



Independent Stock Idea

January 29, 2009

rating: buy
s&p 500: 874

Canadian Oil Sands Trust (COSWF) Quarterly Distribution of C\$0.15 a Unit

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 12/31/09 (US\$mm)</i>	860
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	-8
<i>Price (US\$/un)</i>	14.31	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	1/28/09	<i>Adjusted Reserves/Production NTM</i>	23.3
<i>Units (mm)</i>	482	<i>EV/Ebitda</i>	9.3
<i>Market Capitalization (US\$mm)</i>	6,900	<i>PV/Ebitda</i>	24.7
<i>Debt (US\$mm)</i>	1,100	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	8,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	20.04
<i>Present Value (PV) (US\$mm)</i>	21,400	<i>Present Value Proven Reserves(US\$/boe)</i>	25.06
<i>Net Present Value (US\$/unit)</i>	42	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	43
<i>Debt/Present Value</i>	0.05	<i>Earnings Next Twelve Months (US\$/un)</i>	0.68
<i>McDep Ratio - EV/PV</i>	0.38	<i>Price/Earnings Next Twelve Months</i>	21
<i>Distribution Yield (%/year)</i>	3.4	<i>Distribution Next Twelve Months (US\$/sh)</i>	0.49
Note: Estimated cash flow and earnings tied to one-year futures prices for oil.			
Estimated present value presumes a long-term price for oil of US\$75 a barrel and natural gas, \$10 a million btu.			
For historical analysis of COS since 2002 see www.mcdep.com/4cos.htm			

Summary and Recommendation

We believe that long-term oil price will justify unlevered appreciation potential of more than 100% to estimated net present value (NPV) of \$42 a share for buy-recommended **Canadian Oil Sands Trust (COSWF)**. Declared after the market close on January 28, the new quarterly distribution of C\$0.15 a unit is only 30% of our projected cash flow per unit (Ebitda minus interest) for 2009 (see table Next Twelve Months Operating and Financial Estimates). The retained 70% of cash flow would be applied to capital expenditures and to build a cushion should more adverse conditions materialize. Syncrude Production is budgeted at 315,000 barrels daily (bd) in 2009, below capacity of 350,000 bd targeted for 2010. Our price projection incorporates management's conservative allowance of a C\$4 a barrel discount in 2009, as opposed to a premium in 2008, for Syncrude Sweet Premium compared to the Light, Sweet Crude oil industry benchmark (see table Next Twelve Months Operating and Financial Estimates). Pointing to expected oil price recovery, futures prices for the next six years averaged US\$62 a barrel recently (see charts Six-Year Commodity Price Meter and Six-Year and One-Year Natural Gas and Oil Futures).

Kurt H. Wulff, CFA



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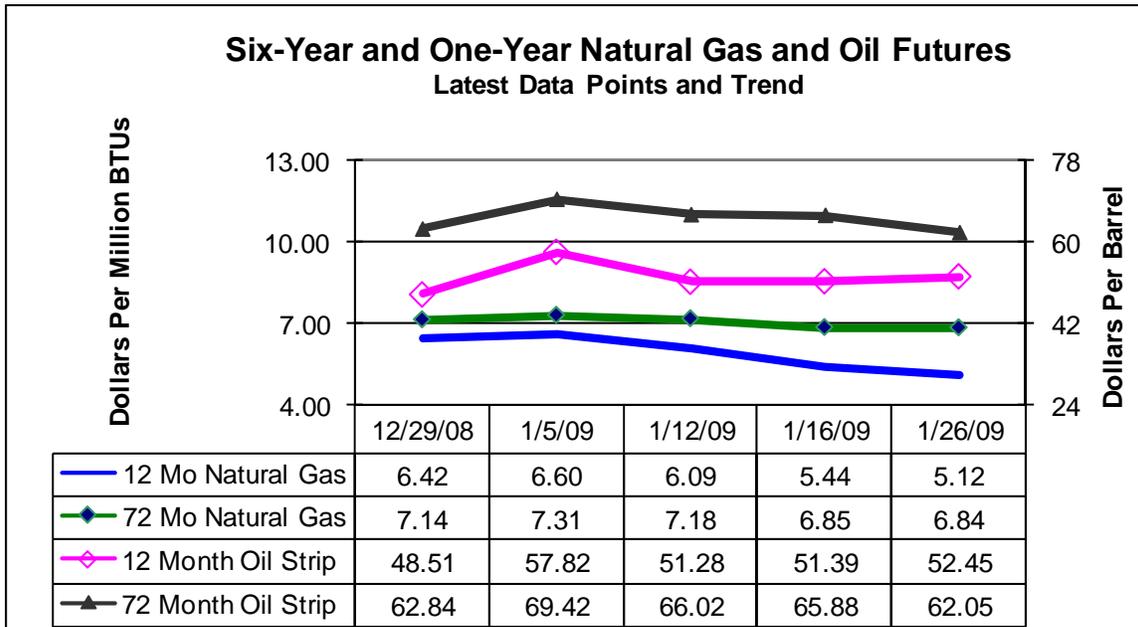
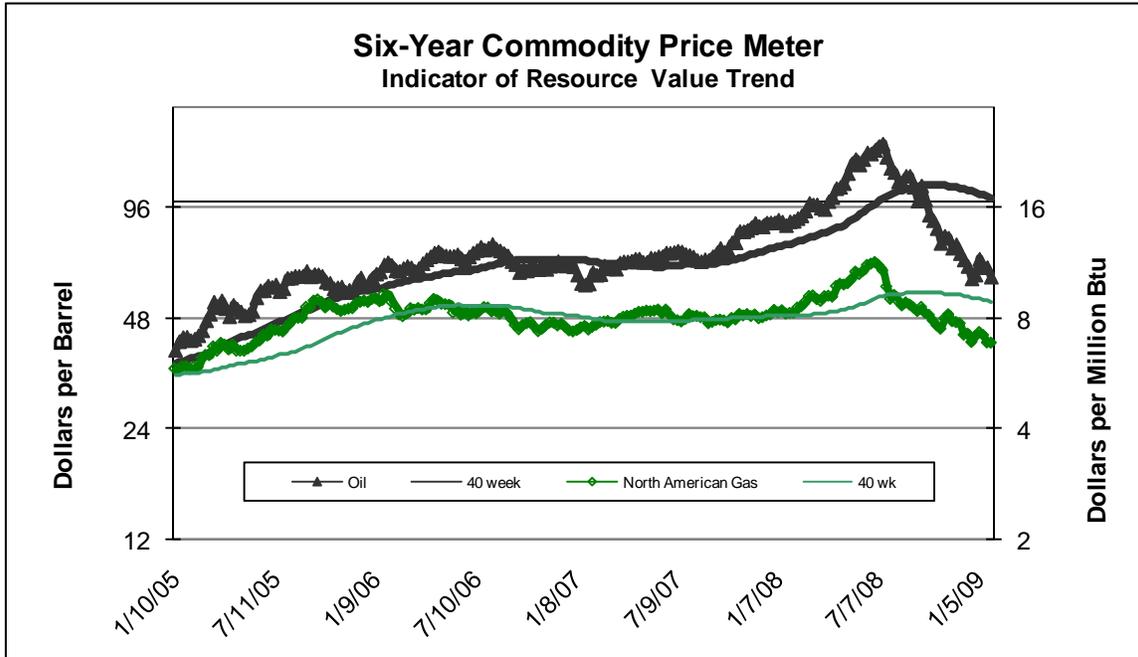
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Canadian Oil Sands Trust									
Next Twelve Months Operating and Financial Estimates									
(Canadian Dollars)									
	Q4	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Next
	12/31/07	9/30/08	12/31/08	2008	3/31/09	6/30/09	9/30/09	12/31/09	Twelve
									Months
									12/31/09
Volume									
Syncrude (mmb)	28.8	29.1	28.4	105.9	30.0	25.0	30.0	30.0	115.0
Syncrude (mbd)	313	316	308	289	333	275	326	326	315
Days	92	92	92	366	90	91	92	92	365
Trust share (%)	37.2	36.9	35.7	36.6	36.7	36.7	36.7	36.7	36.7
Trust Oil (mmb)	10.71	10.73	10.14	38.8	11.01	9.19	11.02	11.02	42.2
Trust Oil (mbd)	116.4	116.7	110.2	106.0	122.3	101.0	119.8	119.8	115.7
Price									
WTI Cushing (US\$/bbl)	90.67	117.99	58.45	99.59	44.74	49.86	52.65	54.65	50.48
Currency (US\$/C\$)	1.02	0.96	0.83	0.96	0.82	0.82	0.82	0.82	0.82
WTI Cushing (C\$/bbl)	88.91	122.77	70.62	104.25	54.38	60.60	64.00	66.43	61.35
Differential	(0.41)	4.78	(1.22)	2.62	(4.00)	(4.00)	(4.00)	(4.00)	(3.97)
Trust Oil Price (C\$/bbl)	88.50	127.55	69.40	106.88	50.38	56.60	60.00	62.43	57.39
Henry Hub Nat Gas (US\$/mmbt)	6.97	10.25	6.95	9.04	5.03	4.62	4.93	5.73	5.08
Henry Hub Nat Gas (C\$/mmbt)	6.84	10.66	8.40	9.46	6.11	5.62	5.99	6.96	6.17
AECO Natural Gas (C\$/GJ)	5.84	7.86	6.41	7.74	5.54	4.77	4.42	5.31	5.01
Revenue (\$mm)									
Oil	947	1,369	704	4,146	555	520	661	688	2,424
Transportation & Marketing	8	9	10	37					-
Other	(11)	(19)	(12)	(58)					-
Total	950	1,379	705	4,167	555	520	661	688	2,424
Expense									
Production	234	276	261	1,086	265	265	265	265	1,060
Purchased Energy	59	69	65	282	57	41	45	54	197
Crown Royalties	137	231	59	599	10	7	29	31	77
Insurance	2	2	1	6	2	2	2	2	8
Administration	6	3	1	17	5	5	5	5	20
Taxes and Other	-	-	-	-	3	3	3	3	12
Total	438	581	387	1,990	342	323	349	360	1,374
Ebitda	512	798	318	2,177	213	197	312	328	1,050
Deprec., Deplet., & Amort.	91	121	119	444	119	119	119	119	476
Currency Hedging	(3)	(1)		(3)					-
Non-Production	14	21	24	78	22	22	22	22	88
Exchange on U.S. Debt	(5)	32	106	159					-
Future Income Tax	(118)	6	(75)	(93)					-
Ebit	533	619	144	1,592	72	56	171	187	486
Interest	17	16	19	68	22	22	22	22	89
Net Income (\$mm)	516	603	125	1,524	49	34	149	164	397
Per Unit (\$)	1.07	1.25	0.26	3.17	0.10	0.07	0.31	0.34	0.82
Units (millions)	479	482	482	481	482	482	482	482	482
Ebitda minus Interest	495	782	299	2,109	190	175	290	305	961
Per Unit (\$)	1.03	1.62	0.62	4.39	0.40	0.36	0.60	0.63	1.99
Ratios									
Production (\$/bbl)	21.84	25.68	25.78	27.99	24.07	28.82	24.05	24.05	25.09
Purchased Energy (\$/bbl)	5.53	6.47	6.37	7.28	5.15	4.44	4.11	4.94	4.67
Prod&Purch En (\$/bbl)	27.37	32.15	32.16	35.27	29.22	33.26	28.16	28.99	29.76
Crown Royalties & Taxes	14%	17%	8%	14%	2%	1%	4%	4%	3%
Other Expense (\$/bbl)	-	-	-	-	0.27	0.33	0.27	0.27	0.28
Ebitda Margin	54%	58%	45%	52%	38%	38%	47%	48%	43%
Deprec., D.& A (\$/bbl)	8.50	11.27	11.74	11.45	10.81	12.94	10.80	10.80	11.27
Distribution	0.55	1.25	0.75	3.75	0.15	0.15	0.15	0.15	0.60



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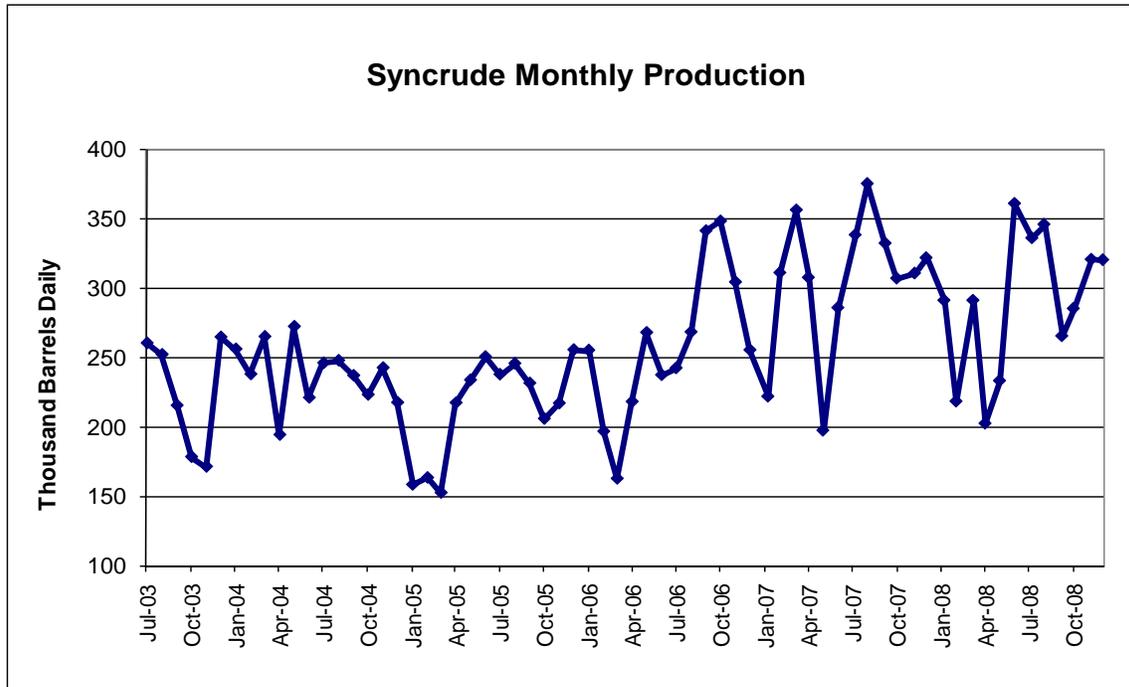
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