

Rating: Buy  
 S&P 500: 1547

## Canadian Oil Sands Trust Operating Interruption

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 9/30/08 (US\$mm)</i>	1,990
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-7
<i>Price (US\$/un)</i>	32.88	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	10/1/07	<i>Adjusted Reserves/Production NTM</i>	21.7
<i>Units (mm)</i>	479	<i>EV/Ebitda</i>	8.7
<i>Market Capitalization (US\$mm)</i>	15,750	<i>PV/Ebitda</i>	10.2
<i>Debt (US\$mm)</i>	1,560	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	17,310	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	42.90
<i>Present Value (PV) (US\$mm)</i>	20,200	<i>Present Value Proven Reserves(US\$/boe)</i>	23.65
<i>Net Present Value (US\$/unit)</i>	39	<i>Present Value Proven Reserves(US\$/mcf)</i>	3.94
<i>Debt/Present Value</i>	0.08	<i>Earnings Next Twelve Months (US\$/un)</i>	3.10
<i>McDep Ratio - EV/PV</i>	0.86	<i>Price/Earnings Next Twelve Months</i>	11
<i>Distribution Yield (%/year)</i>	9.5	<i>Distribution Next Twelve Months (US\$/sh)</i>	3.13

Note: Estimated cash flow and earnings tied to one-year futures prices for oil.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

Estimated present value presumes a long-term price for oil of US\$66 a barrel and natural gas, \$11 a million btu.

For historical analysis of COS since 2002 see [www.mcdep.com/4cos.htm](http://www.mcdep.com/4cos.htm)

### Summary and Recommendation

An operating interruption on September 30 at Syncrude, the world's largest oil sands mine and upgrader, 37% owned by buy-recommended **Canadian Oil Sands Trust (COSWF)**, prompts us to shave C\$0.10 a unit from the trust's potential distribution to be declared on October 31. At management's discretion, the timing of distributions may be tempered further from our projection for better assurance of a steady pattern regardless of changes in oil price, taxes and operating experience. Our projection of a 9.5% distribution yield for the next twelve months is amply covered by what we know now, but conditions can change at any time as we see from the latest press release (see table Operating and Financial Estimates). Despite current uncertainties, we remain enthusiastic about the long-term outlook buoyed by a strong trend in international oil price and a weak trend in the U.S. dollar. Operating and tax uncertainties have the counter effect of strengthening the industry outlook for oil price.

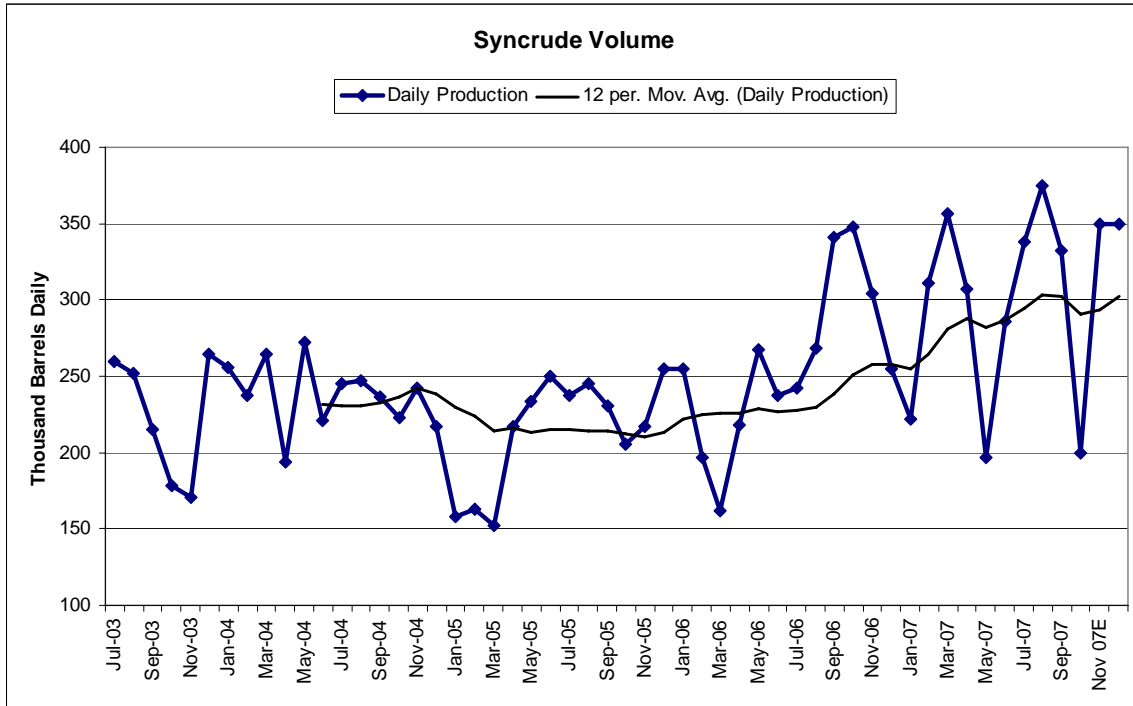
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**Canadian Oil Sands Trust**  
**Next Twelve Months Operating and Financial Estimates**  
(Canadian Dollars)

	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/06	6/30/07	9/30/07	12/31/07	2007E	3/31/08	6/30/08	9/30/08	9/30/08
<b>Volume</b>									
Syncrude (mmb)	26.0	23.9	32.1	27.6	<b>110.1</b>	31.9	31.9	32.2	<b>123.5</b>
Syncrude (mbd)	283	263	349	299	<b>302</b>	350	350	350	<b>337</b>
Days	92	91	92	92	<b>365</b>	91	91	92	<b>366</b>
Trust share (%)	33.7	37.6	36.7	36.7	<b>37.0</b>	36.7	36.7	36.7	<b>36.7</b>
Trust Oil (mmb)	8.78	8.98	11.78	10.12	<b>40.7</b>	11.70	11.70	11.83	<b>45.4</b>
Trust Oil (mbd)	95.4	98.7	128.0	110.0	<b>111.5</b>	128.6	128.6	128.6	<b>123.9</b>
<b>Price</b>									
WTI Cushing (US\$/bbl)	70.42	64.91	75.48	79.92	<b>69.60</b>	77.90	76.45	75.35	<b>77.41</b>
Currency (US\$/C\$)	0.89	0.91	1.01	1.01	<b>0.95</b>	1.01	1.01	1.01	<b>1.01</b>
WTI Cushing (C\$/bbl)	79.12	71.25	74.83	79.23	<b>73.33</b>	77.23	75.79	74.70	<b>76.74</b>
Differential	0.04	5.16	5.42	5.74	<b>4.41</b>	4.64	4.56	4.49	<b>4.73</b>
Trust Oil Price (C\$/bbl)	79.17	76.41	80.25	84.97	<b>77.74</b>	81.88	80.35	79.20	<b>81.47</b>
Henry Hub Nat Gas (US\$/mmbt)	6.58	7.56	6.16	7.09	<b>6.90</b>	8.12	7.65	7.83	<b>7.67</b>
Henry Hub Nat Gas (C\$/mmbtu)	7.40	8.29	6.10	7.03	<b>7.27</b>	8.05	7.58	7.76	<b>7.61</b>
AECO Natural Gas (C\$/GJ)	5.42	6.78	4.99	5.75	<b>6.13</b>	6.58	6.20	6.35	<b>6.22</b>
<b>Revenue (\$mm)</b>									
Oil	695	686	945	860	<b>3,163</b>	958	940	937	<b>3,695</b>
Transportation & Marketing	9				-				-
Other	(9)				<b>2</b>				-
Total	695	686	945	860	<b>3,165</b>	958	940	937	<b>3,695</b>
<b>Expense</b>									
Production	133	215	215	215	<b>816</b>	215	215	215	<b>859</b>
Purchased Energy	40	56	55	55	<b>226</b>	72	68	71	<b>266</b>
Crown Royalties	115	89	148	127	<b>457</b>	147	143	142	<b>559</b>
Insurance	1	1	1	1	<b>6</b>	2	2	2	<b>7</b>
Administration	3	6	6	6	<b>22</b>	6	6	6	<b>24</b>
Taxes and Other	(1)	-	3	3	<b>7</b>	3	3	3	<b>12</b>
Total	291	367	428	406	<b>1,534</b>	445	437	438	<b>1,727</b>
<b>Ebitda</b>	404	319	517	454	<b>1,631</b>	513	503	499	<b>1,968</b>
Deprec., Deplet., & Amort.	70	77	94	81	<b>334</b>	94	94	95	<b>363</b>
Oil Hedging									
Currency Hedging	(3)	(4)	(9)	(9)	<b>(24)</b>	(9)	(9)	(9)	<b>(37)</b>
Non-Production	11	15	20	20	<b>73</b>	20	20	20	<b>80</b>
Exchange on U.S. Debt	(1)	(63)			<b>(70)</b>				-
Future Income Tax	13	665			<b>627</b>				-
<b>Ebit</b>	314	(371)	412	362	<b>691</b>	409	398	393	<b>1,562</b>
Interest	24	23	23	23	<b>93</b>	23	23	23	<b>92</b>
<b>Net Income (\$mm)</b>	290	(394)	389	339	<b>598</b>	386	375	370	<b>1,470</b>
Per Unit (\$)	0.60	(0.82)	0.81	0.71	<b>1.25</b>	0.81	0.78	0.77	<b>3.07</b>
<b>Units (millions)</b>	467.0	479.0	479.0	479.0	<b>478.5</b>	479.0	479.0	479.0	<b>479.0</b>
<b>Cash Flow (\$mm)</b>	360	326	474	411	<b>1,489</b>	470	460	456	<b>1,833</b>
Per Unit (\$)	0.77	0.68	0.99	0.86	<b>3.11</b>	0.98	0.96	0.95	<b>3.83</b>
Capital Expend (C\$/unit)		0.11	0.11	0.11	<b>0.40</b>	0.11	0.11	0.11	<b>0.44</b>
Free Cash Flow (C\$/unit)		0.57	0.88	0.75	<b>2.55</b>	0.87	0.85	0.84	<b>3.31</b>
<b>Ratios</b>									
Production (\$/bbl)	15.09	23.92	18.24	21.23	<b>20.04</b>	18.36	18.36	18.16	<b>18.95</b>
Purchased Energy (\$/bbl)	4.61	6.25	4.71	5.42	<b>5.56</b>	6.18	5.83	5.96	<b>5.86</b>
Prod&Purch En (\$/bbl)	19.70	30.17	22.95	26.65	<b>25.61</b>	24.54	24.19	24.13	<b>24.81</b>
Crown Royalties & Taxes	17%	13%	16%	15%	<b>14%</b>	15%	15%	15%	<b>15%</b>
Other Expense (\$/bbl)	(0.11)	-	0.25	0.30	<b>0.17</b>	0.26	0.26	0.25	<b>0.26</b>
Ebitda Margin	58%	47%	55%	53%	<b>52%</b>	54%	53%	53%	<b>53%</b>
Deprec., D.& A (\$/bbl)	7.97	8.57	8.00	8.00	<b>8.21</b>	8.00	8.00	8.00	<b>8.00</b>
<b>Distribution</b>	0.30	0.40	0.40	0.70	<b>1.80</b>	0.80	0.80	0.80	<b>3.10</b>

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