McDep Associates
Independent Stock Idea
March 5, 2004

Rating: Buy
S&P 500: 1155

Canadian Oil Sands Trust
Buy on Possible Reaction to Construction Delay and Cost Overrun

Symbol		*Price ($/sh) 4-Mar 2004*	*Shares (mm)*	*Market Cap (US$mm)*	*Net Present Value (US$/sh)*	*Debt/ Present Value*	*McDep Ratio*	*EV/ Sales NTM*	*EV/ Ebitda NTM*	*P/E NTM*	*Distrib. NTM (%)*	*PV/ Ebitda NTM*
COSWF	US$	39.90	87	3,470	50.00	0.22	0.84	4.8	9.0	15.3	3.7	10.6
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McDep Ratio = **M**arket **c**ap and **De**bt to **p**resent value of oil and gas and other businesses		
EV = Enterprise Value = Market Cap and Debt:	US$mm	4,710
Ebitda = Earnings before interest, tax, depreciation and amortization:	US$mm	525
NTM = Next Twelve Months Ended December 31, 2004; P/E = Stock Price to Earnings		
PV = Present Value of oil and gas:	US$mm	5,590
Net Present Value	US$mm	4,350

Summary and Recommendation

Canadian Oil Sands Trust remains our favorite oil income stock despite a year delay and C$2 billion cost overrun on a capacity expansion. Any unfavorable stock market reaction to disclosures after the market close on Thursday, March 4, 2004, would add to the attraction of current purchase. The timing delay would subtract US$2 from our recent calculation of US$50 net present value (see *Stock Idea*, January 29, 2004). The estimated cost overrun would subtract US$3 more than we had anticipated. On the positive side, the increase in six-year oil futures in just the past month would add US$3 per share. The net impact of US$2 per share reduction would be little more than random. Delays and cost overruns on large projects remind us that price is likely to rise further to make clean energy production necessarily more profitable.

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