

June 2020 Investor Presentation

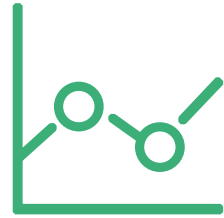


Current Priorities & Recent Actions



Cut Costs, Drive Capital Efficiencies

\$200 MM in cash cost¹ savings
2H20/21 capital costs ~20%
lower vs 2019
Expect majority of savings to
be durable



Preserve Liquidity & Balance Sheet Strength

2Q-4Q hedge value ~\$1.1B
Utilized flexibility with
immediate response to
reduce 2Q capex \$500 MM
with no penalties
Purchased \$100 MM of
notes ('21 - '22) at 11% discount,
reducing interest expense,
extending maturity profile &
lowering debt



Active Production Management

Dynamic production "shut-in"
strategy
Strong hedge book and
shutting in highest cost wells
means minimal cash flow
impact




Protect Health, Safety of Our People

Assembled multi-disciplined
Pandemic Response Team
Moved seamlessly to
"remote" work environment
Screening measures and
safety protocols successfully
implemented in field
operations
Safe "return to work" strategy
underway

Priorities give OVV tremendous resilience and position us to thrive


1) Additional detail on cash cost savings available on slide 21 of this presentation. These savings refer to operating, transportation and processing G&A, and other cost outlays and recoveries

Strong 1Q Results Exceed Expectations



Net Earnings
\$421 MM
 \$1.62 / share

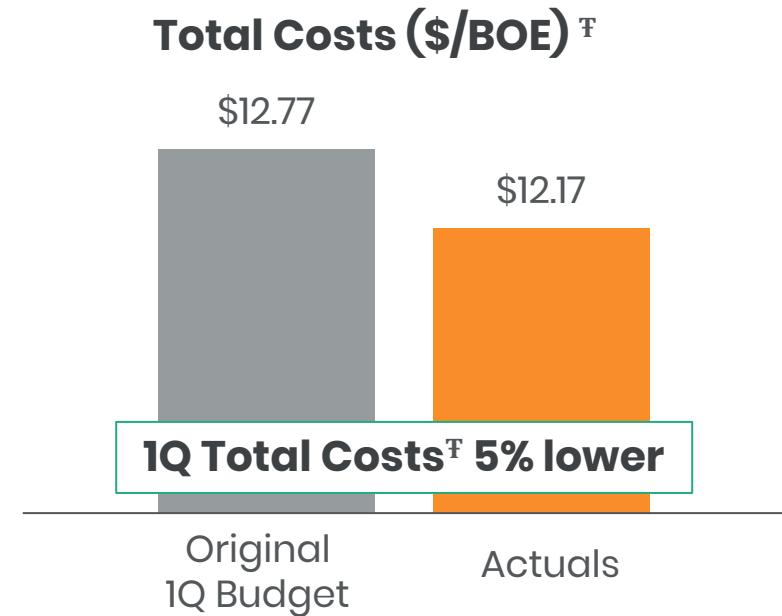
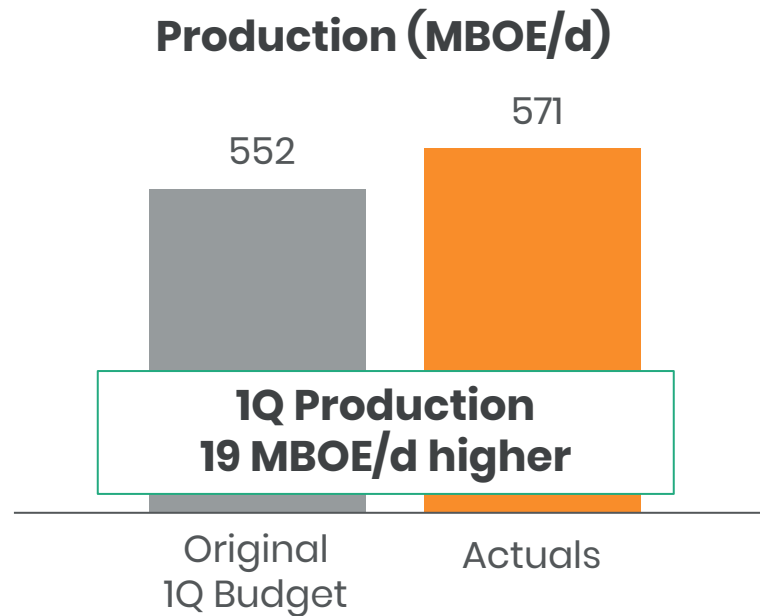
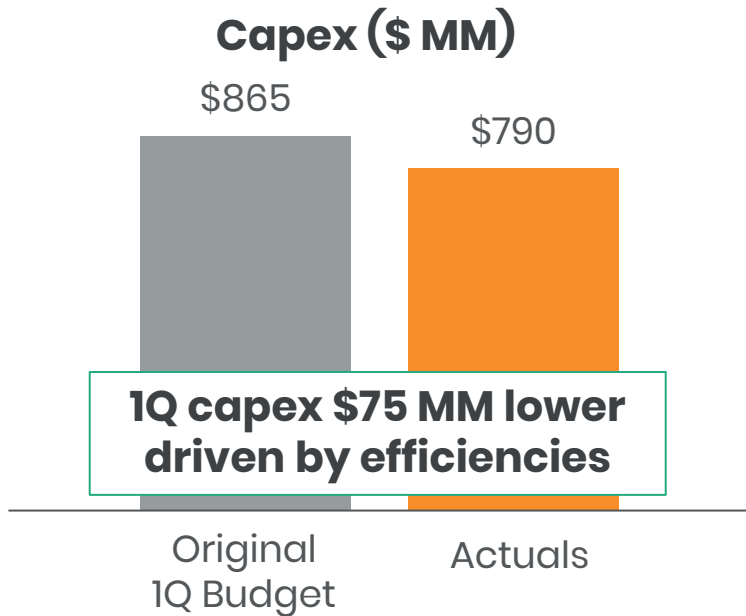
Operating Earnings[†]
\$27 MM
 \$0.10 / share



Cash Flow[†]
\$535 MM
 \$2.06 / share



Liquidity
\$3.4B¹
 Investment Grade



¹) Total liquidity includes \$190 MM of available capacity on uncommitted demand lines

[†] Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website and disclosure in the appendix of this document

Rapid 2Q Response

Rapid Response to Current Conditions

- 2Q capital reduced by >60% (\$500 MM)
- Restructured hedges provide increased 2020 protection

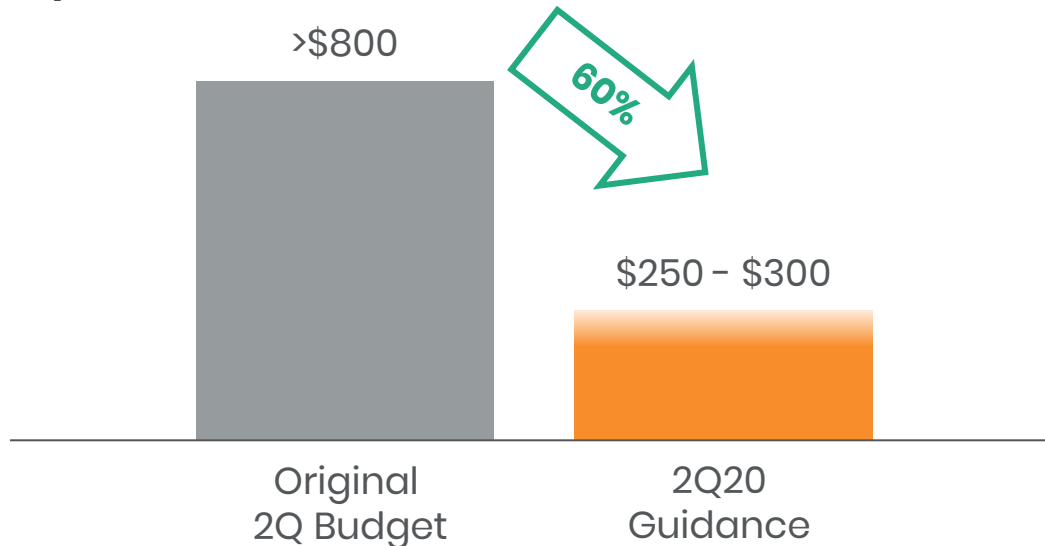


~\$1.1B

Mark-to-market value of OVV hedge book (2Q-4Q20)¹

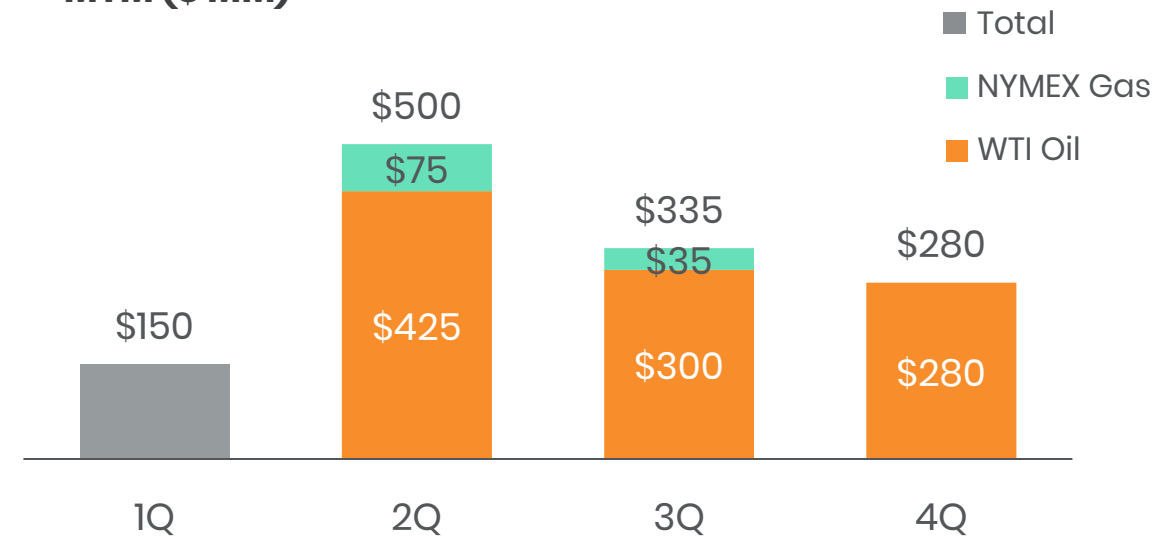
Proactively Managing Capex

Capex (\$ MM)



Hedge Value (WTI & NYMEX Gas)¹

MTM (\$ MM)



¹) Hedge mark to market and values for 2Q-4Q20 based on pricing and oil and natural gas benchmark positions as of April 30, 2020

\$200 MM of Sustainable Cash Cost Savings

\$200 MM of cash cost savings in 2020

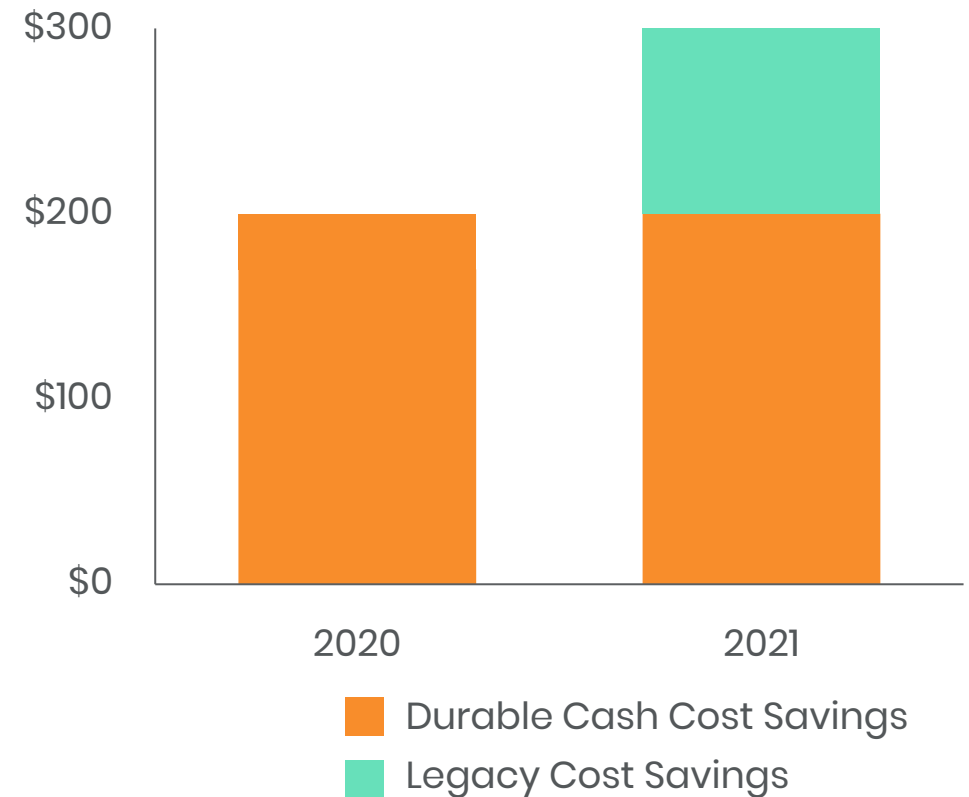
- Reduced operating and midstream costs
- Lower G&A, interest and other costs
- Midstream optimization
- Cost reductions over and above shut-in related costs and price-driven production tax reductions

Legacy costs drop \$100 MM+ in 2021

- Primarily unutilized midstream costs that expire in '21

Combination improves 2021 cash outlook by \$300 MM

Cash Cost Savings (\$ MM)



Track Record of Efficiency Improvements

Core 3 Assets demonstrating capital efficiency gains

- 1Q well costs across all assets 9% lower vs 2019 – cost reductions achieved BEFORE oil price collapse
- Expect ~20% savings in 2Q20 and beyond vs 2019

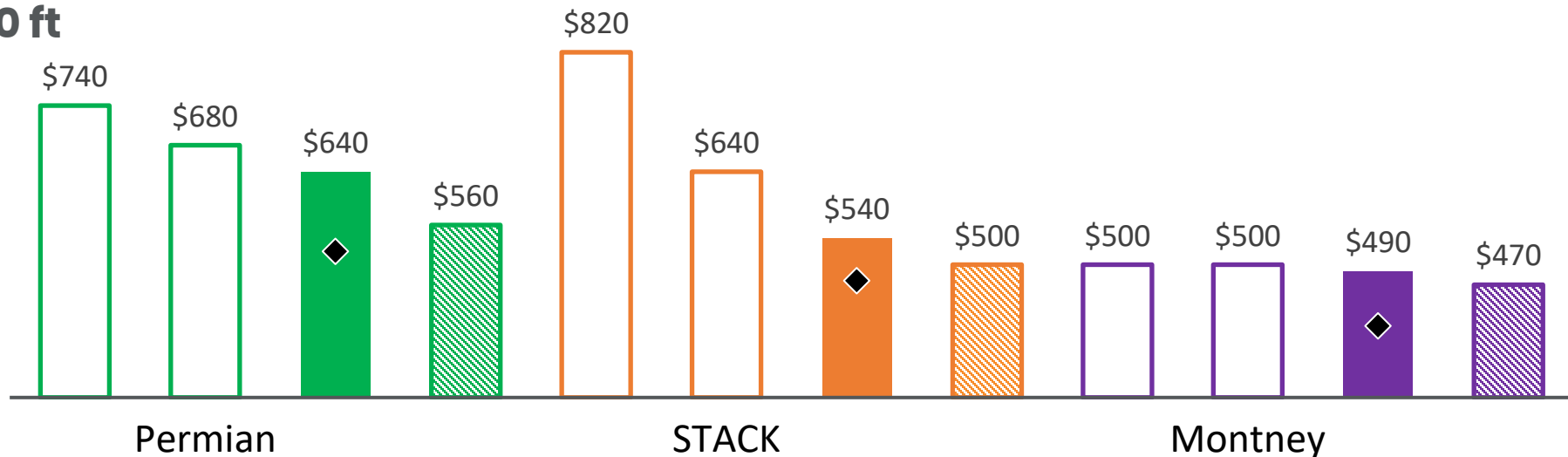
New Well Cost (\$ MM)

Play	D&C	DC&E
Permian	\$5.6	\$6.2
STACK	\$5.0	\$5.4
Montney	\$3.5	\$3.7

1Q20 D&C rates achieved pre-downturn, ability to capture additional savings

D&C (\$ M) / 1,000 ft

- ◆ Pacesetter
- FY18 – FY19
- 1Q20
- ▨ Go forward



Note: DC&E includes: Drill, complete, facilities and lease tie in costs. STACK and Permian well lengths normalized to 10,000 ft. Montney normalized to 7,500 ft. Montney costs displayed in USD. FX rate is 0.7. Montney assumes 50% Pipestone and 50% Dawson

Capital Efficiency More Important Than Ever

Permian

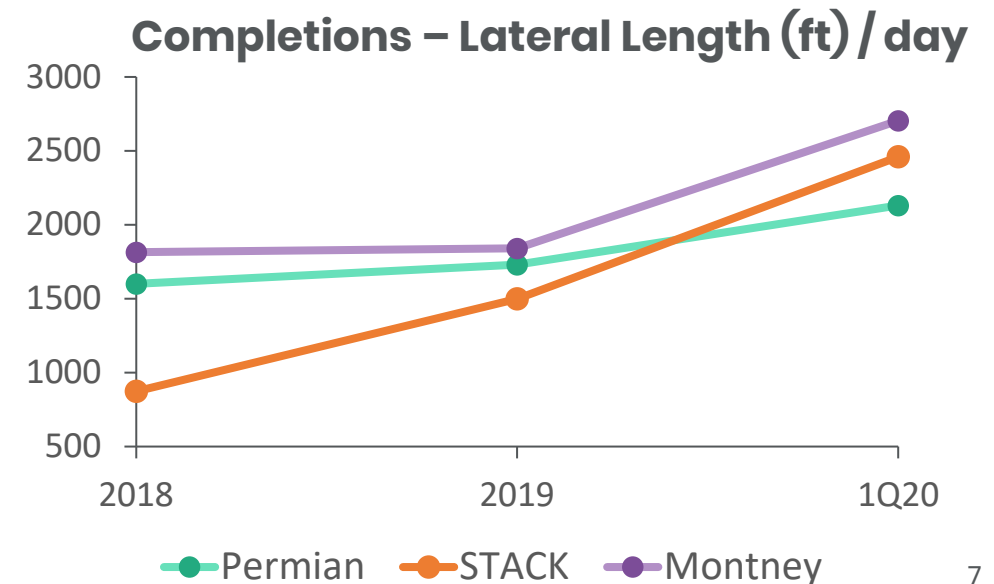
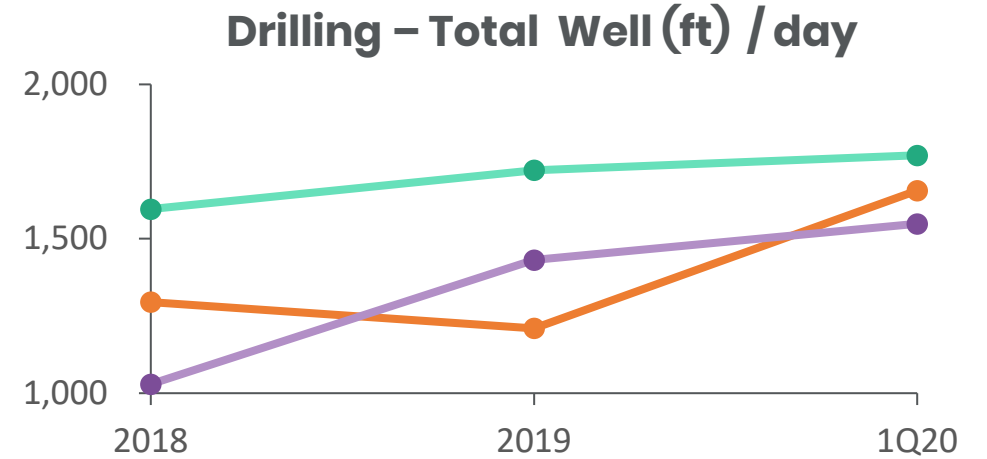
- 17% increase in lateral lengths vs FY19 leads to 15% reduction in drilling cost per foot
- Drilling innovations and Simul-Frac reduce 1Q D&C costs \$400k/well vs FY19

Anadarko

- 13 wells drilled and completed for under \$5 MM¹
- Continued operational gains: 14% faster spud to rig release and 18% increase in completed lateral feet per day vs 4Q19
- Supply chain management delivers significant savings

Montney

- Industry-leading drilling cycle times
- Pump time in Pipestone completions increased 16% vs FY19



1) Well lengths normalized to 10,000 ft

Dynamic Shut-in Strategy Preserves Value

Dynamic analysis factors

- Variable expense/margin analysis & contango valuation
- Continuously updated based on market environment
- No onerous MVCs¹ provides considerable flexibility
- Market conditions vary by asset
- Control of operations: >95% of wells are operated
- Production planning closely aligned with customer requirements
- Current gross shut-ins: ~50 Mbbls/d crude and condensate and ~92 MBOE/d

Favorable hedge position minimizes cash flow impact

Market conditions to drive timing of returning production

- Operational Control Centers enable well restarts in <24 hours

Shut-in net production (May 7):

~35 Mbbls/d

Oil and condensate

~65 MBOE/d

Oil Equivalent

1) MVCs: Minimum Volume Commitments

Our Liquidity is a Valuable Asset

Our credit facilities are:

	OVV
Unsecured	✓
Fully committed/available to July 2024	✓
Based on adjusted book capitalization	✓
Supported by 20 lenders, all are A- rated or better	✓

Our credit facilities do not have:

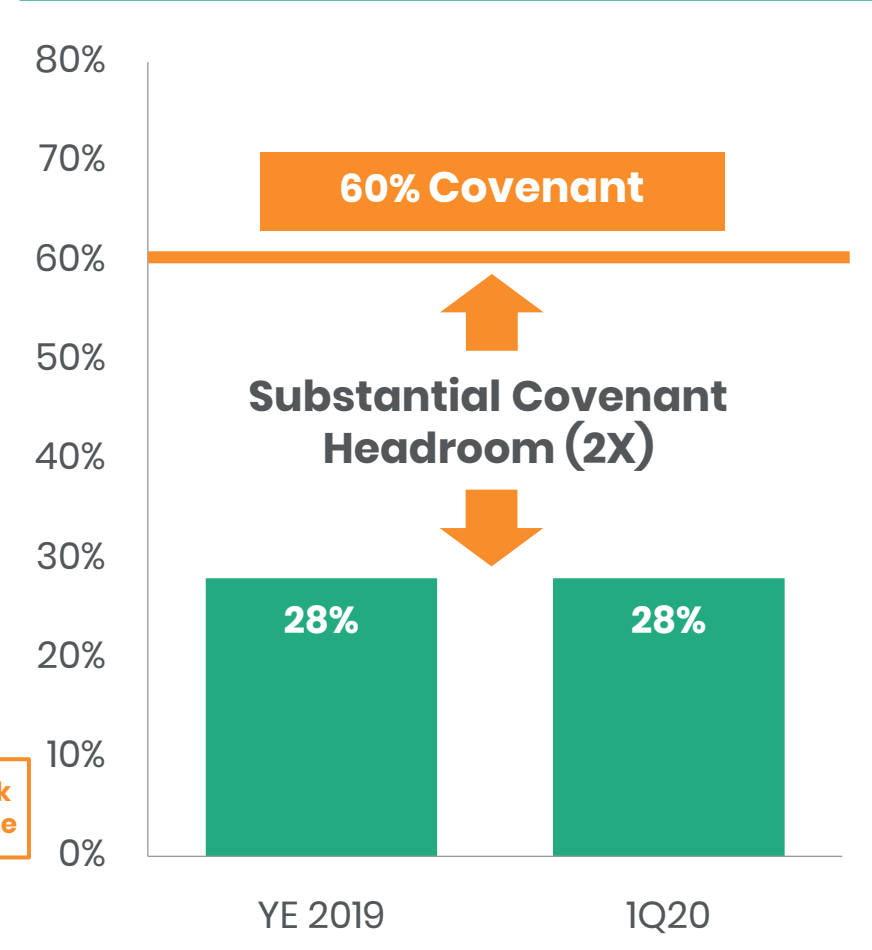
A Borrowing Base / annual redetermination	X
Cash flow / EBITDA / leverage covenants	X
Minimum credit rating requirement	X

Financial Covenant Calculation

	1Q20
Long-Term Debt, including current portion	\$7,006
Total Shareholders' Equity	\$10,191
Equity adjustment ¹	\$7,746
Adjusted Capitalization	\$24,943
<i>Debt to Adjusted Capitalization</i> [‡]	28%

Fixed add-back does not change

Debt / Adjusted Capitalization [‡]



¹) Fixed amount reflecting cumulative historical ceiling test impairments recorded as at December 31, 2011 in conjunction with the Company's January 1, 2012 adoption of U.S. GAAP
[‡] Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website and disclosure in the appendix of this document

Positioned to Thrive in 2021 and Beyond

FCF[†] breakeven lowered and scale maintained through capital efficiency and cost reductions

‘21 FCF[†] Positive

Post dividend at **\$35 / \$2.75**

~200 Mbbbls/d

Avg 2021 Oil & C5+

\$1.4 – \$1.6B

2021 capex scenario; 20% capital efficiency gain vs ‘19

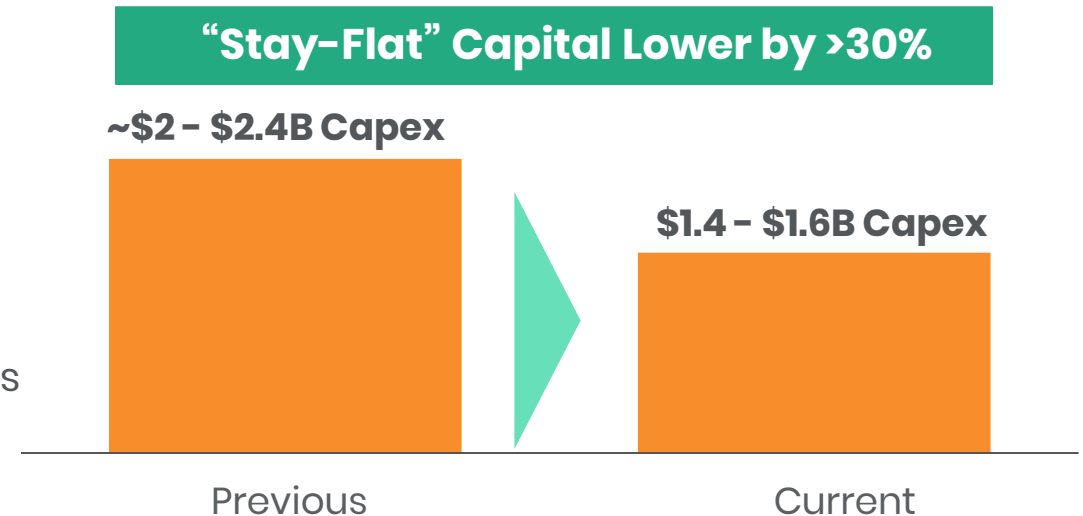
Significantly Lower “Stay-Flat” Capital Scenario

2020 Scenario:

- \$1.8 – \$1.9B of capex and 200 Mbbbls/d Oil & C5+ exit rate

2021 Stay-Flat Scenario:


- Oil & C5+ flat at 200 Mbbbls/d at \$1.4 – \$1.6B of capital
- \$300 MM of cash cost reductions and lower legacy costs
- 20% gain in capital efficiency vs 2019
- FCF[†] positive at \$35 / bbl WTI oil and \$2.75 / MMBtu NYMEX gas
- Unhedged price sensitivities:
 - WTI \$5 / bbl: \$375 MM
 - NYMEX Gas \$0.25 / MMBtu: \$140 MM



Defining the Successful E&P of the Future



Ovintiv™

-  **Quality Multi-Basin Portfolio**
-  **Financial Strength**
-  **Industry Leading Efficiency Driven by Innovation**
-  **Size & Scale As One Of The Largest Crude & Condensate Producers**
-  **Unique Combination Of Capital Discipline & Flexibility**
-  **A Culture That Values Being Agile, Driven & One**
-  **Proven Team of Talented & Committed Professionals**

Appendix

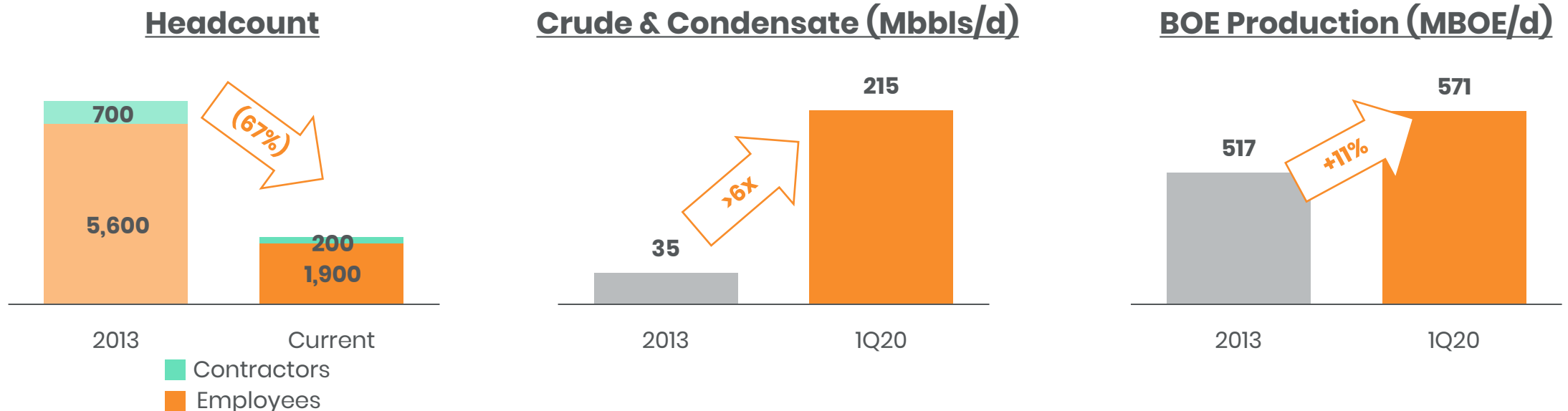


Update on Organization Changes

June 2020 – the Company restructured and reduced its workforce by 25%

Adds confidence to our ability to deliver on the 2021 scenario described in our 1Q20 call

Organization is 67% smaller with crude and condensate production up >6x



Note: 2013 includes employees, contractors and acquired headcount. Current includes employees and contractors

OVV Proven Ability to Generate FCF

Few actually “delivered” FCF to shareholders – OVV did!

Proven free cash flow[†] generation of ~\$460 MM for ‘18 + ‘19

- Newfield acquisition synergies providing \$400 MM / year
 - \$200 MM annualized G&A (beat target of \$125 MM by 60%)
 - ~\$3 MM STACK D&C pacesetter savings (~3x original target)

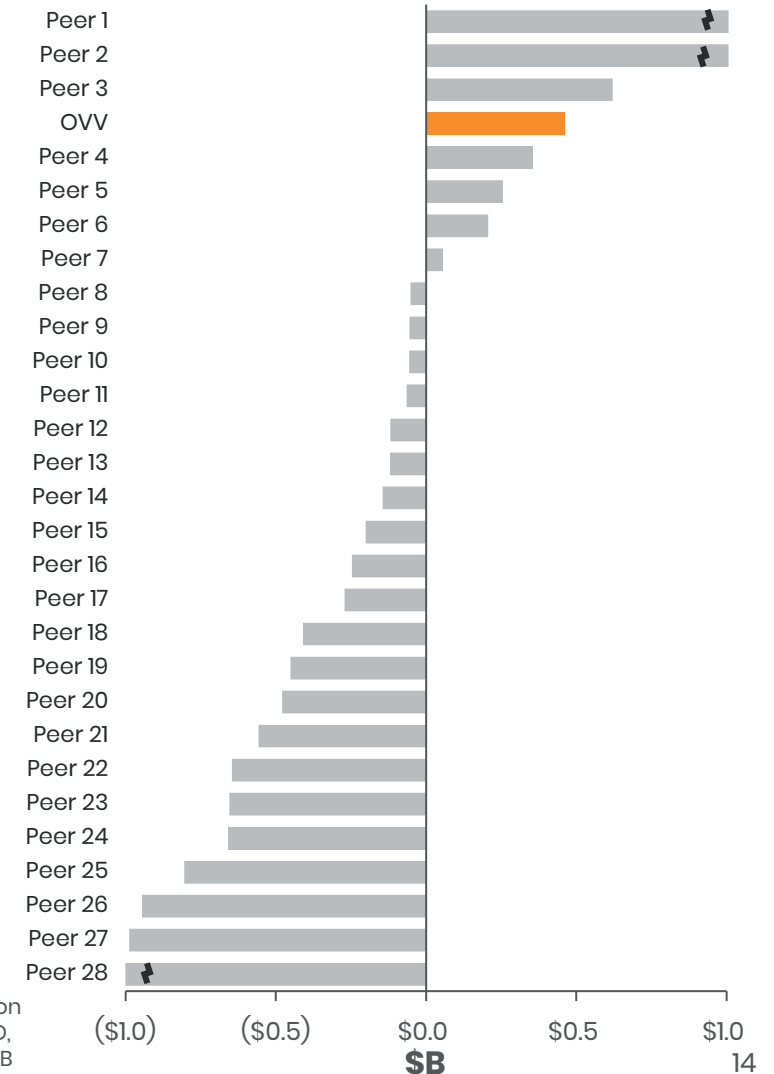
Multi-Basin portfolio of scale provides through cycle stability

- Rapid dissemination of learnings across the portfolio
- Diverse product sales points and production mix provide flexibility

Top quartile performance demonstrating capital efficiency

- Continuously pushing best-in-class drilling and completion times
- Each development is optimized to maximize resource and capital

2018 + 2019 Free Cash Flow ¹
(CFO - Capex - Dividend)



1) Cumulative FCF from FactSet market data. CFO excluding changes in net working capital less capex less dividends. OVV excludes \$171 MM of acquisition costs and restructuring expenses. Peers include APA, AR, CDEV, CHK, CLR, COG, CPE, CXO, DVN, EOG, EQT, FANG, GPOR, LPI, MRO, MTDR, NBL, OAS, PDCE, PE, PXD, QEP, RRC, SM, SWN, WLL, WPX, XEC. Peers 1 and 2 have '18 + '19 cumulative FCF greater than \$1B, Peer 28 has '18 + '19 cumulative negative FCF of more than \$1B
[†] Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website and disclosure in the appendix of this document

Potential Index Exposure Creates Demand

In 2020, OVV moved its domicile to the U.S. from Canada for exposure to passive index funds
- potential below equates to upside demand for ~70 MM net shares

STANDARD
& POOR'S

S&P announced intent to rebalance in June '20

- OVV to be included in Total Market Index (TMI)
- TMI inclusion allows eligibility for S&P 1500 family of indices
- OVV meets qualifications for S&P 400 and 600

~70 MM

New demand for OVV shares post net indices rebalances

CRSP INDEXES

News on inclusion in June '20

“Likely participation in FTSE Global Index Series, June '20”

- Source: Citi equity research, stating “OVV meets qualifications for Russel 2000 and 3000 in June '20”



MSCI

Expected shift from Global to US MSCI Index in June '20

Pricing and Hedge Summary

Strong Hedge Position

- 2020 cash flow[†] protected through strong hedges¹
- Substantially hedged on near-term benchmark oil price risk
- Mitigated >70% of WTI Roll exposure for balance of year, combination of physical sales and hedges at plus ~\$.25/bbl

Select 2020 Basis hedges:

- 7 Mbbls/d WTI / Midland swaps (\$1.20)
- 272 MMcf/d AECO swaps (\$0.88)
- 105 MMcf/d WAHA swaps (\$0.91)

Quarterly Hedge Positions					
Oil and Condensate ¹		2Q20	3Q20	4Q20	Bal 20
WTI Swaps	Volume Mbbls/d	188	160	89	145
	Price \$/bbl	\$41.47	\$44.60	\$52.95	\$44.95
WTI Costless Collars	Volume Mbbls/d	15	15	15	15
	Call Strike \$/bbl	\$68.71	\$68.71	\$68.71	\$68.71
	Put Strike \$/bbl	\$50.00	\$50.00	\$50.00	\$50.00
WTI 3-Way Options	Volume Mbbls/d			76	25
	Call Strike \$/bbl			\$61.46	\$61.46
	Put Strike \$/bbl			\$53.36	\$53.36
	Put (Sold) Strike \$/bbl			\$43.36	\$43.36
Natural Gas ^{1,2}		2Q20	3Q20	4Q20	Bal 20
NYMEX Swaps	Volume MMcf/d	820	820	793	811
	Price \$/mcf	\$2.65	\$2.65	\$2.65	\$2.65
NYMEX Costless Collars	Volume MMcf/d	55	55	55	55
	Call Strike \$/mcf	\$2.88	\$2.88	\$2.88	\$2.88
	Put Strike \$/mcf	\$2.50	\$2.50	\$2.50	\$2.50
NYMEX 3-Way Options	Volume MMcf/d	330	330	330	330
	Call Strike \$/mcf	\$2.72	\$2.72	\$2.72	\$2.72
	Put Strike \$/mcf	\$2.60	\$2.60	\$2.60	\$2.60
	Put (Sold) Strike \$/mcf	\$2.25	\$2.25	\$2.25	\$2.25

For more information on Ovintiv's Financial Instruments and Risk Management please refer to Note 22 of the interim financial statements

1) Hedges as of April 30, 2020

2) Excludes 230 BBtu/day of NYMEX call options sold.

[†] Non-GAAP measures defined in advisories. For additional information regarding non-GAAP measures see the Company's website and disclosure in the appendix of this document

Hedge Sensitivity Update

Proven free cash flow^F generation of ~\$460 MM for '18 + '19

- 1Q20 Oil and Condensate realized hedges \$105 MM with \$46.17/bbl average WTI
- 1Q20 Natural Gas realized hedges of \$39 MM with \$1.95/MMBtu NYMEX average

Hedge Sensitivities – Gain / (Loss) (\$ MM)				
WTI Price \$/bbl	2Q20	3Q20	4Q20	Bal 20
\$10	\$599	\$565	\$490	\$1,654
\$20	\$415	\$404	\$390	\$1,209
\$30	\$231	\$243	\$291	\$765
\$40	\$46	\$82	\$192	\$320
\$50	(\$138)	(\$79)	\$46	(\$171)

NYMEX Natural Gas \$/MMBtu	2Q20	3Q20	4Q20	Bal 20
\$1.00	\$143	\$145	\$141	\$429
\$1.25	\$123	\$125	\$121	\$369
\$1.50	\$103	\$104	\$102	\$309
\$1.75	\$83	\$84	\$82	\$249
\$2.00	\$63	\$64	\$63	\$190
\$2.25	\$44	\$44	\$43	\$131

2020 Cash Cost Savings – \$200 MM

Cost savings over and above shut-in related costs

	<u>\$ MM</u>
Operating Costs & T&P (workovers, maintenance, electricity, fuel, trucking, chemicals, reduced contractors, etc.)	\$95
Corporate Items, G&A, Other (IT, interest expense, travel, etc.)	\$50
Cost Deferrals and Other Opportunities	\$35
Midstream Optimization	\$20
Total Expected Cash Cost Savings	\$200
Full Year PMOT Sensitivity (\$10 change in WTI)	\$30

2021: Continued cost discipline + drop in legacy costs increase savings target to \$300 MM

We Are Defined by Our Culture

Culture is the way you feel about the work you do, the values you believe in, where you see the Company going and what we are collectively doing to achieve our shared vision. The values, practices, behaviors and symbols we use daily are what drives our Ovintiv culture. These traits represent our personality, guide our decisions and lead to our exemplary performance from top to bottom.



We Are Defined by Our Culture

- 1** Ovintiv First Behavior
- 2** Transparent
- 3** Healthy Conflict and Debate
- 4** Trust/Supportive
- 5** Comfort with Risk and Ambiguity
- 6** Adaptable
- 7** Informal
- 8** Accountable
- 9** Bias for Action
- 10** Innovation
- 11** Relentlessly Improve
- 12** Discipline
- 13** Excellence
- 14** Results Focused/Winning

Future Oriented Information

This presentation contains forward-looking statements or information (collectively, “FLS”) within the meaning of applicable securities legislation, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. FLS include:

- planned capital reductions, use of credit facilities and maintaining balance sheet strength
- anticipated operating costs, legacy costs, G&A, cost savings and sustainability thereof, capital efficiencies, margins and returns
- COVID-19 response plan and production management, including shut-in strategy and impact to future well performance
- operational flexibility to maintain balance sheet strength
- anticipated hedges, amount of hedge production, value of hedge book, hedging sensitivities based on oil and gas prices, and marketing efforts to protect cash flow
- outcomes of risk management program, including exposure to commodity prices, market access, market diversification strategy and physical sales locations
- suspension of guidance and capital investment scenarios
- credit ratings and impact to access to sources of liquidity and cost of financing thereof
- focus of development and allocation of capital, level of capital productivity and expected return
- anticipated production, cash flow, free cash flow, payout, net present value, rates of return, EBITDA estimates, including expected timeframes and potential upside
- ability to position the company for potential market recovery
- number of rigs, drilling locations, well performance, spacing, wells per pad, rig release metrics, cycle times, well costs, commodity composition and performance against type curves and versus peers
- potential index exposure and demand for shares
- pacesetter metrics being indicative of future well performance and costs
- advantages of multi-basin portfolio and benefits of cube development approach
- estimated reserves and resources, including product types
- expected transportation and processing capacity, commitments, curtailments and restrictions, including flexibility of commercial arrangements
- management of balance sheet, including target leverage, available free cash flow, dividends if any, opportunistic buybacks, debt reduction and expected net debt
- commodity price outlook
- ESG approach, performance and results, and sustainability thereof

FLS involve assumptions, risks and uncertainties that may cause such statements not to occur or results to differ materially. These assumptions include: future commodity prices and differentials; assumptions as specified herein; data contained in key modeling statistics; availability of attractive hedges and enforceability of risk management program; assumed tax, royalty and regulatory regimes; and expectations and projections made in light of the Company’s historical experience. Risks and uncertainties include: suspension of or changes to guidance, and associated impact to production; ability to generate sufficient cash flow to meet obligations; commodity price volatility and impact to the Company’s stock price and cash flows; ability to secure adequate transportation and potential curtailments of refinery operations, including resulting storage constraints or widening price differentials; discretion to declare and pay dividends, if any; business interruption, property and casualty losses or unexpected technical difficulties; impact of COVID-19 to the Company’s operations, including maintaining ordinary staffing levels, securing operational inputs, executing on portions of its business and cyber-security risks associated with remote work; counterparty and credit risk; impact of changes in credit rating and access to liquidity, including costs thereof; risks in marketing operations; risks associated with technology; risks associated with lawsuits and regulatory actions, including disputes with partners; risks associated with decommissioning activities, including timing and costs thereof; ability to acquire or find additional reserves; imprecision of reserves estimates and estimates of recoverable quantities; and other risks and uncertainties, as described in the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and as described from time to time in its other periodic filings as filed on SEDAR and EDGAR. Although the Company believes such FLS are reasonable, there can be no assurance they will prove to be correct. The above assumptions, risks and uncertainties are not exhaustive. FLS are made as of the date hereof and, except as required by law, the Company undertakes no obligation to update or revise any FLS.

Certain future oriented financial information or financial outlook information is included in this presentation to communicate current expectations as to Ovintiv’s performance. Readers are cautioned that it may not be appropriate for other purposes. Rates of return for a particular asset or well are on a before-tax basis and are based on specified commodity prices with local pricing offsets, capital costs associated with drilling, completing and equipping a well, field operating expenses and certain type curve assumptions. Pacesetter well costs for a particular asset are a composite of the best drilling performance and best completions performance wells in the current quarter in such asset and are presented for comparison purposes. Drilling and completions costs have been normalized as specified in this presentation based on certain lateral lengths for a particular asset. For convenience, references in this presentation to “Ovintiv”, the “Company”, “we”, “us” and “our” may, where applicable, refer only to or include any relevant direct and indirect subsidiary corporations and partnerships (“Subsidiaries”) of Ovintiv Inc., and the assets, activities and initiatives of such Subsidiaries.

Advisory Regarding Oil & Gas Information

All reserves estimates in this presentation are effective as of December 31, 2019, prepared by qualified reserves evaluators in accordance with procedures and standards contained in the Canadian Oil and Gas Evaluation ("COGE") Handbook, National Instrument 51-101 (NI 51-101) and SEC regulations, as applicable. Detailed Canadian and U.S. protocol disclosure will be contained in the Form 51-101F1 and Annual Report on Form 10-K, respectively. Information on the forecast prices and costs used in preparing the Canadian protocol estimates are contained in the Form 51-101F1. For additional information relating to risks associated with the estimates of reserves, see "Item 1A. Risk Factors" of the Annual Report on Form 10-K.

Reserves are the estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: analysis of drilling, geological, geophysical and engineering data, the use of established technology, and specified economic conditions, which are generally accepted as being reasonable. Proved reserves are those reserves which can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Ovintiv uses the terms play and resource play. Play encompasses resource plays, geological formations and conventional plays. Resource play describes an accumulation of hydrocarbons known to exist over a large areal expanse and/or thick vertical section, which when compared to a conventional play, typically has a lower geological and/or commercial development risk and lower average decline rate. Ovintiv has provided information with respect to its assets which are "analogous information" as defined in NI 51-101, including production type curves. This analogous information is presented on a basin, sub-basin or area basis utilizing data derived from Ovintiv's internal sources, as well as from a variety of publicly available information sources which are predominantly independent in nature. Production type curves are based on a methodology of analog, empirical and theoretical assessments and workflow with consideration of the specific asset, and as depicted in this presentation, is representative of Ovintiv's current program, including relative to current performance, but are not necessarily indicative of ultimate recovery. Some of this data may not have been prepared by qualified reserves evaluators, may have been prepared based on internal estimates, and the preparation of any estimates may not be in strict accordance with COGEH. Estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Ovintiv believes that the provision of this analogous information is relevant to Ovintiv's oil and gas activities, given its acreage position and operations (either ongoing or planned) in the areas in question, and such information has been updated as of the date hereof unless otherwise specified. Estimates of Ovintiv potential gross inventory locations, including premium return well inventory, include proved undeveloped reserves, probable undeveloped reserves, un-risked 2C contingent resources and unbooked inventory locations. As of December 31, 2019, on a proforma basis, 2,184 proved undeveloped locations, 2,671 probable undeveloped locations and 4,292 un-risked 2C contingent resource locations (in the development pending, development on-hold or development unclarified project maturity sub-classes) have been categorized as either reserves or contingent resources. Unbooked locations have not been classified as either reserves or resources and are internal estimates that have been identified by management as an estimation of Ovintiv's multi-year potential drilling activities based on evaluation of applicable geologic, seismic, engineering, production, resource and acreage information. There is no certainty that Ovintiv will drill all unbooked locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The locations on which Ovintiv will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of capital, regulatory and partner approvals, seasonal restrictions, equipment and personnel, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained, production rate recovery, transportation constraints and other factors. While certain of the unbooked locations may have been de-risked by drilling existing wells in relative close proximity to such locations, many of other unbooked locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional proved or probable reserves, resources or production.

30-day IP and other short-term rates are not necessarily indicative of long-term performance or of ultimate recovery. The conversion of natural gas volumes to barrels of oil equivalent ("BOE") is on the basis of six thousand cubic feet to one barrel. BOE is based on a generic energy equivalency conversion method primarily applicable at the burner tip and does not represent economic value equivalency at the wellhead. Readers are cautioned that BOE may be misleading, particularly if used in isolation.

Non-GAAP Measures

Certain measures in this presentation do not have any standardized meaning as prescribed by U.S. GAAP and, therefore, are considered non-GAAP measures. These measures may not be comparable to similar measures presented by other companies. These measures have been provided for meaningful comparisons between current results and other periods and should not be viewed as a substitute for measures reported under U.S. GAAP. For additional information regarding non-GAAP measures, including reconciliations, see the Company's website and Ovintiv's most recent Annual Report as filed on SEDAR and EDGAR. This presentation contains references to non-GAAP measures as follows:

- **Non-GAAP Cash Flow, Non-GAAP Cash Flow Per Share (CFPS) and Non-GAAP Free Cash Flow** – Non-GAAP Cash Flow (or Cash Flow) is defined as cash from (used in) operating activities excluding net change in other assets and liabilities, net change in non-cash working capital and current tax on sale of assets. Non-GAAP CFPS is Non-GAAP Cash Flow divided by the weighted average number of common shares outstanding. Non-GAAP Free Cash Flow (or Free Cash Flow) is Non-GAAP Cash Flow in excess of capital expenditures, excluding net acquisitions and divestitures. Management believes these measures are useful to the company and its investors as a measure of operating and financial performance across periods and against other companies in the industry, and are an indication of the company's ability to generate cash to finance capital programs, to service debt and to meet other financial obligations. These measures may be used, along with other measures, in the calculation of certain performance targets for the company's management and employees. Expected 2021 neutral free cash flow assumes commodity pricing at WTI \$35.00/bbl and NYMEX natural gas at \$2.75/MMBtu and is based on a scenario where the cash outlay for capital expenditures and expected dividend payments is offset by cash from operating activities excluding approximately \$50 to \$100 million of net change in other assets and liabilities and net change in non-cash working capital.
- **Total Costs per BOE** is defined as the summation of production, mineral and other taxes, upstream transportation and processing expense, upstream operating expense and administrative expense, excluding the impact of long-term incentive costs, restructuring costs and current expected credit losses, per BOE of production. Management believes this measure is useful to the company and its investors as a measure of operational efficiency across periods.
- **Non-GAAP Operating Earnings (Loss)** – is defined as Net Earnings (Loss) excluding non-recurring or non-cash items that management believes reduces the comparability of the company's financial performance between periods. These items may include, but are not limited to, unrealized gains/losses on risk management, impairments, restructuring charges, non-operating foreign exchange gains/losses, gains/losses on divestitures and gains on debt retirement. Income taxes may include valuation allowances and the provision related to the pre-tax items listed, as well as income taxes related to divestitures and U.S. tax reform, and adjustments to normalize the effect of income taxes calculated using the estimated annual effective income tax rate.
- **Debt to Adjusted Capitalization** – Debt to Adjusted Capitalization is a non-GAAP measure which adjusts capitalization for historical ceiling test impairments that were recorded as at December 31, 2011. Management monitors Debt to Adjusted Capitalization as a proxy for the Company's financial covenant under the Credit Facilities which require debt to adjusted capitalization to be less than 60 percent. Adjusted Capitalization includes debt, total shareholders' equity and an equity adjustment for cumulative historical ceiling test impairments recorded as at December 31, 2011 in conjunction with the Company's January 1, 2012 adoption of U.S. GAAP.