

## January 21, 2016

This note is provided to analysts and associates that cover Cenovus and will be posted on the Cenovus website under Related links in the [Investors](#) section.

The company will announce its fourth quarter and year-end 2015 results on Thursday, February 11<sup>th</sup>, at 4:00AM MT (6:00AM ET) with a conference call to follow at 9:00AM MT (11:00AM ET).

We'd like to remind you of the following items that have been previously disclosed by Cenovus or are a summation of public information. Please note that all such information and statements were made as at the dates of the disclosure documents or conference calls specifically noted below, and this document is not intended to be an update of any such information or statements. Any updates on the prior statements and information summarized in this document will be provided in the company's announcement of its fourth quarter and year-end 2015 results.

### Production:

- "At Christina Lake the completed optimization project should begin to add incremental production in 2016. Production volumes are expected to ramp up over a 12 month period." – 2016 budget conference call (*December 11, 2015*)
- As a reminder, Cenovus completed the sale of Heritage Royalty Limited Partnership (HRP) on July 31, 2015. Q4 production will not include volumes associated with HRP. – [news release](#) (*June 30, 2015*)

### Realized pricing:

- "With respect to realized pricing at Christina Lake and Foster Creek, our first quarter results were negatively impacted by a higher relative cost of condensate compared to the benchmark. Most of this impact was a result of purchase timing and inventory drawdown. Condensate that was purchased when prices were considerably higher in the fourth quarter was blended into our product and sold in the first quarter of 2015." – Q1 2015 conference call (*April 29, 2015*)
  - We expect this to occur during periods of declining benchmark commodity prices.

### Transportation:

- "As previously mentioned, transportation costs in our oil sands business were expected to increase to approximately \$8.00\* per barrel in 2015." – Q1 2015 conference call (*April 29, 2015*)
  - \*\$8.00/bbl assumes the full use of Cenovus's rail loading and pipeline commitments and rail tolls to end markets; transportation costs could be lower in the event only partial rail or pipe capacity is utilized.
- As per our supplemental netback table, year-to-date Q3 FCCL transportation costs were \$6.57/bbl. – [Q3 2015 Supplemental Information](#) (*October 29, 2015*)

## Refining:

- “The turnaround at Wood River is complete and we expect to see higher throughput rates shortly.” – Q3 2015 conference call (*October 29, 2015*)
- Cenovus's refining operating cash flow is calculated on a first-in, first-out (FIFO) inventory accounting basis. As such, Cenovus's refining operating cash flow is impacted during periods of rising or declining benchmark commodity prices. – [Q3 2015 news release](#) (*October 29, 2015*)

Selected Average Benchmark Prices	2015					2014					2013				
	Year	Q4	Q3	Q2	Q1	Year	Q4	Q3	Q2	Q1	Year	Q4	Q3	Q2	Q1
<b>Crude Oil Prices (US\$/bbl)</b>															
Brent	53.64	44.71	51.17	63.50	55.17	<b>99.51</b>	76.98	103.39	109.77	107.90	<b>108.76</b>	109.35	109.71	103.35	112.65
West Texas Intermediate ("WTI")	48.80	42.18	46.43	57.94	48.63	<b>93.00</b>	73.15	97.17	102.99	98.68	<b>97.97</b>	97.46	105.82	94.22	94.37
Differential Brent Futures-WTI	4.84	2.53	4.74	5.56	6.54	<b>6.51</b>	3.84	6.22	6.78	9.22	<b>10.79</b>	11.89	3.89	9.13	18.28
Western Canadian Select ("WCS")	35.28	27.69	33.16	46.35	33.90	<b>73.60</b>	58.91	76.99	82.95	75.55	<b>72.77</b>	65.26	88.34	75.06	62.41
Differential - WTI-WCS	13.52	14.49	13.27	11.59	14.73	<b>19.40</b>	14.24	20.18	20.04	23.13	<b>25.20</b>	32.20	17.48	19.16	31.96
Differential - WTI-WTS	(0.17)	0.44	(1.61)	(0.60)	1.11	<b>5.71</b>	1.76	8.45	7.10	5.53	<b>2.77</b>	4.17	0.18	0.23	6.49
Condensate - (CS @ Edmonton)	47.36	41.67	44.21	57.94	45.62	<b>92.95</b>	70.57	93.45	105.15	102.64	<b>101.69</b>	94.22	103.80	101.50	107.24
Differential - WTI-Condensate (premium)/discount	1.44	0.51	2.22	0.00	3.01	<b>0.05</b>	2.58	3.72	(2.16)	(3.96)	<b>(3.72)</b>	3.24	2.02	(7.28)	(12.87)
<b>Refining Margins 3-2-1 Crack Spreads<sup>(3)</sup> (US\$/bbl)</b>															
Chicago	19.11	14.47	24.67	20.77	16.53	<b>17.61</b>	14.60	17.57	19.72	18.55	<b>21.77</b>	12.29	16.19	31.06	27.53
Midwest Combined (Group 3)	18.16	13.82	22.03	19.34	17.46	<b>16.27</b>	13.28	16.65	17.75	17.41	<b>20.80</b>	10.66	17.35	27.24	27.93
<b>FIFO Adjustment (C\$ millions)</b>															
FIFO Adjustment			(130)	101	(55)	<b>(101)</b>	(163)	(53)	31	83	<b>26</b>	(91)	64	33	20

<sup>(3)</sup> The 3-2-1 crack spread is an indicator of the refining margin generated by converting three barrels of crude oil into two barrels of regular unleaded gasoline and one barrel of ultra-low sulphur diesel using current month WTI based crude oil feedstock prices and on a last in, first out accounting basis ("LIFO").

## Corporate:

- “Cenovus has updated its 2015 full-year guidance to reflect actual results for the first nine months of the year and the company's estimates for the fourth quarter.” – [Corporate guidance](#) (*October 29, 2015*)
- “Cenovus incurred severance costs of about \$3 million in the third quarter and expects to incur additional severance costs of approximately \$32 million in the fourth quarter.” – [Q3 2015 news release](#) (*October 29, 2015*)

## Hedging:

- Cenovus had the following contracts in place as of September 30, 2015 – [Q3 2015 Consolidated Financial Statements](#) (*October 29, 2015*)

### Net Fair Value of Commodity Price Positions

As at September 30, 2015	Notional Volumes	Terms	Average Price	Fair Value
<b>Crude Oil Contracts</b>				
Fixed Price Contracts				
Brent Fixed Price	18,000 bbls/d	January - December 2015	\$113.75/bbl	79
Brent Fixed Price	8,000 bbls/d	October - December 2015	\$82.59/bbl	12
Brent Fixed Price	18,000 bbls/d	October - December 2015	US\$67.22/bbl	40
Brent Fixed Price	9,000 bbls/d	January - June 2016	\$79.69/bbl	15
Brent Fixed Price	9,000 bbls/d	January - June 2016	US\$69.63/bbl	38
Brent Fixed Price	10,000 bbls/d	January - December 2016	US\$66.93/bbl	65
WCS Differential <sup>(1)</sup>	26,600 bbls/d	January - December 2016	US\$(13.87)/bbl	2
Brent Collars	10,000 bbls/d	January - December 2015	\$105.25 - \$123.57/bbl	36
Other Financial Positions <sup>(2)</sup>				8
Crude Oil Fair Value Position				<b>295</b>
<b>Natural Gas Contracts</b>				
Fixed Price Contracts				
AECO Fixed Price	149 MMcf/d	January - December 2015	\$3.86/Mcf	14
Natural Gas Fair Value Position				<b>14</b>
<b>Power Purchase Contracts</b>				
Power Fair Value Position				<b>(12)</b>

(1) Cenovus entered into fixed-price swaps to protect against widening light/heavy price differential for heavy crudes.

(2) Other financial positions are part of ongoing operations to market the Company's production.

- As a reminder, we updated our 2016 hedge position. – [2016 budget news release \(December 10, 2015\)](#)

### Current hedge positions for 2016

Hedges at Dec. 9, 2015	Volume	Price <sup>1</sup>
<b>Crude - Brent Fixed Price, 2016</b>		
January - December	10,000 bbls/d	US\$66.93/bbl
January - June	9,000 bbls/d	US\$69.63/bbl
January - June	17,000 bbls/d	C\$75.80/bbl
July - December	5,000 bbls/d	C\$75.46/bbl
<b>Crude - Brent Collars, 2016</b>		
July - December	10,000 bbls/d	US\$45.55 - US\$56.55/bbl
<b>WCS Differential, 2016</b>		
January - December	31,600 bbls/d	US\$(13.96)/bbl
<b>Condensate, 2016 (purchase)</b>		
January - December	3,000 bbls/d	US\$39.20/bbl

<sup>1</sup> US\$ hedges converted at a US\$/C\$ exchange rate of approximately \$0.74 to calculate volume-weighted average price.

## **Forward-Looking Information:**

This document contains references to forward-looking information previously provided, identified by words such as “anticipated”, “expected”, “plan” and “intend”, and includes forecast operating and financial results. This document is prepared solely for the purposes of providing information about Cenovus Energy Inc.’s forecast operating and financial results and is not intended to be relied upon for the purpose of making investment decisions, including without limitation, to purchase, hold or sell any securities of Cenovus Energy Inc. Readers are cautioned not to place undue reliance on forward-looking information as our actual results may differ materially from those expressed or implied. The underlying assumptions, risks and uncertainties are described in the Advisories of our 2014 Fourth Quarter and Year-End News Release and the 2015 Updated Budget News Release, available at [www.sedar.com](http://www.sedar.com) and [cenovus.com](http://cenovus.com). For a full discussion of our material risk factors, see “Risk Factors” in our 2014 Annual Information Form, available at [www.sedar.com](http://www.sedar.com) and [cenovus.com](http://cenovus.com).