

**Remarks by:** Brian Ferguson  
*President & Chief Executive Officer*  
Cenovus Energy Inc.

Annual and Special Meeting of Shareholders  
Calgary, Alberta | April 29, 2015

### **CHECK AGAINST DELIVERY**

Thanks Mike.

Good afternoon everyone - and welcome to Cenovus's 2015 annual and special meeting of shareholders.

Before I proceed, please note this advisory.

#### **Forward-looking information**

This presentation contains certain forward-looking statements about our current expectations and projections made in light of our experience and perception of historical trends. This information is identified by words such as "strategy", "plan", "expect", "focus" or similar expressions and includes suggestions of future outcomes, including statements in relation to our strategy; our business plan; projected increasing shareholder value; expected maintenance of our investment grade credit ratings; expected cost improvements; and future oil prices.

You are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied. Developing forward-looking information involves reliance on assumptions and consideration of certain risks and uncertainties as described in our 2014 Annual Report, our 2014 Annual Information Form and our 2015 First Quarter Report, all of which are available on our website at [cenovus.com](http://cenovus.com).

Additional information about our forward-looking statements and financial measures are in our first quarter news release and our annual report, both available in the lobby.

Today I want to talk about what I know is on all of our minds. Oil prices.

- How we at Cenovus are being affected.
- How our share price is being affected.
- And what we're doing to manage in this price environment.

I will also discuss our performance in 2014 and for the first quarter of this year.

The dramatic drop in oil prices that started in the latter part of 2014 has caused concern for our investors, for governments and for the people who rely on this industry for their livelihood.

We are fortunate to have a great deal of experience with market conditions like these – both on our Board of Directors and on our Executive Team.

I have been in this industry for over 30 years, so this is not the first time I've seen oil prices drop significantly or rapidly.

Each time they have gone back up.

Until that happens, we are monitoring and assessing the oil price situation regularly, and making decisions about our business accordingly.

I am focused on making sure that our 2015 budget – and its execution – provide the financial flexibility we need to respond to continued volatility in markets, while also being able to advance Cenovus's strategy.

That has meant taking some swift action.

Before I get into the details, I want to reiterate that our strategy, as a company, has not changed.

We are still focused on creating value by developing our vast oil sands resources and by achieving stronger global prices for our products.

We are integrated upstream and downstream which reduces volatility in our cash flow.

What *has* changed is our business plan for the next three years, which now reflects the lower price environment we find ourselves in.

This revised business plan will guide the decisions about what work we focus on.

The plan includes continuing to develop our well-advanced oil sands projects – but at a slower pace. At the same time, we will be scaling back spend and activity on our conventional and emerging oil sands projects.

It also includes pursuing opportunities to develop new markets that should enable us to access the best pricing for our oil.

We continue to look for innovative solutions to reduce the cost of transporting our oil to those markets – and, for ways we can capture the most value from each barrel of oil we produce.

With the ongoing guidance and oversight of our Board, we will make whatever near-term changes are required to ensure Cenovus is financially resilient.

Here's what we've done to ensure that so far.

We cut our 2015 capital budget by about 40% compared with 2014. This has brought our spend more in line with expected cash flow while still allowing us to build production capacity at our high-value oil sands projects, Foster Creek and Christina Lake.

The subsequent assessment of the work we needed to stop, defer or continue, resulted in a 15% reduction in our workforce. The reductions primarily impacted our contractors.

After careful consideration and lengthy discussion with our Board, we also completed a \$1.5 billion equity issue – the proceeds of which provide Cenovus with financial flexibility and greater security.

This was not an easy decision. While an equity issue is a prudent business practice in a market like this, it does come with a consequence – it creates a short-term dilution to our shareholders, which understandably you are concerned about.

We examined a number of alternatives before we entered into this financing agreement, including issuing debt, cutting the dividend, further reducing our capital and issuing preferred shares. In the end, we pursued the equity issue because it gives us the greatest certainty over our three-year planning horizon.

It is important to know that we are preparing for the worst. If oil prices remain low for three years, Cenovus is now well-positioned.

What the equity issue has enabled us to do is to maintain the strength of our balance sheet while allowing us to continue to invest in high return phases at Foster Creek and Christina Lake. Both of which are near completion. These projects are expected to increase shareholder value over the longer term.

The equity issue will also help us maintain a prudent capital structure balancing debt and equity. This supports our investment grade credit ratings, which are important because they enable access to lower cost debt financing.

The equity issue also provides us with the flexibility to wait for the right opportunity to unlock the value of our conventional fee title lands.

You may have heard that we are looking at entering into a transaction regarding those lands. We are reviewing opportunities and will only pursue a deal if we feel it provides value for you, our shareholders.

In addition to cutting our capital, reducing our workforce and issuing equity, we have taken other measures to help ensure our financial resilience.

We are offering a 3% discount on our Dividend Re-investment Plan. This is a temporary cash conservation measure. It gives you the opportunity to re-invest your dividends at a discount while also preserving cash on our balance sheet.

You can find out more information about the Dividend Re-investment Plan on our website.

We deferred 2015 employee salary increases, starting with the Executive Team. In addition, our contractor rates have been held to 2014 levels or lower.

We implemented strict discretionary spend guidelines, cutting costs in areas like travel, catering, conferences, office supplies, and computer hardware and software.

We will continue to look for ways to further strengthen our balance sheet and assess every aspect of our business to see where else we can cut costs.

Ensuring our financial resilience without compromising Cenovus's future is my key priority for this year. You have my commitment, and the commitment of the entire Board and Executive, that *we will do everything possible* to protect your investment.

Your continued confidence in our business strategy, and in the men and women who work at Cenovus, is not taken lightly.

Now, I would like to switch gears a bit, and touch briefly on our performance in 2014 and early 2015.

In 2014, we had strong operational performance across our upstream portfolio. We increased our oil sands production at Foster Creek and Christina Lake by 25% over 2013, while reducing total oil sands operating costs. We are maintaining that trend and continuing to see strong operating performance from our upstream assets in 2015.

Our financial performance was better in the first nine months of 2014 than the same period of 2013. We were on track to outpace our expectations for the year before oil prices plummeted.

The end of the year was rough on our downstream financial results, despite solid operating performance during the period.

In the fourth quarter of 2014, we saw a drastic drop in cash flow from our refining operations driven by commodity price movement.

Despite this sharp decline, we ended the year with solid overall financial results and generated cash flow of about \$3.5 billion – down 4% from the previous year.

The 40 to 50% drop in crude oil prices that we experienced in the fourth quarter had a significant impact on our total shareholder return for the year, as did higher-than-expected capital costs for the next phases of our Foster Creek project.

As a result, Cenovus's total shareholder return for 2014 dropped by 18%, falling well short of our own expectations and underperforming our peers – who declined about 9%, on average.

Over the longer term, the news is somewhat better. Since our inception as a company in 2010, Cenovus has achieved a total shareholder return of 9%, while our oil sands peer group averaged a return of just 1% over the same period.

At Cenovus, we remain committed to delivering solid total shareholder return. That includes paying a sustainable dividend, which I believe is an important form of capital discipline and key to how we allocate capital. We maintained our dividend in the first and second quarters of 2015, and will continue to evaluate it quarterly with the Board.

We have great assets, a solid balance sheet, significant reserves, an integrated portfolio, and, I believe, some of the smartest people in the industry working at Cenovus.

It is for those reasons that I remain optimistic about our future performance and our potential to create value for you, our shareholders.

We have incredible potential as a company, and while the impact of low oil prices cannot be ignored, it's also a great time to take advantage of opportunities that only come about in market conditions like these. We expect cost advantages that should allow us to improve the execution of our major projects.

We are being smart, proactive and prudent.

And when oil prices rebound – and I'm confident they will – Cenovus will be prepared to take immediate advantage of the situation.

Thank you for your time today – and for your continued support.

I look forward to your questions.

Back to you Mike.