

## Schedule A

### NYSE Corporate Governance

### Rules Compliance

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#### **Independent Directors**

Eleven of the 12 nominees (92%) proposed by management for election to the board are independent.

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#### **Independence Tests**

On February 16, 2011, the board affirmatively determined the independence of 11 of its 12 members under our categorical standards. The categorical standards meet or exceed all requirements of the NYSE rules, including that the independent directors have no material relationships with Nexen.

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#### **Executive Sessions**

Pursuant to the board mandate, non-management directors meet in executive sessions, without management, at every regularly scheduled board meeting (five times a year) and any other time they decide is necessary.

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#### **Nominating and Corporate Governance Committee**

##### **Independence**

All seven Governance Committee directors are independent.

##### **Mandate**

- The Governance Committee's mandate addresses each of the NYSE requirements.
  - The Committee participates in the annual board performance evaluation.
  - See page 50 for the Committee report.
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#### **Compensation Committee**

##### **Independence**

All seven Compensation Committee directors are independent.

##### **Mandate**

The Compensation Committee's mandate addresses each of the NYSE requirements.

- The independent directors of the board, on the recommendation of the Committee, determine the CEO's compensation level based on an evaluation of performance in light of compensation market conditions and approved corporate goals and objectives.
  - See page 47 for the Committee report.
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##### **Performance evaluation**

The Committee participates in the annual board performance evaluation.

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### Audit Committee

Requirements of Rule 10A3 under the Exchange Act  
Our categorical standards are consistent with the requirements of Rule 10A3 of the Exchange Act, and all members of the Audit Committee are independent under that standard.

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### Audit Committee Additional Requirements

#### Members and financial expertise

- All six members of the Audit Committee are financially literate pursuant to the definition adopted by the board on February 14, 2008: “having, through education, experience, supervision or oversight: an understanding of generally accepted accounting principles and financial statements and the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves. Such understanding to have been acquired by:
  - (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions, in respect of one or more entities of similar complexity to Nexen;
  - (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions, in respect of one or more entities of similar complexity to Nexen;
  - (iii) experience overseeing or assessing performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or,
  - (iv) other relevant experience.”
- Five members have been designated by the board as audit committee financial experts under final rules issued by the SEC pursuant to the requirements of *Sarbanes-Oxley*.

#### Independence under SEC regulations and NYSE Section 303A.02

Our categorical standards are consistent with the requirements of Regulation S-K under the Securities Act of 1933 and section 303A.02 of the NYSE Corporate Governance Standards, and all members of the Audit Committee are independent under that standard.

#### Report

See page 44 for the Audit Committee report.

#### Performance evaluation

The Committee participates in the annual board performance evaluation.

#### Mandate

- The Audit Committee’s mandate addresses each of the SEC and NYSE requirements.
- The Committee holds separate closed sessions (without management) with each of the internal auditor and IRCA at every regularly scheduled meeting.

#### Internal audit function

Nexen has an internal audit function. The internal auditor reports to and has a closed session (without management) with the Committee at each of its regularly scheduled meetings.

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### Shareholder Approval of Equity Compensation Plans

- Shareholders approved Nexen’s stock option plan and revisions to it, including changing it to a TOPs plan.
- Nexen has two DSU programs for non-executive directors. For these, we follow the TSX rules which, unlike the NYSE rules, exempt plans from shareholder approval where the common shares issued under the plan are purchased on the open market rather than being newly-issued shares.

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### Corporate Governance Guidelines

Our corporate governance policy is attached as Schedule B.

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### Code of Business Conduct and Ethics

Our ethics policy is described on page 5 and is available at [www.nexeninc.com](http://www.nexeninc.com).

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### Foreign Private Issuer Disclosure

Nexen is a foreign private issuer in the US. However, except as noted under “Shareholder Approval of Equity Compensation Plans” above, our corporate governance practices do not differ in any significant way from those followed by domestic US companies under NYSE listing standards.

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### Certification of Requirements

#### No notifications of non-compliance

Our CEO has not had to provide any notifications of non-compliance to the NYSE, since no executive officer is aware of any non-compliance with any applicable provisions of section 303A of the NYSE listing standards.

#### Written affirmations

Nexen annually provides a foreign private issuer written affirmation to the NYSE.

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### Public Reprimand Letter

No reprimand letter has been issued to Nexen by the NYSE.

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### Website Disclosures

All committee mandates, including those for the Audit, Compensation and Governance committees, our code of ethics and our corporate governance policy and categorical standards are all available at [www.nexeninc.com](http://www.nexeninc.com).