



Premium Dividend™, Dividend Reinvestment and Optional Common Share Purchase Plan

Questions and Answers

The following series of questions and answers explains some of the key features of the Premium Dividend™, Dividend Reinvestment and Optional Common Share Purchase Plan (the "**Plan**") of Pengrowth Energy Corporation ("**Pengrowth**") dated December 31, 2011.

The answers are, however, of a summary nature only, and are expressly subject to the complete text of the Plan, a copy of which may be obtained from the Plan Agent (as defined below) or Pengrowth at any time upon request or from Pengrowth's website at www.pengrowth.com. Shareholders of Pengrowth should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.

1. What does the Plan offer?

If you are an eligible holder ("**Shareholder**") of common shares ("**Shares**") of Pengrowth as described in the Plan and summarized under Question #4 below, the Plan provides an opportunity for you to receive, by reinvesting the cash dividends ("**Dividends**") declared payable by Pengrowth on your Shares, either:

- (a) additional Shares at a discounted subscription price equal to 95% of the Average Market Price (as defined in the Plan), which new Shares will be issuable pursuant to the "**Dividend Reinvestment Component**" of the Plan; or
- (b) a premium cash payment (the "**Premium Dividend™**") equal to 102% of the amount of your reinvested Dividends, which payment will be made pursuant to the "**Premium Dividend™ Component**" of the Plan,

in either case upon and subject to the terms and conditions of the Plan.

If you are not resident in Canada you are not eligible to participate in the Premium Dividend™ Component.

Additionally, if you are enrolled in either the Premium Dividend™ Component or the Dividend Reinvestment Component of the Plan, you may also purchase new Shares at a 5% discount to the Average Market Price pursuant to the "**OCP Component**" of the Plan by directly investing additional amounts within the limits and subject to the terms of the Plan.

Participation in either the Premium Dividend™ Component or the Dividend Reinvestment Component of the Plan will involve the reinvestment of your cash Dividends in new Shares. New Shares acquired under the Premium Dividend™ Component of the Plan will be exchanged with a designated broker (the "**Plan Broker**") for the Premium Dividend™. New Shares acquired under the Dividend Reinvestment Component of the Plan will be accumulated and held for your account under the Plan.

The amount of the Premium Dividend™ and/or the number of new Shares that may be acquired under the Plan is subject to proration in certain events.

™ denotes trademark of Canaccord Genuity Corp.

You are not required to participate in the Plan. If you do not elect to participate, then you will continue to receive your regular Dividends in the usual manner.

The Plan replaces the Dividend Reinvestment and Optional Common Share Purchase Plan of Pengrowth dated December 31, 2010 (the "**Previous Plan**"). If you were a participant in the Previous Plan, please see Question #5 below regarding your enrollment in the Plan.

In order to participate in either the Dividend Reinvestment Component or the Premium Dividend™ Component, you must enroll, or be deemed to have enrolled, in the Plan directly or through the broker, investment dealer, financial institution or other nominee through which you hold your Shares ("**your broker**"). In addition, in order to acquire additional Shares in the OCP Component, you must enroll, or be deemed to have enrolled in the Dividend Reinvestment Component or the Premium Dividend™ Component of the Plan. Please see Question #6 below regarding your enrollment in the Plan.

2. How does participating in the Plan result in my receiving the Premium Dividend™ or additional Shares?

Participation in either the Premium Dividend™ Component or the Dividend Reinvestment Component involves the reinvestment of your Dividends in new Shares purchased on your behalf from Pengrowth.

If you are validly enrolled in the Premium Dividend™ Component, either directly or indirectly through your broker, new Shares purchased through reinvestment of your Dividends will be disposed of through the plan broker (currently Canaccord Genuity Corp.) (the "**Plan Broker**") in exchange for the Premium Dividend™, which will in turn be remitted to you by the plan agent (currently Olympia Trust Company) (the "**Plan Agent**") directly or through your broker, as applicable, in the same manner that regular Dividends are paid by Pengrowth. If you are validly enrolled in the Dividend Reinvestment Component, new Shares purchased through reinvestment of your Dividends will be credited to your account under the Plan or, if you are enrolled through your broker, with your broker.

The amount of the Premium Dividend™ or the number of additional Shares that may be purchased under the Plan is subject to proration in certain events, as more particularly described in the Plan. See also Question #9 below.

3. What are the advantages of the Plan?

The Dividend Reinvestment Component and the OCP Component provide a convenient and cost-effective way for you to increase your investment in Pengrowth without incurring commissions, service charges or similar fees in connection with the purchase of new Shares from treasury (subject to any fees that may be charged by your broker). The new Shares purchased with reinvested Dividends and through optional cash purchases will be bought at a 5% discount to the Average Market Price. Subject to the policies of your broker, full investment of reinvested funds is possible since fractions of Shares can be credited to accounts maintained under the Plan.

The Premium Dividend™ Component provides a means by which you can, in effect, increase your cash receipts by 2% through reinvestment of your regular Dividends in new Shares and the disposition of such new Shares in exchange for the Premium Dividend™, being a cash amount equal to 102% of the reinvested Dividends.

4. Is the Plan available to all Shareholders?

Shareholders who are resident in Canada or the United States may participate in the Dividend Reinvestment Component and the OCP Component; provided that neither CDS Clearing and Depository Services Inc. ("*CDS*") nor The Depository Trust & Clearing Corporation ("*DTC*") may directly invest under the OCP Component.

Only Shareholders who are resident in Canada may participate in the Premium Dividend™ Component. A Shareholder who is a resident of the United States or is otherwise a "U.S. person" as that term is defined in Regulation S under the United States *Securities Act of 1933*, as amended, including, without limitation, any natural person resident in the United States, any partnership or corporation organized or incorporated under the laws of the United States, any estate of which any executor or administrator is a U.S. person and any trust of which any trustee is a U.S. person, cannot participate in the Premium Dividend™ Component. For greater certainty, neither DTC nor beneficial owners of Shares who hold their Shares through DTC are eligible to participate in the Premium Dividend™ Component.

The amount of any Dividends to be reinvested under the Plan, whether under the Dividend Reinvestment Component or the Premium Dividend™ Component, on behalf of Shareholders who are not residents of Canada will be reduced by the amount of any applicable non-resident withholding taxes. See Question #17 below.

Pengrowth and the Plan Agent also reserve the right to deny or cancel participation in the Plan in certain extraordinary circumstances described in the Plan. Pengrowth also reserves the right to determine, from time to time, not to accept optional cash payments for the purchase of new Shares under the OCP Component and to determine, from time to time, a minimum or maximum number of Shares that may be purchased. See "*Eligibility Requirements*" in the Plan.

5. Am I required to take action if I was previously enrolled in the Previous Plan?

The Plan replaces the Previous Plan. If you were enrolled in the in the dividend reinvestment component of the Previous Plan, and you have provided Olympia Trust Company with a duly completed enrollment form in respect of the Previous Plan, you will automatically be deemed to be a participant in the Dividend Reinvestment Component of the Plan, without any further action on your part. If you were either not properly enrolled in the dividend reinvestment component of the Previous Plan through Olympia Trust Company, or you wish to enroll in the Premium Dividend™ Component of the Plan, you must enroll in the Plan either (i) directly if you are a registered Shareholder, or (ii) if you are a beneficial Shareholder whose Shares are held through your broker, indirectly through such broker. Please see Question #6 below regarding your enrollment in the Plan. You must also be enrolled in either the Premium Dividend™ Component or the Dividend Reinvestment Component of the Plan to purchase additional Shares under the OCP Component.

6. How do I elect to enroll in and become a participant in the Plan?

Only registered Shareholders may directly enroll in the Plan. Beneficial owners of Shares may, however, indirectly participate in the Plan through their broker. See "*Enrollment*" in the Plan.

If you are an eligible Shareholder with Shares registered in your own name, you may directly enroll in either the Dividend Reinvestment Component or the Premium Dividend™ Component by delivering to the Plan Agent a duly completed Enrollment Form and, once enrolled, you may also purchase Shares under the OCP Component, by delivering to the Plan Agent a duly

completed OCP Form and a cheque for the applicable cash payment payable to the Plan Agent. To obtain a copy of the Enrollment Form and/or OCP Form, see the Plan Agent's website at www.olympiatrust.com/transfer-agent/DRIP/Pengrowth. A copy of the Enrollment Form and/or OCP Form may also be obtained by calling the Plan Agent at 1-888-353-3138, or from Pengrowth's website at www.pengrowth.com. A duly completed Enrollment Form, and a duly completed OCP Form and accompanying cheque, as applicable, must be received by the Plan Agent by 4:30 p.m. (Calgary time) on the business day preceding a Dividend record date in order to be effective for the corresponding Dividend payment date.

If you are an eligible Shareholder but your Shares are not registered in your own name, you cannot enroll in the Plan directly, but may do so indirectly through your broker by providing appropriate enrollment instructions. Your broker may require certain information or documentation from you before it will act upon your enrollment instructions. Please contact your broker to confirm any information or documentation required to give effect to your instructions, to confirm your broker's policies concerning continued participation following initial enrollment, and to inquire about applicable deadlines.

7. At what price will new Shares be purchased for my account under the Dividend Reinvestment Component and the OCP Component?

New Shares purchased with reinvested Dividends under the Dividend Reinvestment Component and with optional cash payments under the OCP Component will be purchased from treasury of Pengrowth at a 5% discount to the Average Market Price (as defined in the Plan).

8. How do I receive the Premium Dividend™?

If you are an eligible Shareholder and are enrolled in the Premium Dividend™ Component, your Dividends will, subject to proration as described in the Plan and illustrated under Question #9 below, be reinvested in new Shares under the Plan at a 5% discount to the Average Market Price, and such Shares will, without further action required from you, be disposed of through the Plan Broker in exchange for the Premium Dividend™, being a cash payment equal to 102% of the reinvested amount. The Plan Agent will in turn remit payment of the Premium Dividend™ to participants in the Premium Dividend™ Component in the same manner that regular Dividends are paid by Pengrowth.

9. How am I able to receive an amount equal to 102% of my Dividend?

New Shares issued by Pengrowth on a Dividend payment date pursuant to the Premium Dividend™ Component will be issued at a 5% discount to the Average Market Price. If you are an eligible Shareholder and are enrolled to participate in the Premium Dividend™ Component, then such number of Shares as is approximately equal to the number of new Shares to be purchased on the Dividend payment date with your reinvested Dividends will be pre-sold through the Plan Broker at prevailing market prices. If the prevailing market prices realized are approximately the same as the Average Market Price, then the difference between the issue price of the Shares and the price realized on the pre-sales will be approximately 5%. Of this difference, 2% will be paid to you (the Premium Dividend™ being a cash payment equal to 102% of the reinvested Dividend) and the balance (which may be more or less than 3%), if any, will be retained by the Plan Broker as compensation for its services in connection with the Plan.

The Plan Broker will in any event be obligated to pay the full amount of the Premium Dividend™ (subject to proration as described in the Plan and illustrated under Question #9 below) against delivery of the corresponding number of new Shares, and bears the risk of unfavourable changes

in market price with respect to the new Shares. If the Plan Agent for any reason does not receive sufficient funds from the Plan Broker to pay the Premium Dividend™ on all Shares of participants enrolled in the Premium Dividend™ Component, such participants will be entitled to receive from Pengrowth the full amount of the regular Dividend for each such Share in respect of which the Premium Dividend™ is not paid.

10. What will I receive under the Premium Dividend™ Component if proration applies?

The Premium Dividend™ Component is subject to the possibility of proration in certain events as described in the Plan. To the extent that your election to receive the Premium Dividend™ cannot be fulfilled, in whole or in part, as a result of such proration, or if Pengrowth determines not to make any new equity available under the Plan on a particular Dividend payment date, or if the Plan Broker for any reason defaults on its obligation to deliver to the Plan Agent funds sufficient to satisfy the full amount of the Premium Dividend™, or if for any other reason a Dividend cannot be reinvested under the Plan, in whole or in part, then you will be entitled to receive from Pengrowth the full amount of the regular Dividend for each Share in respect of which the Dividend is payable but cannot be reinvested under the Plan.

By way of example, suppose that Pengrowth determines that the maximum value of equity available under the Premium Dividend™ Component (after satisfying all elections under the Dividend Reinvestment Component and after taking into consideration that only Shareholders who are resident in Canada may participate in the Premium Dividend™ Component) on the relevant Dividend payment date is \$5,250,000, and that Pengrowth declares a Dividend of \$0.07 per Share. In these circumstances, the maximum number of Shares in respect of which the Premium Dividend™ may be paid is 75,000,000 (being the maximum value of equity divided by the Dividend per Share). If Shareholders who are resident in Canada holding a total of 100,000,000 Shares have elected to receive the Premium Dividend™, then three-quarters or 75% proration would apply to all participants enrolled in the Premium Dividend™ Component since, in this example, the Premium Dividend™ can only be paid on 75,000,000 Shares.

If you own 40,000 Shares, are an eligible Shareholder who is resident in Canada, and are enrolled to participate in the Premium Dividend™ Component, then, in this example, you would receive the Premium Dividend™ equal to 102% of your regular Dividend in respect of 30,000 of your Shares and 100% of your regular Dividend in respect of your remaining 10,000 Shares. That portion of your Dividend that is not eligible for reinvestment under the Premium Dividend™ Component and to which you would otherwise be entitled on a Dividend payment date will be paid to you in the ordinary manner.

11. Will a Direct Registration Advice or Share certificate be issued for new Shares purchased for me under the Plan?

Neither a Share certificate nor a Direct Registration Advice evidencing your registered ownership of Shares will be issued for Shares purchased under the Plan. If you are validly enrolled in the Dividend Reinvestment Component, new Shares purchased for your account under the Dividend Reinvestment Component and the OCP Component, if applicable, will be credited to your account under the Plan or, if you are enrolled indirectly through your broker, with your broker. You may, however, request a Direct Registration Advice or certificate for any number of whole Shares held under the Plan by the Plan Agent for your account. See "*Withdrawal of Shares*" in the Plan. If you are validly enrolled in the Premium Dividend™ Component, new Shares purchased for your account will be disposed of through the Plan Broker for the Premium Dividend™.

The Plan Agent will maintain an account for you with respect to purchases of Shares made under the Plan for your account and will issue an unaudited statement regarding purchases made under the Dividend Reinvestment Component and the OCP Component on a monthly basis. These statements are your continuing record of purchases of Shares made for your account under the Plan and should be retained for income tax purposes.

Eligible Shareholders who participate in the Plan indirectly through their broker should consult such broker to confirm what statements or reports, if any, will be provided by such broker, whether for tax reporting purposes or otherwise.

12. Can I sell Shares held for my account under the Plan?

Any Shares held under the Plan by the Plan Agent for your account cannot be sold, pledged or otherwise disposed of while so held. If you wish to sell any such Shares, you must first withdraw them from under the Plan. See "*Withdrawal of Shares*" in the Plan.

13. How can I change my election or terminate my participation under the Plan?

You may change your election as between the Premium Dividend™ Component and the Dividend Reinvestment Component, or voluntarily terminate your participation under the Plan, by delivering a new Enrollment Form or the termination portion of the voucher located on the reverse side of the statement of account issued by the Plan Agent, as the case may be, or if you are enrolled in the Plan indirectly through your broker by providing appropriate instructions to your broker. You should consult with your broker to confirm what information or documentation may be required to give effect to your instructions, and to inquire about any applicable deadlines. See "*Termination of Participation*" and "*Change of Election*" in the Plan.

A new Enrollment Form or termination request must be received by 4:30 p.m. (Calgary time) on the business day preceding a Dividend record date in order to take effect for that Dividend. Enrollment Forms or termination requests received after that time will not be effective until the next Dividend record date.

14. Are there circumstances where I may not be able to acquire additional Shares or receive the Premium Dividend™, as the case may be, in accordance with my election?

Yes. Your ability to acquire additional Shares under the Dividend Reinvestment Component or the OCP Component or receive the Premium Dividend™ under the Premium Dividend™ Component on any particular Dividend payment date depends on the amount of new equity, if any, that Pengrowth determines to make available under the Plan for that Dividend payment date, and on the elections that other eligible Shareholders have made under the Plan.

If, in respect of any Dividend payment date, fulfilling all of the elections under the Plan would result in Pengrowth exceeding either the limit on new Shares set by Pengrowth or the aggregate annual limit on new Shares issuable pursuant to optional cash payments, then elections for the purchase of new Shares on that Dividend payment date will be accepted (i) first, from participants electing to reinvest Dividends under the Dividend Reinvestment Component of the Plan, (ii) second, from participants electing to receive the Premium Dividend™, and (iii) third, from participants electing to make optional cash payments.

If Pengrowth is not able to accept all elections for a particular component of the Plan, then purchases of Shares under that component on the applicable Dividend payment date will be prorated among all participants in that component. See Question #9 above.

The Premium Dividend™ Component is subject to the possibility of additional proration in certain events as described in the Plan.

If Pengrowth determines not to issue any equity through the Plan on a particular Dividend payment date, or the availability of new Shares is prorated in accordance with the terms of the Plan, or for any other reason a Dividend cannot be reinvested under the Plan, in whole or in part, then participants will be entitled to receive from Pengrowth the full amount of the regular Dividend on each Share in respect of which the Dividend is payable but cannot be reinvested under the Plan in accordance with the applicable election.

15. How can I make optional cash payments?

If you are an eligible Shareholder with Shares registered in your own name and are enrolled in the Plan you may make an optional cash payment under the OCP Component at any time by delivering a properly completed OCP Form, together with a cheque payable to "Olympia Trust Company", to the Plan Agent. If you are a beneficial owner of Shares, you should contact your broker, investment dealer, financial institution or other nominee to determine if you are eligible to make an optional cash payment. To obtain a copy of the OCP Form, see the Plan Agent's website at www.olympiatrust.com/transfer-agent/DRIP/Pengrowth. A copy of the OCP Form may also be obtained by calling the Plan Agent at 1-888-353-3138, or from Pengrowth's website at www.pengrowth.com.

Your initial optional cash payment does not give rise to any continuing obligation on you to make further optional cash payments, and subject to certain Plan limits, the amount of each optional cash payment may vary from time to time. A direction to purchase new Shares with an optional cash payment is, however, irrevocable once received by the Plan Agent.

Optional cash payments will be used to purchase new Shares on the applicable Dividend payment date. Optional cash payments must be received (together with a completed OCP Form) from you or your nominee no later than 4:30 p.m. (Calgary time) on the business day immediately preceding a Dividend record date in order to be invested in new Shares on the Dividend payment date to which such record date relates. Cheques received by the Plan Agent in respect of optional cash payments will be cashed as soon as practicable by the Plan Agent to ensure that payment will not be denied for insufficient funds by the applicable Dividend payment date. No interest will be paid on any amounts held pending investment. Optional cash payments received by the Plan Agent after the applicable deadline and cheques that have not cleared by the applicable Dividend payment date will not be invested in new Shares on such Dividend payment date and will be invested in new Shares on the next following Dividend payment date.

16. How many Shares can I purchase with optional cash payments?

Optional cash payments may be in different amounts, but cannot be more than Cdn\$1,000 per month or, for eligible Shareholders resident in the United States, more than US\$1,000 per month or such other amounts as may be determined by Pengrowth from time to time (unless you are a nominee Shareholder, in which case the maximum figure applies in respect of each beneficial owner of Shares for whom you act as nominee). The number of Shares that you receive for your optional cash payment on any given Dividend payment date will depend on the amount of such payment and the Average Market Price for such date.

Pengrowth may not issue in any financial year, pursuant to optional cash payments, more than the maximum number of Shares permitted by applicable laws and regulatory policies. Pengrowth will not accept any optional cash payments beyond these limits.

If you are enrolled directly in the Plan with the Plan Agent, cash Dividends in respect of new Shares purchased with optional cash payments and held for your account under the Plan will automatically be reinvested in new Shares in accordance with the Plan and your election as set forth in your most recent Enrollment Form. Please note, though, that if you are a beneficial owner of Shares registered through your broker or other nominee, cash Dividends paid in respect of new Shares purchased under the OCP Component will be credited to the account of your broker or nominee and you will need to instruct your broker or nominee to have such additional Shares purchased pursuant to the OCP Component enrolled in the Plan.

Pengrowth reserves the right to determine from time to time not to accept optional cash payments for the purchase of new Shares under the Plan.

17. Will I receive any interest on funds that I have submitted to the Plan Agent as optional cash payments?

Interest will not be paid on optional cash payments pending their investment in new Shares.

18. How will the Plan Agent purchase new Shares for me with reinvested Dividends?

On each Dividend payment date, the Plan Agent will, on your behalf, reinvest the Dividends payable on your Shares that are validly enrolled in the Plan in new Shares purchased directly from Pengrowth. Such new Shares will, depending on your election, either be credited to your account under the Dividend Reinvestment Component or disposed of on your behalf for the Premium Dividend™ under the Premium Dividend™ Component.

19. What are the Canadian income tax consequences for Canadian residents participating in the Plan?

Participation in the Plan does not relieve you of any liability for Canadian taxes that may be payable in respect of the Dividends reinvested in new Shares under the Dividend Reinvestment Component or Shares sold on your behalf under the Premium Dividend™ Component. In determining taxes payable, it is important to recognize that multiple transactions occur under the Plan even though you may only see the result of the final transaction.

Participation in the Dividend Reinvestment Component involves two transactions:

- (i) first, you will receive a Dividend from Pengrowth; and
- (ii) second, you will use the cash from the Dividend to purchase new Shares at a 5% discount to the Average Market Price.

Participation in the Premium Dividend™ Component involves three transactions:

- (i) first, you will receive a Dividend from Pengrowth;
- (ii) second, you will use the cash from the Dividend to purchase new Shares at a 5% discount to the Average Market Price; and
- (iii) third, you will sell the new Shares purchased in exchange for the Premium Dividend™, being for a cash amount equal to 102% of the reinvested Dividend.

The first transaction under each component will result in the receipt of a taxable dividend on your existing Shares equal to the amount of the Dividend, and the new Shares purchased under the

second transaction will have an initial cost for tax purposes equal to the amount of the Dividend used to purchase such Shares.

Assuming that you hold your Shares (including the new Shares purchased with the cash from the Dividend) as capital property, you should generally realize a capital gain or loss on the sale of the new Shares under the third transaction under the Premium Dividend™ Component equal to the amount by which the proceeds of disposition are greater (or less) than your average adjusted cost base of the Shares sold. In this case, the average adjusted cost base of the Shares sold at any time will be the average cost of all Shares owned by you at that time, including those purchased with the cash from Dividends or cash accepted under the OCP Component under the Plan.

The Plan provides a further description of certain Canadian federal income tax considerations relevant to participation in the Plan. The description is, however, a summary only and does not constitute legal or tax advice to any particular Shareholder. **You are urged to consult your own tax advisors concerning the implications of your participation in the Plan having regard to your particular circumstances.**

20. What are the Canadian income tax consequences for non-residents of participating in the Plan?

If you are a non-resident of Canada, you will be subject to Canadian withholding tax on any Dividends paid to you on the Shares, with the amount then being available for reinvestment pursuant to the Dividend Reinvestment Component being reduced by the amount of any such withholding tax. You will not be subject to Canadian income tax on any capital gains realized on the disposition of Shares acquired pursuant to the Dividend Reinvestment Component unless such Shares constitute "taxable Canadian property" to you. So long as the Shares are listed on a "designated stock exchange" (which currently includes the Toronto Stock Exchange) at the time of sale, Shares acquired by you pursuant to the Dividend Reinvestment Component will generally not be taxable Canadian property to you unless, at any time during the 60-month period immediately preceding the disposition, you and/or persons with whom you did not deal at arm's length, held 25% or more of the issued shares of any class of Pengrowth's capital stock.

21. Where can I get further information?

If you have any questions regarding the Plan, please direct them to the Plan Agent or to Pengrowth, as follows:

Olympia Trust Company
2300, 125 – 9th Avenue SE
Calgary, Alberta T2G 0P6

Attention: Corporate Actions

or by calling:

1-888-353-3138 or 403-668-8887

or by visiting:

www.olympiatrust.com/transfer-agent/DRIP/Pengrowth

Pengrowth Energy Corporation
2100, 222 Third Avenue SW
Calgary, AB T2P 0B4

Attention: Investor Relations
E-mail: investorrelations@pengrowth.com

Tel: 403-233-0224
Toll Free: 1-888-744-1111

or by visiting:

www.pengrowth.com

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