

Figure 2.C.a CNQ 2010 Corporate Highlights

2010 Performance Highlights

	2010	2009 ⁽¹⁾	2008 ⁽¹⁾
FINANCIAL (\$ millions, except per share data)			
Revenue, before royalties	\$ 14,322	\$ 11,078	\$ 16,173
Net earnings	\$ 1,697	\$ 1,580	\$ 4,985
Per common share – basic and diluted	\$ 1.56	\$ 1.46	\$ 4.61
Adjusted net earnings from operations ⁽²⁾	\$ 2,570	\$ 2,689	\$ 3,492
Per common share – basic and diluted	\$ 2.36	\$ 2.48	\$ 3.23
Cash flow from operations ⁽³⁾	\$ 6,321	\$ 6,090	\$ 6,969
Per common share – basic and diluted	\$ 5.81	\$ 5.62	\$ 6.45
Capital expenditures, net of dispositions	\$ 5,506	\$ 2,997	\$ 7,451
Long-term debt ⁽⁴⁾	\$ 8,499	\$ 9,658	\$ 13,016
Shareholders' equity	\$ 20,985	\$ 19,426	\$ 18,374
OPERATING			
Daily production, before royalties			
Crude oil and NGLs (Mbbbl/d)			
North America – excluding Oil Sands Mining and Upgrading	271	234	244
North America – Oil Sands Mining and Upgrading	91	50	–
North Sea	33	38	45
Offshore West Africa	30	33	27
	425	355	316
Natural gas (MMcfd)			
North America	1,217	1,287	1,472
North Sea	10	10	10
Offshore West Africa	16	18	13
	1,243	1,315	1,495
Barrels of oil equivalent (MBOE/d)	632	575	565

(1) Per common share amounts have been restated to reflect a two-for-one common share split in May 2010.

(2) Adjusted net earnings from operations is a non-GAAP measure that the Company utilizes to evaluate its performance. The derivation of this measure is discussed in the Management's Discussion and Analysis ("MD&A").

(3) Cash flow from operations is a non-GAAP measure that the Company considers key as it demonstrates the Company's ability to fund capital reinvestment and repay debt. The derivation of this measure is discussed in the MD&A.

(4) Includes the current portion of long-term debt.

Figure 2.C.b Composition of Production, Before Royalties and Production Expenses

ANALYSIS OF DAILY PRODUCTION, BEFORE ROYALTIES			
	2010	2009	2008
Crude oil and NGLs (bbls)			
North America – Exploration and Production	270,562	234,523	243,826
North America – Oil Sands Mining and Upgrading	90,867	50,250	–
North Sea	33,292	37,761	45,274
Offshore West Africa	30,264	32,929	26,567
	424,985	355,463	315,667
Natural gas (MMcfe)			
North America	1,217	1,287	1,472
North Sea	10	10	10
Offshore West Africa	16	18	13
	1,243	1,315	1,495
Total barrels of oil equivalent (BOE)	632,191	574,730	564,845
Product mix			
Light and medium crude oil and NGLs	18%	21%	22%
Pelican Lake heavy crude oil	6%	6%	6%
Primary heavy crude oil	15%	15%	16%
Bitumen (thermal oil)	14%	11%	12%
Synthetic crude oil	14%	9%	–
Natural gas	33%	38%	44%
Percentage of gross revenue ⁽¹⁾ (excluding midstream revenue)			
Crude oil and NGLs	85%	78%	68%
Natural gas	15%	22%	32%

(1) Net of transportation and blending costs and excluding risk management activities.

PRODUCTION EXPENSE – EXPLORATION AND PRODUCTION

	2010	2009	2008
Crude oil and NGLs (bbls) ⁽¹⁾			
North America	\$ 12.14	\$ 14.63	\$ 14.96
North Sea	\$ 29.73	\$ 26.98	\$ 26.29
Offshore West Africa	\$ 14.64	\$ 12.83	\$ 10.29
Company average	\$ 14.16	\$ 15.92	\$ 16.26
Natural gas (MMcfe) ⁽¹⁾			
North America	\$ 1.06	\$ 1.07	\$ 1.00
North Sea	\$ 2.91	\$ 2.16	\$ 2.51
Offshore West Africa	\$ 1.76	\$ 1.23	\$ 1.61
Company average	\$ 1.09	\$ 1.08	\$ 1.02
Company average (BOE) ⁽¹⁾	\$ 11.25	\$ 11.98	\$ 11.79

(1) Amounts expressed on a per unit basis are based on sales volumes.

Figure 2.C.c CNQ Resource Disclosure

RESOURCE DISCLOSURE

(1) Bitumen (Thermal Oil)	
Discovered Bitumen Initially-in-place	34.5 billion barrels
Proved Company Gross Reserves	0.9 billion barrels of Bitumen
Probable Company Gross Reserves	0.8 billion barrels of Bitumen
Best Estimate Contingent Resources other than Reserves	4.7 billion barrels of Bitumen
Bitumen Produced to Date	0.3 billion barrels
Sub-commercial / Unrecoverable portion of Discovered Bitumen Initially-in-place under current technologies	27.8 billion barrels
(2) Pelican Lake Heavy Crude Oil Pool	
Discovered Heavy Crude Oil Initially-in-place	4,100 million barrels
Proved Company Gross Reserves	234 million barrels of heavy crude oil
Probable Company Gross Reserves	104 million barrels of heavy crude oil
Best Estimate Contingent Resources other than Reserves	198 million barrels of heavy crude oil
Heavy Crude Oil Produced to Date	153 million barrels
Sub-commercial / Unrecoverable portion of Discovered Heavy Crude Oil Initially-in-place under current technologies	3,411 million barrels
(3) Horizon Oil Sands Synthetic Crude Oil	
Discovered Bitumen Initially-in-place	14.3 billion barrels
Proved Company Gross Reserves	1.9 billion barrels of SCO
Bitumen volume associated with SCO reserves	2.3 billion barrels of Bitumen
Probable Company Gross Reserves	1.0 billion barrels of SCO
Bitumen volume associated with SCO reserves	1.1 billion barrels of Bitumen
Best Estimate Contingent Resources other than Reserves	3.0 billion barrels of Bitumen
Bitumen Produced to Date	0.1 billion barrels of Bitumen
Sub-commercial / Unrecoverable portion of Discovered Bitumen Initially-in-place under current technologies	7.8 billion barrels

Figure 2.C.d CNQ Earnings Statement 2010

Consolidated Statements of Earnings

For the years ended December 31

(millions of Canadian dollars, except per common share amounts)

	2010	2009	2008
Revenue	\$ 14,322	\$ 11,078	\$ 16,173
Less: royalties	(1,421)	(936)	(2,017)
Revenue, net of royalties	12,901	10,142	14,156
Expenses			
Production	3,447	2,987	2,451
Transportation and blending	1,783	1,218	1,936
Depletion, depreciation and amortization	4,036	2,819	2,683
Asset retirement obligation accretion (note 6)	107	90	71
Administration	210	181	180
Stock-based compensation expense (recovery) (note 6)	294	355	(52)
Interest, net	449	410	128
Risk management activities (note 12)	(121)	738	(1,230)
Foreign exchange (gain) loss	(182)	(631)	718
	10,023	8,167	6,885
Earnings before taxes	2,878	1,975	7,271
Taxes other than income tax (note 7)	119	106	178
Current income tax expense (note 7)	698	388	501
Future income tax expense (recovery) (note 7)	364	(90)	1,607
Net earnings	\$ 1,597	\$ 1,580	\$ 4,985
Net earnings per common share (note 11)			
Basic and diluted	\$ 1.56	\$ 1.46	\$ 4.61

Figure 2.C.e CNQ Cash Flow Statement, 2010

Consolidated Statements of Cash Flows

For the years ended December 31
(millions of Canadian dollars)

	2010	2009	2008
Operating activities			
Net earnings	\$ 1,697	\$ 1,580	\$ 4,985
Non-cash items			
Depletion, depreciation and amortization	4,036	2,819	2,683
Asset retirement obligation accretion	107	90	71
Stock-based compensation expense (recovery)	294	355	(52)
Unrealized risk management (gain) loss	(25)	1,991	(3,090)
Unrealized foreign exchange (gain) loss	(180)	(661)	832
Deferred petroleum revenue tax expense (recovery)	28	15	(67)
Future income tax expense (recovery)	364	(99)	1,607
Other	(7)	5	25
Abandonment expenditures	(179)	(48)	(38)
Net change in non-cash working capital (note 14)	149	(235)	(189)
	6,284	5,812	6,767
Financing activities			
Repayment of bank credit facilities, net	(472)	(2,021)	(623)
Repayment of medium-term notes	(400)	—	—
Repayment of senior unsecured notes	—	(34)	(31)
Issue of US dollar debt securities	—	—	1,215
Issue of common shares on exercise of stock options	170	24	18
Purchase of common shares under Normal Course Issuer Bid	(68)	—	—
Dividends on common shares	(302)	(225)	(208)
Net change in non-cash working capital (note 14)	(5)	(12)	46
	(1,077)	(2,268)	417
Investing activities			
Expenditures on property, plant and equipment	(5,335)	(2,985)	(7,433)
Proceeds on sale of property, plant and equipment	8	36	20
Net expenditures on property, plant and equipment	(5,327)	(2,949)	(7,413)
Net change in non-cash working capital (note 14)	129	(609)	235
	(5,198)	(3,558)	(7,178)
Increase (decrease) in cash and cash equivalents	9	(14)	6
Cash and cash equivalents – beginning of year	13	27	21
Cash and cash equivalents – end of year	\$ 22	\$ 13	\$ 27

Supplemental disclosure of cash flow information (note 14)

Figure 2.C.f CNQ Risk Management Activities, Unrealized and Realized Gains and Losses

RISK MANAGEMENT ACTIVITIES				
The Company utilizes various derivative financial instruments to manage its commodity price, foreign currency and interest rate exposures. These derivative financial instruments are not intended for trading or speculative purposes.				
(\$ millions)		2010	2009	2008
Crude oil and NGLs financial instruments	\$	84	\$ (1,330)	\$ 2,020
Natural gas financial instruments		(234)	(33)	(21)
Foreign currency contracts and interest rate swaps		54	110	(139)
Realized (gain) loss	\$	(96)	\$ (1,253)	\$ 1,860
Crude oil and NGLs financial instruments	\$	(108)	\$ 2,039	\$ (3,104)
Natural gas financial instruments		71	(58)	16
Foreign currency contracts and interest rate swaps		12	10	(2)
Unrealized (gain) loss	\$	(25)	\$ 1,991	\$ (3,090)
Net (gain) loss	\$	(121)	\$ 738	\$ (1,230)
Complete details related to outstanding derivative financial instruments at December 31, 2010 are disclosed in note 12 to the Company's consolidated financial statements.				
The cash settlement amount of commodity derivative financial instruments may vary materially depending upon the underlying crude oil and natural gas prices at the time of final settlement, as compared to their mark-to-market value at December 31, 2010.				
Due to changes in crude oil and natural gas forward pricing and the reversal of prior period unrealized gains and losses, the Company recorded a net unrealized gain of \$25 million (\$16 million after-tax) on its risk management activities for the year ended December 31, 2010 (2009 – \$1,991 million unrealized loss, \$1,437 million after-tax; 2008 – \$3,090 million unrealized gain, \$2,112 million after-tax).				

Figure 2.C.g Canadian Natural Hedging Activity, June 30, 2011

	Remaining term			Volume	Weighted average price			Index
Crude oil								
Crude oil price collars	Jul 2011	–	Dec 2011	50,000 bbl/d	US\$70.00	–	US \$102.23	WTI
Crude oil puts	Jul 2011	–	Dec 2011	100,000 bbl/d			US\$70.00	WTI

The cost of outstanding put options and their respective periods of settlement are as follows:

	Q3 2011	Q4 2011
Cost (\$ millions)	US\$27	US\$27

ii) Purchase contracts

	Remaining term			Volume	Weighted average fixed rate	Index
Natural gas						
Swaps – floating to fixed	Jul 2011	–	Dec 2011	125,000 GJ/d	C\$4.87	AECO

Figure 2.C.h CNQ Crude Oil Hedge Positions 2008-Q3

The Company has the following commodity related net financial derivatives outstanding at September 30, 2008:

	Remaining term			Volume	Weighted average price			Index
Crude oil								
Crude oil price collars	Oct 2008	–	Dec 2008	20,000 bbl/d	US\$50.00	–	US\$65.53	Mayan Heavy
	Oct 2008	–	Dec 2008	50,000 bbl/d	US\$60.00	–	US\$75.22	WTI
	Oct 2008	–	Dec 2008	50,000 bbl/d	US\$60.00	–	US\$76.05	WTI
	Oct 2008	–	Dec 2008	50,000 bbl/d	US\$60.00	–	US\$76.98	WTI
	Oct 2008	–	Dec 2008	25,000 bbl/d	US\$70.00	–	US\$112.63	WTI
	Jan 2009	–	Dec 2009	25,000 bbl/d	US\$70.00	–	US\$111.56	WTI
Crude oil puts	Oct 2008	–	Dec 2008	50,000 bbl/d			US\$55.00	WTI
	Jan 2009	–	Dec 2009	92,000 bbl/d			US\$100.00	WTI

Figure 2.C.j Crescent Point Energy Corp. Crude Oil Hedge Positions, 2010-Q3

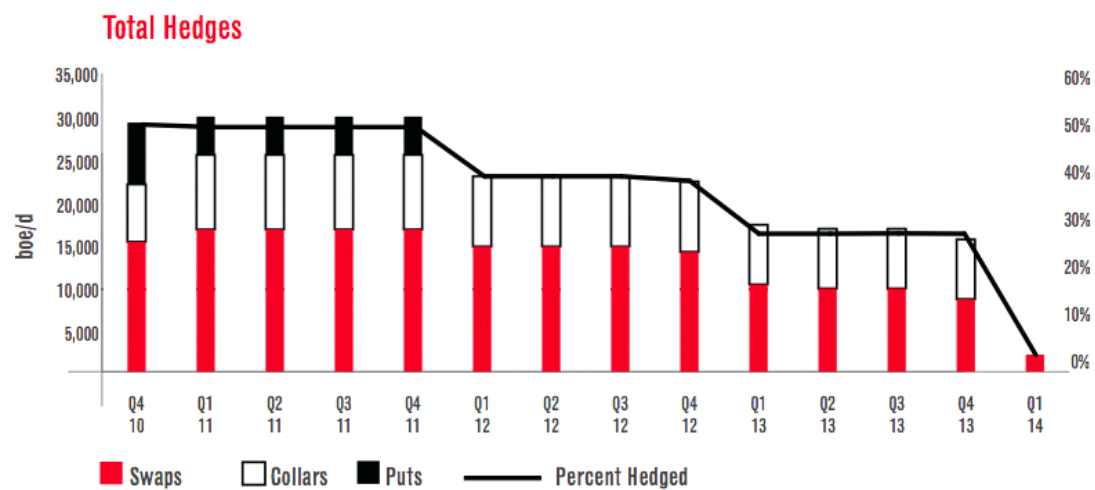


Figure 2.C.k CNQ Interest Rate and Cross Currency Swaps, Dec. 2010

	Remaining term	Amount (\$ millions)	Fixed rate	Floating rate
Interest rate ^{(1) (2)}				
Swaps – floating to fixed	Jan 2011 – Feb 2012	C\$200	1.4475%	3 month CDOR ⁽³⁾
<p>(1) During 2010, the Company unwound US\$350 million of 4.9% interest rate swaps for proceeds of US\$54 million.</p> <p>(2) During 2010, the Company unwound C\$300 million of 1.0680% interest rate swaps for nominal consideration.</p> <p>(3) Canadian Dealer Offered Rate.</p>				

	Remaining term	Amount (\$ millions)	Exchange rate (US\$/C\$)	Interest rate (US\$)	Interest rate (C\$)
Cross currency					
Swaps ⁽¹⁾	Jan 2011 – Jul 2011	US\$150	0.999	6.70%	7.70%
	Jan 2011 – Aug 2016	US\$250	1.116	6.00%	5.40%
	Jan 2011 – May 2017	US\$1,100	1.170	5.70%	5.10%
	Jan 2011 – Mar 2038	US\$550	1.170	6.25%	5.76%

(1) Subsequent to December 31, 2010, the Company entered into cross currency swap contracts for US\$50 million with an exchange rate of \$0.994 (US\$/C\$) and average interest rates of 6.70% (US\$) and 7.88% (C\$) for the period January to July 2011.

Figure 2.C.L CNQ Sensitivity Analysis

The following table is indicative of the annualized sensitivities of cash flow from operations and net earnings from changes in certain key variables. The analysis is based on business conditions and sales volumes during the fourth quarter of 2010, excluding mark-to-market gains (losses) on risk management activities, and is not necessarily indicative of future results. Each separate line item in the sensitivity analysis shows the effect of a change in that variable only with all other variables being held constant.

	Cash flow from operations (\$ millions)	Cash flow from operations (per common share, basic)	Net earnings (\$ millions)	Net earnings (per common share, basic)
Price changes				
Crude oil – WTI US\$1.00/bbl ⁽¹⁾				
Excluding financial derivatives	\$ 128	\$ 0.12	\$ 99	\$ 0.09
Including financial derivatives	\$ 128	\$ 0.12	\$ 99	\$ 0.09
Natural gas – AECO C\$0.10/Mcf ⁽¹⁾				
Excluding financial derivatives	\$ 34	\$ 0.03	\$ 25	\$ 0.02
Including financial derivatives	\$ 38	\$ 0.04	\$ 29	\$ 0.03
Volume changes				
Crude oil – 10,000 bbl/d	\$ 175	\$ 0.16	\$ 104	\$ 0.10
Natural gas – 10 MMcf/d	\$ 9	\$ 0.01	\$ 1	\$ –
Foreign currency rate change				
\$0.01 change in US\$ ⁽¹⁾				
Including financial derivatives	\$ 101 – 103	\$ 0.09	\$ 40 – 41	\$ 0.04
Interest rate change – 1%	\$ 9	\$ 0.01	\$ 9	\$ 0.01