Depreciation, depletion and amortization	**(13.74)**	—	—	—	—	**(13.74)**	—	—
Administrative expenses and other	**(5.79)**	—	—	—	—	**(5.79)**	—	—
Earnings before income taxes	**20.42**	—	—	—	—	**20.42**	—	—

Quarterly Operating Summary (continued)

Non-GAAP Financial Measures

Certain financial measures referred to in the Highlights and Quarterly Operating Summary are not prescribed by Canadian generally accepted accounting principles (GAAP). Suncor includes operating earnings, cash flow from operations, return on capital employed and cash and total operating costs per barrel data because investors may use this information to analyze operating performance, leverage and liquidity. The additional information should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Definitions

(1) Total operations production	– Total operations production includes total production from both mining and in-situ operations.
(2) Average sales price	– This operating statistic is calculated before royalties and net of related transportation costs and excludes the realized impact of hedging activities unless stated.
(3) Cash operating costs – Total operations	– Include cash costs that are defined as operating, selling and general expenses (excluding inventory changes), accretion expense, taxes other than income taxes and the cost of bitumen imported from third parties. Per barrel amounts are based on total production volumes. For a reconciliation of this non-GAAP financial measure see Management's Discussion and Analysis.
(4) Total cash operating costs – Total operations	– Include cash operating costs – Total operations as defined above and cash start-up costs. Per barrel amounts are based on total production volumes.
(5) Total operating costs – Total operations	– Include total cash operating costs – Total operations as defined above and non-cash operating costs. Per barrel amounts are based on total production volumes.
(6) Cash operating costs – In-situ bitumen production	– Include cash costs that are defined as operating, selling and general expenses (excluding inventory changes), accretion expense and taxes other than income taxes. Per barrel amounts are based on in-situ production volumes only.
(7) Total cash operating costs – In-situ bitumen production	– Include cash operating costs – In-situ bitumen production as defined above and cash start-up operating costs. Per barrel amounts are based on in-situ production volumes only.
(8) Total operating costs – In-situ bitumen production	– Include total cash operating costs – In-situ bitumen production as defined above and non-cash operating costs. Per barrel amounts are based on in-situ production volumes only.

Explanatory Notes

* Excludes the impact of realized hedging activities.

** If capital employed were to include capitalized costs related to major projects in progress, the return on capital employed would be as stated on this line.

(a) thousands of barrels per day	(e) thousands of barrels of oil equivalent per day	(i) $ millions
(b) dollars per barrel	(f) millions of cubic feet equivalent per day	(j) percentage
(c) dollars per barrel rounded to the nearest $0.05	(g) dollars per thousand cubic feet equivalent	(k) thousands of barrels of bitumen per day
(d) millions of cubic feet per day	(h) thousands of cubic metres per day	(l) dollars per barrel of oil equivalent

Metric conversion

Crude oil, refined products, etc. 1m^3 (cubic metre) = approx. 6.29 barrels

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