MESSAGE TO SHAREHOLDERS

"Suncor is prepared for change and committed to operational excellence. Our experience, discipline and strategy provide a resilience that Suncor shareholders can depend on in uncertain times."

Steve Williams

This past year has reinforced the notion that the only thing in life that's constant is change. The rapid decline in oil prices has, for some, created challenge and uncertainty. For us at Suncor, the downturn has demonstrated how a sound balance sheet, integrated model and focused strategy can be constants that help a company not only weather a sea of change, but emerge stronger.

There are three areas I'd like to report against in my message to you, our shareholders: our approach in an uncertain price environment, our actions, achievements and challenges in 2014, and our outlook for 2015 and beyond.

We all share in the discomfort of a softening economy, even when it is driven primarily by changes to global energy supply and demand. As we survey the energy and economic landscape, we know the rate of change can be swift.

We know Suncor is prepared for change and committed to operational excellence. I'd like to share with you why our experience, discipline and strategy provide a resilience that Suncor shareholders can depend on in uncertain times.

Our objectives are simple and straightforward. The fundamentals are:

1. optimize the base business
2. pursue profitable growth
3. return cash to shareholders
4. be an industry leader in sustainability

I'll talk more about our 2014 achievements in these areas, but what underlies our progress is a relentless commitment to capital discipline. It's a challenge our entire team has embraced. Our prudent, disciplined approach has been integral to building our strong balance sheet and financial strength. Consequently, we're well-positioned to weather periods of low crude prices.

In response to the current low crude price environment, we have elected to defer some capital spending. This means that projects such as MacKay River 2 and the White Rose Extension will await more favourable market conditions. To be clear, this means we'll carefully stage these projects so that when the time comes to bring them back into development, previously invested capital will be preserved.

This scrutiny on what and where we're spending reflects our capital discipline. This approach has served us well. Along with the co-owners for the Joslyn mining project we decided to defer a sanction decision while we look to optimize the development plan, and we continued to divest non-core assets when the market was favourable. When the market turned, we had a head start on capital efficiencies. Cost management has been an ongoing focus for us, and we've increased the intensity and pace of these efforts in the wake of a substantial fall in crude oil prices.

Early in 2015 we reduced our capital budget by $1 billion and we plan to make an additional $600 to $800 million reduction to our operating budget over the next two years.

We've also reduced the size of our workforce and implemented a number of directives around discretionary spending to continue to drive a sustainable, cost-conscious culture across all levels of the organization. The Suncor team is rallying during these uncertain times, and I am very proud of the way they are delivering results.

Importantly, our cost-conscious culture will not deter our focus on safe, reliable and environmentally sound operations. Our performance in these areas is critical to the long-term viability and success of Suncor. The programs and efforts that support that performance will remain firmly in place going forward.

Prudent cost management has not only helped us build a strong balance sheet to sustain us when the inevitable downturn in crude pricing came along, but also preserve and enable long-life projects such as Fort Hills and Hebron. We will continue to grow our business for the future.

Growth requires access to markets. In this regard, we're well-positioned with more than 600,000 barrels per day of takeaway capacity for our oil sands production. We have significant midstream capacity, a fact that we've historically understated. We have decades of experience safely moving petroleum products around the globe by pipeline, rail, truck and marine. This includes thousands of kilometres of operated and common carrier pipelines, a fleet of more than 7,000 rail cars, access to extensive trucking and marine operations, and access to more than 11 million barrels of storage capacity at terminals strategically located across North America. In 2014, our midstream assets and expertise added an average of $2 to every oil sands barrel we produced.

Suncor is well-positioned to manage through the downturn while preserving growth opportunities for the future.

Our actions, achievements and challenges in 2014

Safe, reliable and environmentally responsible operations are integral to our success. When it comes down to it, what matters the most is people. We want to send our colleagues home safely to their loved ones at the end of every day. And, in the early part of 2014, we fell far short of that goal. On behalf of the entire Suncor family, I again extend our deepest condolences to the family and friends of those who died in 2014.

Following these fatalities, we redoubled our efforts, focusing on meaningful dialogue with our teams. In addition to broad employee engagement, senior leaders across the company delivered over 100 safety stand down sessions. We also established a Safety Step Change Task

Force. Working with the local union leadership, this group has developed 16 safety solutions which we're implementing in 2015. We will not take our focus off these efforts.

Looking back over 2014, I am pleased with our continued improvements in operational performance. We achieved production of 534,900 boe/d, which included 421,900 bbls/d from Oil Sands and 113,000 boe/d from Exploration and Production. Although the unplanned maintenance at Oil Sands was disappointing, the strong growth trend at Oil Sands continued. Our oil sands production grew by eight per cent due to increased volumes from Firebag. Incremental, low-cost debottlenecking improvements, such as the MacKay River debottlenecking project, are not only highly profitable, but they also improve the overall reliability of our operations.

Our relentless focus on operational excellence also extended to our upgrading and refining facilities. Building on the step changes we made in 2013 to improve the reliability of our upgraders, I believe an upgrader utilization rate of 90 per cent is both achievable and sustainable. Strong performance year over year from our refineries resulted in a refinery utilization rate of 93 per cent despite planned maintenance activities.

I've often referred to the benefits of our integrated model. Over the course of the year, we furthered our midstream flexibility by adding new infrastructure such as the rail offloading and marine terminal on the St. Lawrence Seaway and additional storage capacity on the U.S. Gulf Coast. We also began shipping heavy crude on TransCanada's Gulf Coast Pipeline. As a result, we captured global-based pricing on volumes equivalent to 97 per cent of our upstream production. This speaks not only to the logistics infrastructure we added and the agreements we made, but also to the deep expertise within our supply and trading team. We increased our operational flexibility, provided expanded connectivity to current markets and access to new markets. Having the assets and right operating model is one thing; it's what you do with it that matters.

This pricing downturn underscores why it is essential we continue to focus on driving down our oil sands cash operating costs. We have persevered in this area, and year-over-year we have steadily decreased our oil sands cash operating costs. In 2014 alone, we reduced oil sands cash costs by nine per cent to $33.80 per barrel, and we're driving towards a further reduction for 2015.

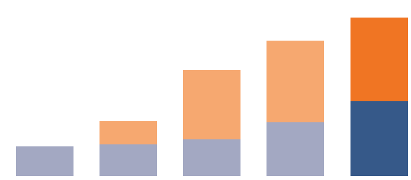
A capital discipline mindset applies to how we run our existing operations and also to our future growth projects. We have made significant progress on the Fort Hills mining project. With over 3.0 billion barrels of proved plus probable reserves, 1.25 billion barrels net to Suncor, this project has an expected operating life of over 50 years with an anticipated cash operating cost of less than $25 per barrel. The cost and schedule for this project have not changed; we are still targeting first oil for the fourth quarter of 2017 and, to date, we have achieved all critical milestones according to plan.

We are also making significant progress on our growth projects in Exploration and Production. The Golden Eagle Area Development achieved first oil in 2014 and the Hebron project continued to progress on budget and schedule, with first oil still anticipated in late 2017. As well, we secured a number of long-term exploration opportunities in East Coast Canada and the North Sea, which provide us with potential growth in established resource basins with experienced partners.

On the financial front, in 2014 we continued to return significant cash to shareholders by allocating approximately $3.2 billion to dividends and share repurchases, a 14 per cent increase versus 2013. Since initiating the share buyback program in 2011, Suncor has invested approximately $5.3 billion to repurchase and cancel 10 per cent of our outstanding shares.

Suncor's dividend continues to be one of the most competitive, reliable and sustainable in the industry. With two increases totalling over 40 per cent, 2014 marked the 12th consecutive year in which Suncor's dividend has increased.

Return of Cash to Shareholders
($ per share)



	2010	2011	2012	2013	**2014**
Cash dividends[(1)]	$0.40	$0.43	$0.50	$0.73	**$1.02**
Share repurchases[(1)]	–	$0.32	$0.94	$1.12	**$1.14**

(1) The figures provided are calculated based on the average shares outstanding in each year.

Our outlook for 2015 and beyond

In 2015 we will continue to focus on safe, reliable, sustainable and profitable operations. We will work to become the most reliable and lowest cost operator in the sector, while exercising capital discipline and maintaining a strong balance sheet.

Looking ahead, technology and innovation will be key to sustainable energy development. That's why we're investing approximately $150 million a year in research and development activity that increases production and profitability while reducing our environmental footprint. As a founding member of Canada's Oil Sands Innovation Alliance (COSIA), we're leading more than 20 environmental technology projects and actively participating in an additional 40. Efforts to continue to improve our environmental performance include a 20 per cent decrease in water use at Oil Sands versus 2013. We continue to work towards achieving our sustainability goals announced in 2009.

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I'm particularly pleased with the progress we made to improve our water management practices. In May 2014, we commissioned our $190 million wastewater treatment facility at Oil Sands base plant and, as part of our COSIA involvement, we announced the Water Technology Development Centre at Firebag. This facility will advance new water treatment and recycling technologies for in situ operations. We are also running a SAGD produced water treatment pilot project at our MacKay River facility in partnership with COSIA, GE and Alberta Innovates. The goal is to find ways to treat and reuse water more consistently within the in situ process which could result in improved plant operation, lower costs for water treatment processes, and lower GHG emissions.

Part of being a sustainable energy company is recognizing that climate change is a real global challenge and that our operations have an environmental impact. I also believe that, while we transition to a lower carbon future, fossil fuels are an essential component of our energy mix and can be part of the solution. The world needs energy. At Suncor, we believe that, by investing in technology and innovation, we will continue to lower the carbon footprint of oil sands, with the aim of bringing it in line with, or better than, other crudes.

A carbon price is one method that governments around the world are considering in order to reduce greenhouse gas emissions. What's important to remember is that all CO_2 molecules are equal in their impact on the environment and so any form of carbon levy should be applied broadly and equitably to avoid economically disadvantaging any single sector or set of companies. As a member of the Advisory Committee to the Eco-Fiscal Commission, we are seeking to identify for consideration progressive fiscal policies that will support economic growth and improved environmental performance.

Our social responsibilities and commitments are also a key part of what defines Suncor. One area of focus is to cultivate, support and train the leaders of tomorrow. Not only does the Suncor Energy Foundation make multi-year commitments to several of Canada's universities and technical schools, but this past year we announced a partnership with the Banff Centre to create a four-week social innovation program. The program will be led by expert faculty from the University of Waterloo and the Banff Centre, and its purpose is to foster new thinking, leadership and collaboration to help address complex problems at a system-wide level.

The Suncor Board continues to provide strong guidance. Their support and stewardship has ensured that we're more than able to progress our strategic plan even in uncertain times. Two of our Board members, Jacques Lamarre and Paul Haseldonckx will retire from the Board, at our AGM this year. I'd like to thank them for their commitment and contributions over the years. At the same time, I'd like to welcome Jacynthe Côté who joined the Board earlier this year. Our Board's guidance, combined with the resilience, spirit and diligence of our employees, will serve Suncor well.

No one knows with certainty how the pricing environment will evolve in the future, but I believe the steps we've taken over the past several years position Suncor to benefit in an improved price environment and to successfully manage through the inevitable downturns. We will do this while at the same time honouring the commitments we've made to our stakeholders, community partners, employees and shareholders.

Steve Williams
President and Chief Executive Officer