SUNCOR ENERGY INC
Form 6-K
January 21, 2003

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934

For the month of: January 2003 Commission File Number: 1-12384

SUNCOR ENERGY INC.
(Name of registrant)

112 FOURTH AVENUE S.W.
P.O. BOX 38
CALGARY, ALBERTA
CANADA, T2P 2V5

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F _________ Form 40-F X

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the SEC pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes _________ No X

If "Yes" is marked, indicate the number assigned to the registrant in connection with Rule 12g3-2(b):

N/A

EXHIBIT INDEX

EXHIBIT	DESCRIPTION OF EXHIBIT
1	EARNINGS RELEASE DATED JANUARY 21, 2003 RE: 2002 FOURTH QUARTER RESULTS

EXHIBIT 1

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUNCOR ENERGY INC.

Date: January 21, 2003 By: "JANICE B. ODEGAARD"

JANICE B. ODEGAARD
Vice President, Associate General Counsel and Corporate Secretary

FOR IMMEDIATE RELEASE

JANUARY 21, 2003

PRODUCTION INCREASE OF 53% BOOSTS FINANCIAL PERFORMANCE AT SUNCOR ENERGY
COMPANY SETS NEW RECORDS, EXCEEDS BILLION DOLLAR MARK FOR CASH FLOW

ALL FINANCIAL FIGURES ARE UNAUDITED AND IN CANADIAN DOLLARS UNLESS NOTED OTHERWISE. NATURAL GAS CONVERTS TO BARRELS OF OIL EQUIVALENT AT A 6:1 RATIO (SIX MILLION CUBIC FEET OF NATURAL GAS CONVERTS TO ONE THOUSAND BARRELS OF OIL EQUIVALENT).

CALGARY, ALBERTA - Suncor Energy Inc. announced today that it boosted production by 53 per cent in 2002, a key contributor to generating record financial performance for the company. In 2002 net earnings were $761 million ($1.64 per common share), compared to the company's previous record of $388 million ($0.79 per common share) in 2001. For the first time in the company's history, cash flow provided from operations exceeded the billion dollar mark, increasing to $1.44 billion ($3.11 per common share) in 2002, compared to $831 million ($1.76 per common share) in 2001.

Excluding a non-recurring gain on the sale of the company's retail natural gas marketing business, a positive future tax revaluation, and the effects of foreign currency translation on U.S. dollar denominated long-term debt and preferred securities, 2002 net earnings were $708 million ($1.52 per common share).

It was Suncor's expanded oil sands operations, buoyed by rising commodity prices, which enabled record breaking financial performance.

Total company production for the year averaged 239,500 barrels of oil equivalent (BOE) per day, up from the 156,600 BOE per day average recorded in 2001. Suncor's oil sands facility generated the largest part of this total, averaging 205,800 barrels per day during 2002, compared to production of 123,200 barrels per day in 2001.

"We ended the year with strong operational performance. For the first time in the company's history, we exceeded the billion dollar mark for cash flow, generating record-setting financial results for our shareholders," said Rick George, president and chief executive officer. "The goal now is to carry that momentum into 2003, increasing oil sands production while reducing operating costs and positioning the company for future growth."

In 2002, cash operating costs at Suncor's oil sands operation averaged $13.20 per barrel (excluding start-up costs). Suncor expects the 2003 average to be reduced to $12.50 per barrel (excluding start-up costs), which takes into account a 30-day maintenance shutdown of one of the company's two oil sands upgraders during the second quarter.

"We're going to be relentless in our drive to bring down costs with a goal of exiting 2003 with cash operating costs at $10 to $11 per barrel," said George.

Suncor's total production plan for 2003 is about 250,000 BOE per day. This represents average production of 215,000 barrels per day from the company's oil sands operation and about 35,000 BOE per day from Suncor's natural gas business. Growth projects continue to be a focus for the company, as Suncor's Firebag In-situ Oil Sands Project and vacuum tower expansion remain on budget and on schedule. Together, these two projects are expected to increase production at Suncor's oil sands operation to an average of 260,000 barrels per day in 2005.

"Suncor is going into 2003 with four key priorities. In the next twelve months we will focus on reducing costs and increasing production from our existing oil sands assets, while continuing to build the foundation for the next stages of our oil sands growth strategy," said George. "At the same time, we plan to continue to direct part of our cash flow to reducing Suncor's net debt."

In 2002, the company paid down more than $450 million of its net debt. As of December 31, 2002 the company's net debt was $2.7 billion. Suncor is targetting to reduce that to $2.4 billion by the end of 2003.

FOURTH QUARTER, 2002

Net earnings for the fourth quarter of 2002 were $258 million ($0.56 per common share), compared to $26 million ($0.04 per common share) in the fourth quarter of 2001. Suncor's cash flow provided from operations for the fourth quarter was $460 million ($1.00 per common share), compared with $133 million ($0.27 per common share) during the same period last year.

Excluding the effects of foreign currency translation on the company's U.S. dollar denominated long-term debt and preferred securities, 2002 fourth quarter net earnings were $256 million ($0.55 per common share).

Suncor's production for the fourth quarter of 2002 averaged 261,800 BOE per day, compared with 186,700 BOE per day during the same period in 2001.

The higher production numbers reflect increased capacity at Suncor's oil sands business where fourth quarter production exceeded design capacity, averaging 227,600 barrels per day, up from the 153,000 barrels per day the operation generated during the fourth quarter of 2001. A planned nine-day maintenance shutdown on one of two sets of hydrotreaters in November did not impact total production, but did reduce the proportion of higher value sweet crude in Suncor's sales mix for the quarter.

In the fourth quarter, Suncor realized after-tax crude oil and foreign exchange hedging losses of approximately $55 million. For 2002, hedging losses were $160 million after-tax, compared to $148 million in 2001.

	Oil Sands Cash Operating Costs (dollars per sales barrel)		
	Year ended December 31, 2002	Year ended December 31, 2001	Three months ended, December 31, 2002
Cash operating costs	13.20	11.90	12.45
Project start-up costs	0.05	5.10	0.05
Total cash operating costs	13.25	17.00	12.50
Non cash operating costs	3.90	2.60	4.05
Total operating costs	17.15	19.60	16.55

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OUTLOOK FOR THE FIRST QUARTER AND FULL-YEAR, 2003

Suncor's outlook for the first quarter of 2003 and full year provides disclosure to investors and potential investors of expected outcomes and ensures they receive access to the same information at the same time. An update to this outlook will be provided shortly after the end of the first quarter when a Guidance Report is issued. Suncor's financial results for the first quarter will be finalized and publicly released on April 24, 2003.

	Q1 2003 OUTLOOK	2003 FULL Y
OIL SANDS		
Production (bpd)	220,000 to 225,000	215,
Sales total (bpd)	220,000 to 225,000	215,
/ / Light sweet	51%	51
/ / Diesel	11%	11
/ / Light sour / bitumen	38%	38
Realization on crude sales basket	WTI @ Cushing less CDN$4.00 to $4.50 per barrel	WTI @ Cushing l $4.50 pe
Cash operating costs (excluding project start-up costs)	$13.25 to $13.75 per barrel	$12.50 per
NATURAL GAS		
Natural gas (mmcf per day)	180 to 185	185 t
Natural gas liquids (bpd)	1,900	2,0
Crude oil (bpd)	1,300	1,3
Annual production (BOE/day)		35,

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* Production at Suncor's oil sands operation will be lower than capacity as a result of a 30-day maintenance shutdown, scheduled to start April 28. The maintenance work, done every four to five years, will result in the shutdown of one of the company's two oil sands upgraders. Production at the oil sands operation is expected to average 110,000 barrels per day during the maintenance period.

Factors that could potentially impact the first quarter, 2003 include:

/ / Suncor's future financial performance is closely linked to oil and natural gas prices and exchange factors. Volatility may impact results. The volatility in natural gas prices can also impact the costs of Suncor's Oil Sands and Energy Marketing and Refining segments.

/ / Extreme cold weather, which can have an impact on oil sands mining, upgrading and transportation of products, is possible in the first quarter.

/ / Refining margins are currently between 5.3 cents per litre (cpl) and 5.5 cpl, compared to 6.6 cpl in the fourth quarter of 2002. Retail margins are currently between 7.0 cpl and 7.2 cpl, compared to 6.5 cpl in the fourth quarter of 2002.

/ / The realization on the crude sales basket can be impacted by Suncor's sales mix as well as general market conditions, which can impact differentials.

Suncor Energy is an integrated Canadian energy company. Suncor's oil sands business, located near Fort McMurray, Alberta, extracts and upgrades oil sands and markets custom-blended refinery feedstock and diesel fuel. Suncor is also a conventional natural gas producer in Western Canada, and operates a refining and marketing business in Ontario with retail distribution under the Sunoco brand. As Suncor meets today's energy needs, the company invests in renewable energy for the future. Suncor's common shares (symbol: SU) and preferred securities are listed on the Toronto and New York stock exchanges.

LEGAL NOTICE - FORWARD-LOOKING INFORMATION

THIS NEWS RELEASE CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS THAT ARE BASED ON SUNCOR'S CURRENT EXPECTATIONS, ESTIMATES, PROJECTIONS AND ASSUMPTIONS MADE IN LIGHT OF ITS EXPERIENCE AND ITS PERCEPTION OF HISTORICAL TRENDS. THE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE HEREOF, AND SUNCOR UNDERTAKES NO DUTY TO UPDATE THESE STATEMENTS TO REFLECT SUBSEQUENT CHANGES IN ASSUMPTIONS (OR THE TRENDS OR FACTORS UNDERLYING THEM) OR ACTUAL EVENTS OR EXPERIENCE.

ALL STATEMENTS THAT ADDRESS EXPECTATIONS OR PROJECTIONS ABOUT THE FUTURE, INCLUDING STATEMENTS ABOUT SUNCOR'S STRATEGY FOR GROWTH, EXPECTED AND FUTURE PRODUCTION VOLUMES, OPERATING AND FINANCIAL RESULTS, ARE FORWARD-LOOKING STATEMENTS. SOME OF THE FORWARD-LOOKING STATEMENTS MAY BE IDENTIFIED BY WORDS LIKE "GOAL," EXPECTS," AND SIMILAR EXPRESSIONS. THESE STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AS THEY ARE BASED ON CURRENT FACTS AND ASSUMPTIONS 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 AS A RESULT OF KNOWN AND UNKNOWN RISKS,

UNCERTAINTIES AND OTHER FACTORS, SUCH AS CHANGES IN THE GENERAL ECONOMIC, MARKET AND BUSINESS CONDITIONS; FLUCTUATIONS IN SUPPLY AND DEMAND FOR SUNCOR'S PRODUCTS; FLUCTUATIONS IN COMMODITY PRICES; FLUCTUATIONS IN CURRENCY EXCHANGE RATES; SUNCOR'S ABILITY TO RESPOND TO CHANGING MARKETS AND ACCESS THE CAPITAL MARKETS; THE ABILITY OF SUNCOR TO RECEIVE TIMELY REGULATORY APPROVALS; THE SUCCESSFUL AND TIMELY IMPLEMENTATION OF ITS GROWTH PROJECTS INCLUDING THE FIREBAG IN-SITU OIL SANDS PROJECT AND VOYAGEUR; THE INTEGRITY AND RELIABILITY OF SUNCOR'S CAPITAL ASSETS; THE CUMULATIVE IMPACT OF OTHER RESOURCE DEVELOPMENT PROJECTS; SUNCOR'S ABILITY TO COMPLY WITH CURRENT AND FUTURE ENVIRONMENTAL LAWS; THE ACCURACY OF SUNCOR'S PRODUCTION ESTIMATES AND PRODUCTION LEVELS AND ITS SUCCESS AT EXPLORATION AND DEVELOPMENT DRILLING AND RELATED ACTIVITIES; THE MAINTENANCE OF SATISFACTORY RELATIONSHIPS WITH UNIONS, EMPLOYEE ASSOCIATIONS, JOINT VENTURERS, SUPPLIERS AND CUSTOMERS; COMPETITIVE ACTIONS OF OTHER COMPANIES, INCLUDING INCREASED COMPETITION FROM OTHER OIL AND GAS COMPANIES OR FROM COMPANIES WHICH PROVIDE ALTERNATIVE SOURCES OF ENERGY; THE UNCERTAINTIES RESULTING FROM POTENTIAL DELAYS OR CHANGES IN PLANS WITH RESPECT TO EXPLORATION OR DEVELOPMENT PROJECTS OR CAPITAL EXPENDITURES; ACTIONS BY GOVERNMENTAL AUTHORITIES INCLUDING INCREASING TAXES, CHANGES IN ENVIRONMENTAL AND OTHER REGULATIONS; THE ABILITY AND WILLINGNESS OF PARTIES WITH WHOM SUNCOR HAS MATERIAL RELATIONSHIPS TO PERFORM THEIR OBLIGATIONS TO SUNCOR; AND 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. SEE SUNCOR'S CURRENT ANNUAL INFORMATION FORM, ANNUAL REPORT AND QUARTERLY REPORTS TO SHAREHOLDERS AND OTHER DOCUMENTS SUNCOR FILES WITH SECURITIES REGULATORY AUTHORITIES, FOR FURTHER DETAILS.

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Fourth quarter financial statements (unaudited) can be obtained at www.suncor.com or by calling (403) 205-6963.

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SUNCOR ENERGY INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited)

	Fourth quarter		Years ended
($ millions)	2002	2001	2002
REVENUES (note 8)	1 368	905	4 904
EXPENSES			
Purchases of crude oil and products	310	313	1 298
Operating, selling and general	335	274	1 292
Depreciation, depletion and amortization	162	101	585
Exploration	11	15	26
Royalties	28	15	98
Taxes other than income taxes	99	93	374

(Gain) on disposal of assets	(1)	(9)	(2)
(Gain) on sale of retail natural gas marketing business (note 9)	(1)	-	(38)
Project start-up costs	1	76	3
Write-off of oil shale assets	-	-	-
Restructuring	-	-	-
Financing expenses (notes 2 and 3)	28	2	124
	972	880	3 760
EARNINGS BEFORE INCOME TAXES	396	25	1 144
PROVISION FOR INCOME TAXES			
Current	39	(12)	74
Future (notes 2 and 6)	99	11	309
	138	(1)	383
NET EARNINGS	258	26	761
Dividends on preferred securities, net of tax	(7)	(5)	(28)
Revaluation of US$ preferred securities, net of tax (note 2)	-	(1)	1
Net earnings attributable to common shareholders (note 2)	251	20	734
PER COMMON SHARE (dollars)			
Net earnings attributable to common shareholders (notes 2 and 5)			
- basic	0.56	0.04	1.64
- diluted	0.55	0.04	1.61
Cash dividends	0.0425	0.0425	0.17

See accompanying notes.

SUNCOR ENERGY INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

($ millions)	DECEMBER 31 2002
ASSETS	
Current assets	
Cash and cash equivalents	15
Accounts receivable	403
Inventories	266
Income taxes recoverable	-
Future income taxes	38
Total current assets	722
Property, plant and equipment, net	7 641
Deferred charges and other	185

Future income taxes	135
Total assets	8 683
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	
Short-term debt	-
Accounts payable and accrued liabilities	716
Income taxes payable	34
Taxes other than income taxes	37
Future income taxes	10
Total current liabilities	797
Long-term debt (note 4)	2 686
Accrued liabilities and other	226
Future income taxes (note 2)	1 516
Shareholders' equity (see below)	3 458
Total liabilities and shareholders' equity	8 683

SHAREHOLDERS' EQUITY

	NUMBER		
Preferred securities (note 2)	17 540 000	523	17 5
Share capital	448 971 453	578	445 9
Retained earnings (note 2)		2 357	
		3 458	

See accompanying notes.

SUNCOR ENERGY INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Fourth quarter	
($ millions)	2002	2001
OPERATING ACTIVITIES		
Cash flow provided from operations	460	133
Decrease (increase) in operating working capital		
Accounts receivable	(43)	42
Inventories	-	(19)
Accounts payable and accrued liabilities	184	33
Taxes payable	34	(1)
Cash provided from operating activities	635	188

CASH USED IN INVESTING ACTIVITIES	(298)	(400)
NET CASH SURPLUS (DEFICIENCY) BEFORE FINANCING ACTIVITIES	337	(212)
FINANCING ACTIVITIES		
Increase (decrease) in short-term debt	-	9
Proceeds from issuance of long-term debt (note 4)	-	-
Net increase (decrease) in other long-term debt	(295)	231
Issuance of common shares under stock option plan	3	1
Dividends paid on preferred securities	(12)	(12)
Dividends paid on common shares	(19)	(17)
Cash provided from (used in) financing activities	(323)	212
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	1

See accompanying notes.

SUNCOR ENERGY INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

($ millions)	Preferred Securities	Ca
AT DECEMBER 31, 2000, AS PREVIOUSLY REPORTED	514	
Retroactive adjustment for change in accounting policy, net of tax (note 2)	(4)	
AT DECEMBER 31, 2000, AS RESTATED	510	
Net earnings	-	
Dividends paid on preferred securities, net of tax	-	
Dividends paid on common shares	-	
Issued for cash under stock option plan	-	
Issued under dividend reinvestment plan	-	
Revaluation of US$ preferred securities (note 2)	15	
AT DECEMBER 31, 2001, AS RESTATED	525	
Net earnings	-	
Dividends paid on preferred securities, net of tax	-	
Dividends paid on common shares	-	
Issued for cash under stock option plan	-	
Issued under dividend reinvestment plan	-	
Revaluation of US$ preferred securities (note 2)	(2)	
AT DECEMBER 31, 2002	523	

See accompanying notes.

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, with the exception of the change in accounting with respect to the translation of Foreign Currency discussed in note 2.

2. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2002, the company retroactively adopted the new Canadian accounting standard for Foreign Currency Translation, and as a result, all prior periods have been restated. This new standard applies to the company's foreign-currency denominated preferred securities and long-term debt (see note 4). The impact of this new standard on the consolidated balance sheets and statements of earnings is as follows:

CHANGE IN CONSOLIDATED BALANCE SHEETS

($ millions, increase/(decrease))
Future income taxes - long-term liabilities
Preferred securities
Retained earnings

CHANGE IN CONSOLIDATED STATEMENTS OF EARNINGS

	fourth quarter		
($ millions, increase/(decrease))	2002	2001	2
Financing expenses	(3)	-	
Future income taxes	1	-	
Net earnings	2	-	
Revaluation of US$ preferred securities, net of tax	-	(1)	
Net earnings attributable to common shareholders	2	(1)	
Per common share - basic and diluted (dollars)	-	-	$0

3. FINANCING EXPENSES

	fourth quarter		
($ millions)	2002	2001	2
Interest on debt	37	36	
Capitalized interest	(7)	(33)	
Net interest expense	30	3	
Foreign exchange (gain) on long-term debt and other	(2)	(1)	
Total financing expenses	28	2	

4. ISSUANCE OF 7.15% NOTES

On January 29, 2002, the company issued 7.15% Notes with a principal amount of $US500 million (CDN$ equivalent of $790 million at December 31, 2002). These notes bear interest, payable semi-annually, and mature on February 1, 2032. The net proceeds received were used to repay commercial paper and bank borrowings.

5. RECONCILIATION OF BASIC AND DILUTED EARNINGS PER COMMON SHARE

	fourth quarter	
($ millions)	2002	2001
Net earnings attributable to common shareholders	251	20
Dividends on preferred securities, net of tax	7	-(a)
Revaluation of US$ preferred securities, net of tax	-	-(a)
Net earnings before deducting dividends on preferred securities and before revaluation of US$ preferred securities	258	20
(millions of common shares)		
Weighted-average number of common shares	449	446
Dilutive securities		
Options/shares issued under long term incentive plans	5	6
Redemption of preferred securities by the issuance of common shares	19	-(a)
Weighted-average number of diluted common shares	473	452
(dollars per common share)		
Basic earnings per share (b)	0.56	0.04

Diluted earnings per share	0.55(c)	0.04(a)

Common share and earnings per common share amounts in the above table reflect a two-for-one share split effective May 15, 2002.

(a) For the fourth quarter and year ended December 31, 2001, diluted earnings per share is the net earnings attributable to common shareholders divided by the weighted-average number of diluted common shares. Dividends on preferred securities, the revaluation of US$ preferred securities and the redemption of preferred securities by the issuance of common shares have an anti-dilutive impact, therefore they are not included in the calculation of diluted earnings per share.

(b) Basic earnings per share is the net earnings attributable to common shareholders divided by the weighted-average number of common shares.

(c) Diluted earnings per share is the net earnings before deducting dividends on preferred securities and revaluation of US$ preferred securities, divided by the weighted-average number of diluted common shares.

6. INCOME TAXES

During 2002, the Alberta government enacted legislation that resulted in a decrease of 0.5% in the Alberta corporate income tax rate. This reduction, combined with a deferral in the Ontario corporate income tax rate reduction, required revaluation of the future tax balances for the company resulting in an aggregate future income tax recovery of $10 million. (In 2001, Alberta and Ontario rate changes resulted in an aggregate future income tax recovery of $43 million). The new rates are reflected in the tax provision for the current year. The income tax rate changes did not affect the company's current cash flow or liquidity.

7. STOCK-BASED COMPENSATION

A STOCK OPTION GIVES THE HOLDER THE RIGHT, BUT NOT THE OBLIGATION, TO PURCHASE COMMON SHARES AT A PREDETERMINED PRICE OVER A SPECIFIED PERIOD OF TIME.

AFTER THE DATE OF GRANT, EMPLOYEES THAT HOLD OPTIONS MUST EARN THE RIGHTS TO EXERCISE THEM. THIS IS DONE BY THE EMPLOYEE FULFILLING A TIME REQUIREMENT FOR SERVICE TO THE COMPANY, AND WITH RESPECT TO CERTAIN OPTIONS, IS SUBJECT TO ACCELERATED VESTING SHOULD THE COMPANY MEET PREDETERMINED PERFORMANCE CRITERIA. ONCE THIS RIGHT HAS BEEN EARNED, THESE OPTIONS ARE CONSIDERED VESTED. OPTIONS GRANTED TO NON-EMPLOYEE DIRECTORS VEST AND ARE EXERCISABLE IMMEDIATELY.

THE PREDETERMINED PRICE AT WHICH AN OPTION CAN BE EXERCISED IS EQUAL TO OR GREATER THAN THE MARKET PRICE OF THE COMMON SHARES ON THE DATE THE OPTIONS ARE GRANTED.

SEE BELOW FOR MORE TECHNICAL DETAILS AND NUMBERS ON THE COMPANY'S STOCK OPTION PLANS:

On April 30, 2002, the company granted 8,334,240 options to all eligible permanent full-time and part-time employees, both executive and non-executive, under its new employee stock option incentive plan ("SunShare"). Under SunShare, meeting specified performance targets may accelerate the vesting of some or all options, such that 20% of outstanding options may vest as early as 2004, up to an additional 20% of outstanding options may vest as early as 2005 and the remaining 60% of outstanding options may vest on April 30, 2008. All unvested options which have not previously expired or been cancelled will automatically vest on January 1, 2012. During 2002, in addition to the initial grant, 603,752 SunShare options were granted to new employees, of which 262,262 were granted in the fourth quarter.

Under the company's other plans, 3,450 options were granted in the fourth quarter of 2002 (1,805,450 options were granted during the year ended December 31, 2002). In 2001, 2,500 options were granted in the fourth quarter (2,180,720 options were granted during the year ended December 31, 2001).

The fair values of all common share options granted during the period are estimated as at the grant date using the Black-Scholes option-pricing model. The weighted-average fair values of the options granted during the year and the weighted-average assumptions used in their determination are as noted below:

	fourth quarter	
	2002	2001
Weighted-average fair value per option	$12.43	$6.79
Annual dividend per share	$0.17	$0.17
Risk-free interest rate	4.85%	4.41%
Expected life	8 YEARS	5 years
Expected volatility	32%	30%

The company does not recognize any compensation expense related to stock options granted to employees and non-employee directors. Had compensation expense been determined based on the fair values at the grant dates, the cost of which is recognized over the estimated vesting periods of the options granted, the company's net earnings and earnings per share would have been reduced to the amounts below:

	fourth quarter	
($ millions, except per share amounts)	2002	2001
Compensation expense	6	-
Net earnings attributable to common shareholders		
As reported	251	20
Pro forma	245	20
Basic earnings per share		
As reported	0.56	0.04
Pro forma	0.55	0.04
Diluted earnings per share		

As reported	0.55	0.04
Pro forma	0.54	0.04

All option amounts stated above have been adjusted as appropriate to reflect the May 15, 2002 two-for-one share split.

8. SUPPLEMENTAL INFORMATION

	fourth quarter	
($ millions)	2002	2001
Interest paid	11	18
Income taxes paid (refunded)	(3)	-

CRUDE OIL HEDGES AT DECEMBER 31, 2002

	QUANTITY (BBL/DAY)	PRICE - US$ (WTI)
2002		
Crude oil swaps	57 000	$20.42
Costless collars	10 000	$21.00 - $26.19
Costless collars	12 000	$22.00 - $26.28
Costless collars	18 000	$23.00 - $27.59
Costless collars	3 000	$23.50 - $28.15
2003		
Crude oil swaps **	10 000	$30.10
Crude oil swaps	15 000	$24.46
Costless collars	44 000	$21.00 - $25.74
Costless collars	16 000	$22.00 - $25.07
2004		
Crude oil swaps	25 000	$22.85
Costless collars	11 000	$21.00 - $23.65
2005		
Crude oil swaps	21 000	$21.85

During 2002, the company had in place U.S. dollar swaps in the amount of US$314 million, at an exchange rate of CDN$/US$ of $0.705.

MARGIN HEDGES AT DECEMBER 31, 2002

	QUANTITY (BBL/DAY)	AVERAGE MARGIN US$/BBL	AVERAGE CDN$
Refined product sale and crude purchase swaps***	20 700	$4.61	$

* Translated to CDN$ at the year-end exchange rate of 1.5796.
** For the period January to April, 2003 inclusive. All other crude oil positions are for the full year.
*** For the period January and February 2003.

9. SALE OF THE RETAIL NATURAL GAS MARKETING BUSINESS

Effective May 2, 2002, the company sold its retail natural gas marketing business in the Energy Marketing and Refining segment for proceeds of $62 million, net of related closing costs and adjustments of $4 million. The pre-tax earnings impact of the sale was $38 million ($35 million after-tax). Proceeds from the sale decreased cash used in investing activities.

10. GOODWILL

Effective January 1, 2002, the company adopted the new Canadian accounting standard for Goodwill and Other Intangible Assets. Accordingly, goodwill is no longer amortized to earnings but periodically tested for impairment. As at December 31, 2002, the annual assessment of goodwill impairment has been completed and no reduction of the carrying value of $14 million was required. Excluding goodwill amortization from prior period results does not significantly impact net earnings or earnings per share.

11. COMPARATIVE FIGURES

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

SUNCOR ENERGY INC.
SCHEDULES OF SEGMENTED DATA
(unaudited)

	Oil Sands		Natural Gas		Energy Marketing and Refining	
($ millions)	2002	2001	2002	2001	2002	2001
EARNINGS						

REVENUES						
Operating revenues	679	298	61	48	626	558
Intersegment revenues	128	34	32	15	-	-
Interest	-	-	-	-	-	-
	807	332	93	63	626	558
EXPENSES						
Purchases of crude oil and products	69	9	-	-	391	355
Operating, selling and general	211	115	17	18	99	98
Depreciation, depletion and amortization	127	67	20	18	14	15
Exploration	9	-	2	15	-	-
Royalties	8	5	20	10	-	-
Taxes other than income taxes	6	3	1	1	92	89
(Gain) loss on disposal of assets	2	-	(3)	(9)	-	-
(Gain) on sale of retail natural gas marketing business	-	-	-	-	(1)	-
Project start-up costs	1	76	-	-	-	-
Financing expenses	-	-	-	-	-	-
	433	275	57	53	595	557
EARNINGS (LOSS) BEFORE INCOME TAXES	374	57	36	10	31	1
Income taxes	(128)	(20)	(19)	2	(12)	(1)
NET EARNINGS (LOSS)	246	37	17	12	19	-

SUNCOR ENERGY INC.
SCHEDULES OF SEGMENTED DATA (continued)
(unaudited)

	Oil Sands		Natural Gas		Energy Marketing and Refining	
($ millions)	2002	2001	2002	2001	2002	2001
CASH FLOW BEFORE FINANCING ACTIVITIES						
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES:						
Cash flow provided from (used in) operations						
Net earnings (loss)	246	37	17	12	19	-
Exploration expenses						
Cash	-	-	2	8	-	-
Dry hole costs	-	-	-	7	-	-
Non-cash items included in earnings						
Depreciation, depletion and amortization	127	67	20	18	14	15

Future income taxes	123	17	18	(3)	(26)	22
Current income tax provision allocated to Corporate	5	4	1	1	38	(21)
(Gain) loss on disposal of assets	2	-	(3)	(9)	-	-
(Gain) on sale of retail natural gas marketing business	-	-	-	-	(1)	-
Other	(3)	4	(1)	1	2	-
Overburden removal outlays	(42)	(8)	-	-	-	-
Overburden removal outlays - Project Millenium (start-up period)	-	(33)	-	-	-	-
Increase (decrease) in deferred credits and other	(3)	2	(1)	-	1	2
Total cash flow provided from (used in) operations	455	90	53	35	47	18
Decrease (increase) in operating working capital	59	19	14	(8)	20	49
Total cash provided from (used in) operating activities	514	109	67	27	67	67
CASH USED IN INVESTING ACTIVITIES:						
Capital and exploration expenditures	(201)	(313)	(34)	(48)	(31)	(28)
Deferred maintenance shutdown expenditures	(4)	(1)	-	-	-	(9)
Deferred outlays and other investments	-	-	-	-	(1)	(9)
Proceeds from disposals	-	-	4	13	1	1
Total cash used in investing activities	(205)	(314)	(30)	(35)	(31)	(45)
NET CASH SURPLUS (DEFICIENCY) BEFORE FINANCING ACTIVITIES	309	(205)	37	(8)	36	22

SUNCOR ENERGY INC.
SCHEDULES OF SEGMENTED DATA (continued)
(unaudited)

	Oil Sands		Natural Gas		Energy Marketing and Refining	
($ millions)	2002	2001	2002	2001	2002	2001
EARNINGS						
REVENUES						
Operating revenues	2 284	1 227	255	382	2 361	2 585
Intersegment revenues	375	158	60	76	-	3
Interest	-	-	-	-	-	-

	2 659	1 385	315	458	2 361	2 588
EXPENSES						
Purchases of crude oil and products	149	99	16	9	1 564	1 721
Operating, selling and general	806	481	69	64	352	350
Depreciation, depletion and amortization	450	233	75	70	58	56
Exploration	9	-	17	22	-	-
Royalties	33	30	65	104	-	-
Taxes other than income taxes	23	12	2	3	348	351
(Gain) loss on disposal of assets	2	1	(4)	(8)	-	-
(Gain) on sale of retail natural gas marketing business	-	-	-	-	(38)	-
Project start-up costs	3	141	-	-	-	-
Write-off of oil shale assets	-	-	-	-	-	-
Restructuring	-	-	-	(2)	-	-
Financing expenses	-	-	-	-	-	-
	1 475	997	240	262	2 284	2 478
EARNINGS (LOSS) BEFORE INCOME TAXES	1 184	388	75	196	77	110
Income taxes	(391)	(105)	(40)	(79)	(16)	(30)
NET EARNINGS (LOSS)	793	283	35	117	61	80
As at December 31						
TOTAL ASSETS	6 896	6 409	765	722	968	934
CAPITAL EMPLOYED*	4 540	1 398	449	317	491	483

* Excludes capitalized costs related to major projects in progress.

SUNCOR ENERGY INC.
SCHEDULES OF SEGMENTED DATA (continued)
(unaudited)

	Oil Sands		Natural Gas		Energy Marketing and Refining	
($ millions)	2002	2001	2002	2001	2002	2001
CASH FLOW BEFORE FINANCING ACTIVITIES						
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES:						
Cash flow provided from						

(used in) operations						
Net earnings (loss)	793	283	35	117	61	80
Exploration expenses						
Cash	-	-	6	12	-	-
Dry hole costs	-	-	11	10	-	-
Non-cash items included in earnings						
Depreciation, depletion and amortization	450	233	75	70	58	56
Future income taxes	379	89	37	76	(35)	18
Current income tax provision allocated to Corporate	12	17	3	3	51	12
(Gain) loss on disposal of assets	2	1	(4)	(8)	-	-
(Gain) on sale of retail natural gas marketing business	-	-	-	-	(38)	-
Write-off of oil shale assets	-	-	-	-	-	-
Restructuring	-	-	-	(3)	-	-
Other	12	(5)	2	3	9	2
Overburden removal outlays	(160)	(31)	-	-	-	-
Overburden removal outlays - Project Millenium (start-up period)	-	(88)	-	-	-	-
Increase (decrease) in deferred credits and other	(8)	(13)	(1)	-	1	(3)
Total cash flow provided from (used in) operations	1 480	486	164	280	107	165
Decrease (increase) in operating working capital	(121)	(35)	22	44	(10)	17
Total cash provided from (used in) operating activities	1 359	451	186	324	97	182
CASH USED IN INVESTING ACTIVITIES:						
Capital and exploration expenditures	(617)	(1 479)	(163)	(132)	(60)	(54)
Deferred maintenance shutdown expenditures	(9)	(5)	-	(2)	(18)	(9)
Deferred outlays and other investments	(4)	(2)	-	(1)	(18)	(9)
Proceeds from disposals	-	10	5	22	62	1
Total cash used in investing activities	(630)	(1 476)	(158)	(113)	(34)	(71)
NET CASH SURPLUS (DEFICIENCY) BEFORE FINANCING ACTIVITIES	729	(1 025)	28	211	63	111

SUNCOR ENERGY INC.
HIGHLIGHTS
(unaudited)

CASH FLOW PROVIDED FROM OPERATIONS (4)
(dollars per common share)

For the years ended December 31
Cash flow provided from operations
Dividends paid on preferred securities (pre-tax)

Cash flow provided from operations after deducting dividends paid on preferred securities

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For the quarters ended December 31
Cash flow provided from operations
Dividends paid on preferred securities (pre-tax)

Cash flow provided from operations after deducting dividends paid on preferred securities

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RATIOS
For the years ended December 31

Return on average capital employed (%) (1)

Return on average capital employed (%) (2)

Net debt to cash flow provided from operations (times)

Interest coverage on long-term debt (times)
  Net earnings
  Cash flow provided from operations

As at December 31
Debt to debt plus shareholders' equity (%)

COMMON SHARE INFORMATION (4)
As at December 31

Share price at end of trading
  Toronto Stock Exchange - $Canadian
  New York Stock Exchange - $US

Book value per common share - $Canadian
  - $US (3)

Common share options outstanding (thousands)

For the years ended December 31
Average number outstanding, weighted monthly (thousands)

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(1) Capital employed - the total of shareholders' equity and debt (short-term debt and current and long-term portions of long-term debt), less capitalized costs related to major projects in progress.

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

(3) Translated to US$ at the year end exchange rate.

(4) Reflects a two-for-one share split effective May 15, 2002.

SUNCOR ENERGY INC.
QUARTERLY OPERATING SUMMARY
(unaudited)

	For the quarter en				
	DEC 31 2002	Sept 30 2002	June 30 2002	Mar 31 2002	Dec 2
OIL SANDS					
PRODUCTION (a)	227.6	207.9	207.6	179.3	15
SALES (a)					
- light sweet crude oil	116.7	114.1	90.8	96.8	6
- diesel	25.6	22.4	23.8	20.2	1
- light sour crude oil	73.9	54.8	73.8	70.8	6
- bitumen	12.2	15.4	8.9	0.3	
TOTAL SALES	228.4	206.7	197.3	188.1	14
AVERAGE SALES PRICE (b)					
- light sweet crude oil	39.02	39.80	37.07	33.55	30
- other (diesel, light sour crude oil and bitumen)	31.04	30.86	30.33	25.53	20
- total	35.12	35.79	33.43	29.66	24
- total *	39.11	40.40	36.68	30.62	25
CASH OPERATING COSTS (1), (c)	12.50	12.05	12.60	16.35	17
TOTAL OPERATING COSTS (2), (c)	16.55	16.55	16.65	19.05	19
(For the period ended)					
CAPITAL EMPLOYED (3) (i)	4 540	4 720	4 833	4 946	1
(for the twelve months ended)					
RETURN ON AVERAGE CAPITAL EMPLOYED (3) (j)	16.8	14.6	13.4	14.2	2
RETURN ON AVERAGE CAPITAL EMPLOYED (4) (j)	15.6	11.8	8.7	6.9	

NATURAL GAS
GROSS PRODUCTION **
Conventional

- natural gas (d)	182	181	179	175	
- natural gas liquids (a)	2.4	2.3	2.5	2.5	
- crude oil (a)	1.5	1.3	1.7	1.4	
- total gross production (e)	34.2	33.8	34.0	33.0	3
AVERAGE SALES PRICE					
- natural gas (f)	4.91	3.56	3.92	3.21	3
- natural gas (f) *	4.91	3.56	3.92	3.21	3
- natural gas liquids (b)	35.14	31.66	28.25	22.53	23
- crude oil - conventional(b)	33.20	33.57	30.99	29.15	27
- crude oil - conventional(b) *	39.37	40.30	34.82	30.50	28
NET WELLS DRILLED					
Conventional - exploratory ***	4	3	-	14	
- development	6	2	5	9	
	10	5	5	23	
(For the period ended)					
CAPITAL EMPLOYED (i)	449	467	473	363	
(for the twelve months ended)					
RETURN ON AVERAGE CAPITAL EMPLOYED (3) (j)	9.2	7.7	10.4	20.0	3

SUNCOR INC.
QUARTERLY OPERATING SUMMARY (continued)
(unaudited)

	For the quarter e				
	DEC 31 2002	Sept 30 2002	June 30 2002	Mar 31 2002	De
ENERGY MARKETING AND REFINING					
REFINED PRODUCT SALES (g)					
Transportation fuels					
Gasoline - retail ****	4.5	4.6	4.5	4.3	
- other	5.0	4.3	4.2	4.0	
Jet fuel	0.5	0.4	0.4	0.3	
Diesel	3.2	2.8	3.1	2.4	
Total transportation fuel sales	13.2	12.1	12.2	11.0	
Petrochemicals	0.7	0.6	0.8	0.6	
Heating oils	0.6	0.1	0.4	0.7	
Heavy fuel oils	0.7	0.5	0.6	0.6	
Other	0.6	0.8	0.9	0.6	
TOTAL REFINED PRODUCT SALES	15.8	14.1	14.9	13.5	

MARGINS (h)				
Refining (5)	6.6	4.4	3.8	4.1
Retail (6)	6.5	6.9	6.8	6.1
CRUDE OIL SUPPLY AND REFINING				
Processed at Suncor refinery (g)	12.0	11.1	7.8	11.3
Utilization of refining capacity (%)	108	100	70	102
(For the period ended)				
CAPITAL EMPLOYED (i)	491	503	524	502
(for the twelve months ended)				
RETURN ON AVERAGE CAPITAL EMPLOYED (3) (j)	12.5	8.3	8.6	12.6

* Excludes the impact of hedging activities.

** Currently all Natural Gas production is located in the Western Canada Sedimentary Basin.

*** Excludes exploratory wells in progress.

**** Excludes sales through joint venture interests.

DEFINITIONS

(1) Cash operating costs - operating, selling and general expenses, taxes other than income taxes and overburden cash expenditures for the period.

(2) Total operating costs - cash and non-cash operating costs (total Oil Sands expenses less purchases of crude oil and products, royalties and exploration expenses and (gain)/loss on disposal of assets in Schedules of Segmented Data)

(3) Capital employed - the total of shareholders' equity and debt (short-term debt and current and long-term portions of long-term debt), less capitalized costs related to major projects in progress.

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

(5) Refining margin - average wholesale unit price from all products less average unit cost of crude oil.

(6) Retail margin - average street price of Sunoco branded retail gasoline net of federal excise tax and other adjustments less refining gasoline price.

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

METRIC CONVERSION

Crude oil, refined products, etc.	1m3 (cubic metre) = approx. 6.29 barrels