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“As a unified operations team we will be better positioned to continue our focus on maintaining our operating momentum, delivering on our business plan and being a safe, responsible operator.”

GREAT TRACK RECORD + FRESH THINKING = OPERATIONAL EXCELLENCE



A handwritten signature in blue ink that reads "John K. Brannan". The signature is fluid and cursive, with a long horizontal stroke at the end.

JOHN K. BRANNAN
EXECUTIVE VICE-PRESIDENT
& CHIEF OPERATING OFFICER

Late in 2010 you were named Cenovus’s Chief Operating Officer. How does this new role change Cenovus’s approach to operations?

Let me start by saying I’m really pleased to be working closely with all the areas of our operations – our oil sands, conventional oil and natural gas teams, as well as our refining and marketing teams. Everyone has been doing great work. Having one operating team rather than separate operating divisions allows us to optimize

the way we work and take advantage of knowledge sharing and technology improvements across our business. Additionally, the unified operating team is supported by a central organization for regulatory, drilling, procurement, continuous improvement, land functions, process improvement, and health and safety. Most importantly, as a unified operations team we will be better positioned to continue our focus on maintaining our operating momentum, delivering on our business plan and being a safe, responsible operator.

Cenovus believes it’s important to be a low-cost operator. How do you achieve that?

We’re recognized in the industry as being a low-cost operator with leading capital efficiencies and we’re proud of our track record. Our low costs are the result of a number of factors. While it’s true that our low steam to oil ratios and high-quality reservoirs allow us to keep costs down, it’s also due to the manufacturing approach we take in the design, construction and operation of our facilities. Our teams build our projects in manageable phases using repeatable designs. We design the process flow diagrams, equipment, and operating processes to be similar at all our SAGD facilities. Our teams then apply their experience and learnings to each new phase and implement advancements in technology once they’ve

become proven – all with the goal of improving efficiency and reducing costs, without sacrificing our commitment to high-quality facilities, safe operations and minimal environmental impact.

How do you manage cost inflation in your business?

We have a philosophy at Cenovus that holds everyone accountable for spending our money wisely regardless of the economic environment. So having that kind of overall attentiveness gives us an advantage when dealing with inflation. One way we manage inflation is through our approach to development. For example, by using in-house construction management teams, we take control of our costs and reduce potential for overruns by having Cenovus staff accountable for capital spending.

Another way we manage inflation is through our module fabrication yard in Nisku, Alberta, located just outside of Edmonton. Having an established module yard allows us to control costs and maintain schedules and greatly reduces the amount of rework needed in the field. As an example, out of the 145 modules required for the Christina Lake phase C expansion, only two modules required minor modifications during installation – obviously a significant cost and time savings and a substantial increase in the efficiency of our construction teams.

The location of our projects also helps us control inflation. We're fortunate to be located near Bonnyville, Cold Lake and Lac La Biche, which experienced lower inflation than areas such as Fort McMurray during the last upswing in oil sands activity.

Lastly, where we can, we train and hire locally and use businesses and services in the areas around our operations. It's important to us that we work with local communities and stakeholders to establish a win-win scenario for all.

Cenovus talks a lot about steam to oil ratio. What is it and why is it such an important measure?

Steam to oil ratio, or SOR, is the amount of steam required to produce one barrel of oil. It's a reflection of the quality of the reservoir and the approach used to develop the resource. It's also the single most important factor that influences the economics of a SAGD project, the lower the SOR, the better. Approximately 60 to 70 percent of a SAGD plant's function is dedicated to water handling for steam production. We currently have some of the lowest reported SORs in the industry. In 2010, our demonstrated SORs at Foster Creek and Christina Lake were about 2.2 combined. A low SOR means we need less steam to produce oil so, on a per barrel basis, it means better capital efficiency indicated by our lower capital costs.

Our most significant operating cost stems from burning natural gas to turn water into steam. Our low SOR keeps our operating costs at a minimum. It also leads to other benefits such as a smaller surface footprint, lower emissions and reduced water use, which help us meet our environmental objectives as well as our financial objectives.

I'm extremely proud of the work we've done to successfully lower our SOR.

Cenovus has made a commitment to implement at least one new commercial technology per year. Why is research and development so critical to the company's success?

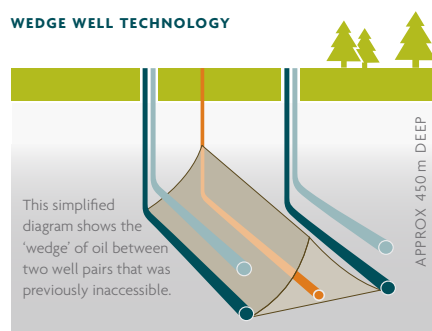
Research and development is a huge focus for Cenovus. Historically, we've been able to implement at least one new technology in our operations each year and believe we can continue that trend.

Take the development of SAGD for example. We believe that this technology, which has only been commercially applied for about a decade, still has

opportunities for improvement with respect to developing and optimizing our recovery schemes. We plan to continue to lead the industry in implementing new approaches to how we're able to extract the oil out of the ground. Our recent use of wedge wells is a great example of that. It's a Cenovus technology that's already changing the way we develop our assets, and we haven't even begun to fully utilize it in our operations. At year end 2010, about 13 percent of Foster Creek's total production came from wedge wells, which cost only about half the amount required to drill a SAGD well pair. At the end of 2010 we had drilled 51 wedge wells at Foster Creek with 33 producing, and had one producing wedge well at Christina Lake. Building on this success, we're planning to drill 10 more wedge wells at Foster Creek in 2011.

We believe research and development is critical to the longevity of our business, which is why our ability to advance technology is an important part of who we are as a company. It's how we've increased efficiency, recovery and project returns. It's also reduced our costs and our overall environmental intensity. And it's how we're going to continue to improve our operations in the future.

WEDGE WELL TECHNOLOGY



- WEDGE WELL
- WEDGE WELL RECOVERY AREA
- INJECTOR WELL
- PRODUCER WELL

WEDGE WELLS ARE SINGLE HORIZONTAL WELLS DRILLED BETWEEN TWO SAGD WELL PAIRS TO CAPTURE PREVIOUSLY INACCESSIBLE OIL IN THE RESERVOIR. THEY REQUIRE LITTLE OR NO STEAM TO EXTRACT THE REMAINING OIL, MAKING IT POSSIBLE TO INCREASE OIL RECOVERY WHILE REDUCING OPERATING COSTS, WATER USE AND ENERGY USE PER BARREL.

If oil sands are your growth driver, what role do your other resources play?

We have a great balance of growth and financial assets. We think of our conventional oil and natural gas properties as financial assets. They are low-cost, high-return assets that, with modest capital investment, will generate substantial operating cash flow and will experience a fairly shallow decline. Our natural gas business also acts as an economic hedge against price fluctuations, because natural gas fuels our oil sands and refining operations. Our oil operations include Weyburn and other properties in southern Alberta and Saskatchewan while our natural gas properties are in Alberta. On the growth front, in addition to the

growth from our oil sands, we expect to double heavy oil production at Pelican Lake as a result of our multi-year infill drilling program.

When will the Coker and Refinery Expansion (CORE) project at Wood River be complete?

The CORE project is a large-scale expansion that started in September 2008 at our Wood River Refinery in Illinois, which is designed to process 306,000 barrels per day of crude oil. Construction is expected to be substantially complete in the third quarter of 2011, with start up of the coker expected in the fourth quarter. Once complete, Wood River will join our Borger Refinery in Texas as one of the more complex refineries in the United States. The increased complexity is a result of adding a new coker, associated processing units and other upgrades to the existing refinery. Together, they will provide the refinery with the flexibility to take advantage of lower cost feedstocks and improve overall refining capacity and yields. The refinery modifications will increase Wood River's crude capacity by 50,000 barrels per day and heavy crude oil capacity will more than double to 240,000 barrels per day. These downstream assets protect us against wide light/heavy differentials and enable us to extract value across the entire chain from bitumen all the way to transportation fuels.

Safety is a core value at Cenovus. How do you ensure that value translates into action and results in a good safety record?

The health and safety of our workforce is of paramount importance at Cenovus. But it's not just about saying it. It's about living it every day. We have eight safety commitments that guide how we conduct our business. All eight are critical to reinforcing the behaviour and attitude we want to see in our staff, but the first one best illustrates our commitment to safety. It states, 'Our work is never so urgent or important that we cannot take the time to do it safely.'

While these commitments are the foundation of our goal to have an injury-free workplace, they are put into practice through awareness, education and empowerment of our employees and contractors. Most gratifying of all is that our increased focus on safety has resulted in a significant reduction of on-the-job injuries over the past three years. And that's what's really important. Because working at Cenovus really does mean working safely.