



# Getting Back to Winning

Encana Corporation  
Corporate Presentation

March 2014



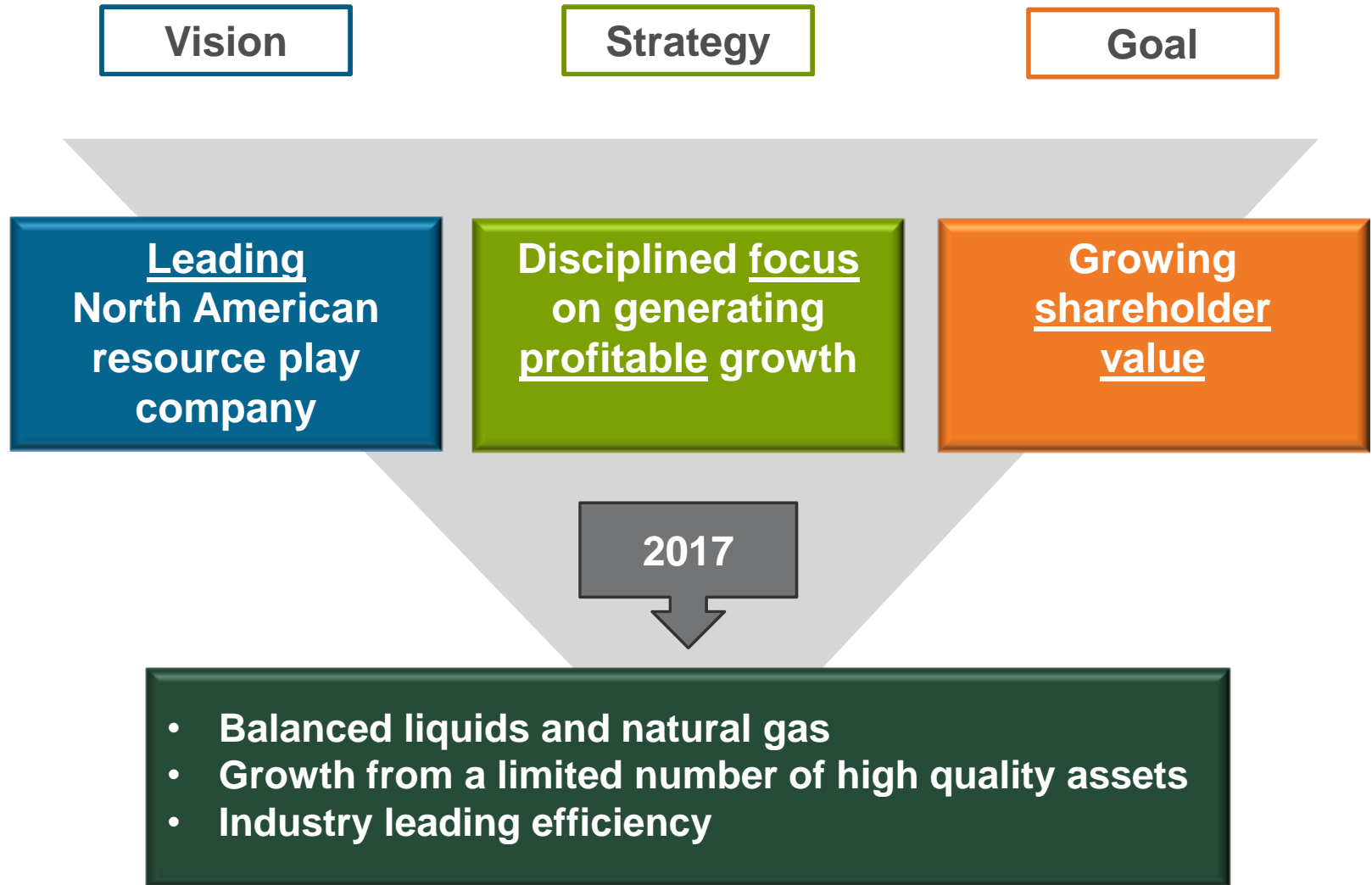
Vision

Strategy

Goals



# Getting Back to Winning



# 2013 – 2017 Strategy Scorecard

Disciplined Focus on Generating Profitable Growth

## Portfolio transition

- Focused and disciplined capital allocation to five core growth assets
- Target +10% CAGR CFPS through 2017
- ~75% of 2017F upstream operating cash flow from liquids

## Operational excellence

- Cost structure reset
- Higher netbacks and margins
- Capital efficiency

## Balance sheet strength

- Business model not dependent upon asset sales
- Capex + dividends aligned with cash flow
- Investment grade credit rating

# 2014 Strategy Scorecard

Delivering Value Now

## Portfolio Transition 2014

- Forecast pre-hedge upstream operating CF up >10% year over year
- Five core growth assets:
  - Allocated ~75% of 2014F capital
  - Expected to generate ~45% of total pre-hedge upstream operating cash flow from ~25% of total production
  - Targeting ~90% liquids production growth (~30% total production growth)
- Ongoing portfolio management

# 2014 Strategy Scorecard

Delivering Value Now

## Operational Excellence 2014

- Focus on cost reduction and capital efficiency improvement
  - ~10% increase in 2014F netbacks
- Complete appraisal of emerging liquids plays
  - TMS and South Duvernay (Willesden Green)
- Optimize base production performance
  - Reduce base decline to 25 – 27%
- Focus on high value barrels

# 2014 Strategy Scorecard

Delivering Value Now

## Balance Sheet Strength 2014

- Capex + dividends\* to be aligned with cash flow
- Clearwater Royalty Business IPO
- Plan to repay May 2014 debt maturity (\$1 billion) with cash
- Maintain investment grade credit rating

\*Dividends are declared at the discretion of Encana's Board of Directors

# Strong Finish to 2013... Strategy in Action

Foundation Is Set For Forward Momentum

## Portfolio transition

- Set 2014 budget with 75% of capital to 5 core growth plays
- Initiated IPO process to surface value in Royalty Business
- Realigned reserves and resource base with new strategy

## Operational excellence

- Delivered 82% liquids growth in Q4 2013 vs. Q4 2012
- Aligned business to deliver significant cost reductions

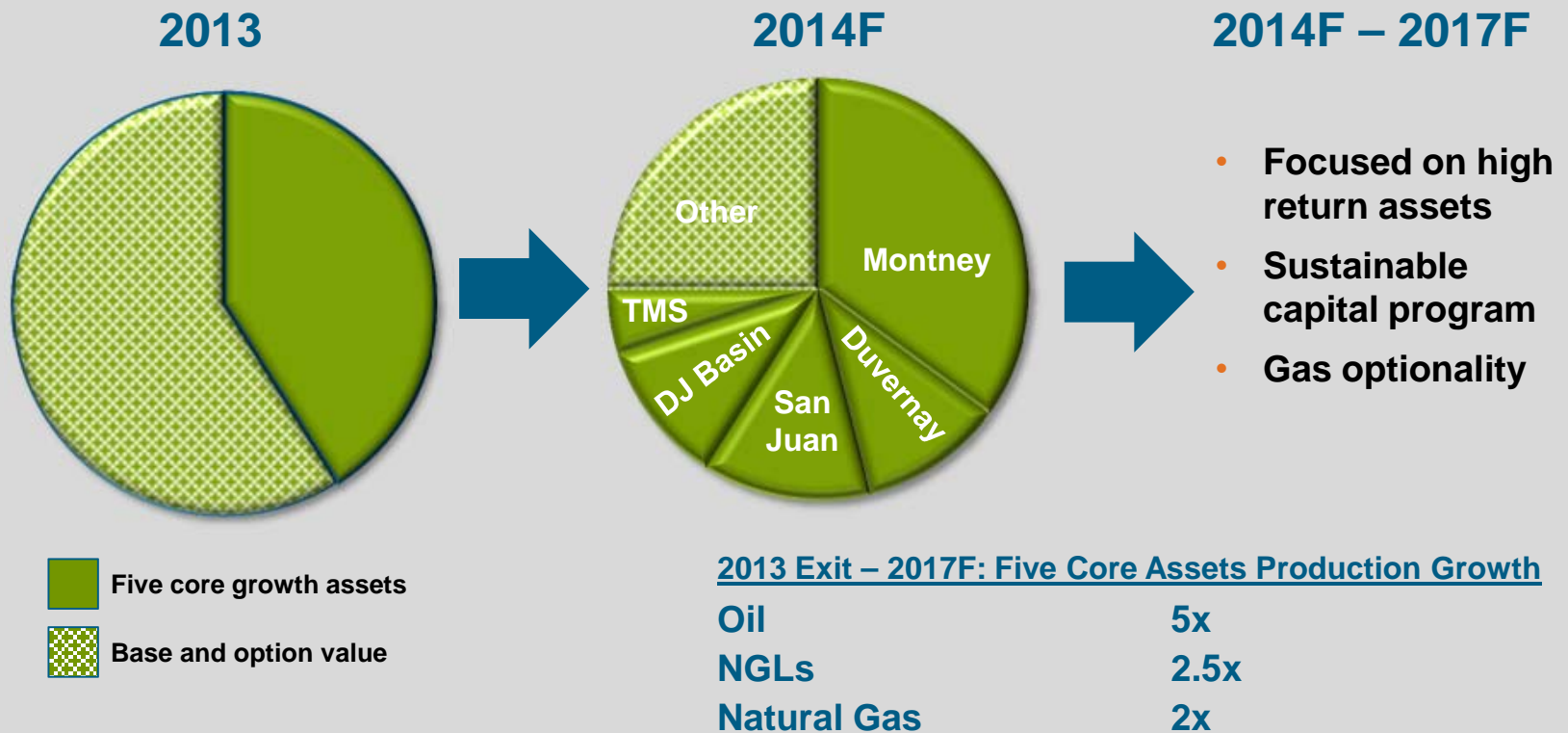
## Balance sheet strength

- 2013 capital program ~\$400 MM lower vs. original guidance
- Aligned 2014 capex with reset dividend + expected cash flow
- Ended 2013 with \$2.6 billion cash & cash equivalents

# Capital Focused on Growth Assets

Accelerate Investment in High Return Liquids

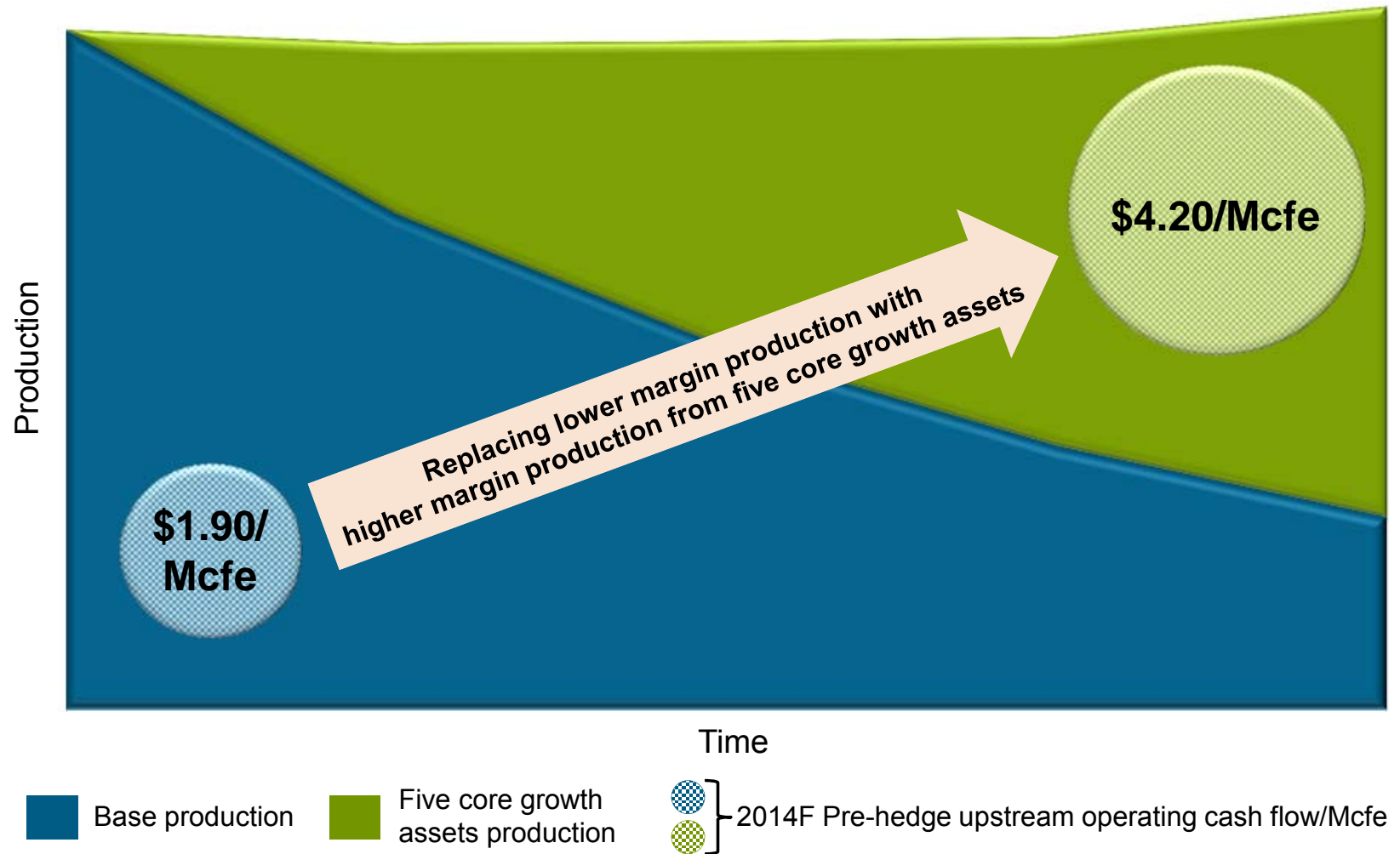
~75% of \$2.4 - \$2.5B 2014F capital allocated to five core growth assets



\*Does not include carry capital. 2014 carry capital is expected to be ~\$750 million - \$1 billion. Based on mid-point of guidance.

# Focused on Growing Value, Not Volumes

Five Core Growth Assets to Deliver >2x CF\*/Mcf Than Base in 2014



\*Illustrative example based on 2014F pre-hedge upstream operating cash flow estimates.

# 2014 Guidance – Key Elements

## Demonstrating Business Model Sustainability and Improvement

- Guidance uses same NYMEX/WTI price assumptions as in 2013
- Upstream operating cash flow expected to be up ~10% year over year (before hedges)
- Total estimated production in line with 2013F even with ~10% capex reduction
  - Higher liquids offsetting lower gas production
- Key drivers to higher upstream operating cash flow
  - Increased contribution from five core growth assets
  - Forecasted upstream operating costs down 3%
- Total cash flow guided to be unchanged in 2014
  - Forecasted G&A costs down 14%<sup>(1)</sup>
  - Not expecting benefit of cash tax recoveries that occurred in 2013
  - Smaller hedging gains expected in 2014

(1) Excludes \$0.08/Mcfe restructuring charge, \$0.02/Mcfe LTI impact for 2013.

# Key Objectives for Five Core Growth Assets in 2014

Focus, Acceleration, Optimization

In 2014F, the five core growth assets are expected to generate ~45% of total pre-hedge upstream operating CF from ~25% of total production

Montney

Accelerate liquids growth, continue to focus on capital efficiency

Duvernay

Commence pad drilling in Kaybob, complete appraisal in Willesden Green, finalize midstream solution

DJ Basin

Accelerate liquids growth, continue to focus on capital efficiency

San Juan

Advance efficient commercial development, accelerate liquids growth, further delineate acreage

TMS

Complete appraisal

# Operational Update – February 2014

## Strategy In Action

### Montney

- 5<sup>th</sup> multi-well pad in Gordondale completed; scheduled production through permanent facilities in Q2
- 9 rigs currently running

### Duvernay

- 2 of 8 planned wells on production at first multi-well pad, drilling expected to commence on remaining 6 wells in March
- Latest W.G. wells approaching type curve performance
- 5 rigs currently running

### DJ Basin

- Drilling record of 8 days spud to rig release on latest well vs. 13 day avg. in 2013
- 6 rigs currently running

### San Juan

- Strong IP rate (~450 bbls/d) from Good Times P34 well could extend Tier 1 well inventory
- P34 spud to rig release in 11 days vs. 15 day avg. in 2013
- 1 rig currently running, planning to have 3 running by mid-year

### TMS

- 2 rigs active in play as of January 2014
- 2014 appraisal program is front-end loaded

### Base

- Focus across all fields on base optimization projects to offset PDP declines



# Strategy To Deliver Sustainable Returns

## Shareholders to Benefit from New Strategy in 2014

- Disciplined and focused capital program
  - 75% of 2014 capex allocated to five core growth assets
- Pre-hedge upstream operating cash flow expected to be up ~10% year over year
- Accelerate high-margin core growth plays
- Unlock future potential of asset base
  - Complete TMS and Willesden Green Duvernay appraisal
- Focus on cost reduction and capital efficiency improvement
  - ~10% forecast increase in 2014 netbacks
- Optimize base production performance
  - Reduce base decline to 25% – 27%
- Unlock new value
  - Royalty Business IPO expected mid year
- Balance sheet integrity

# Encana Corporation

## Disciplined Focus on Profitable Growth



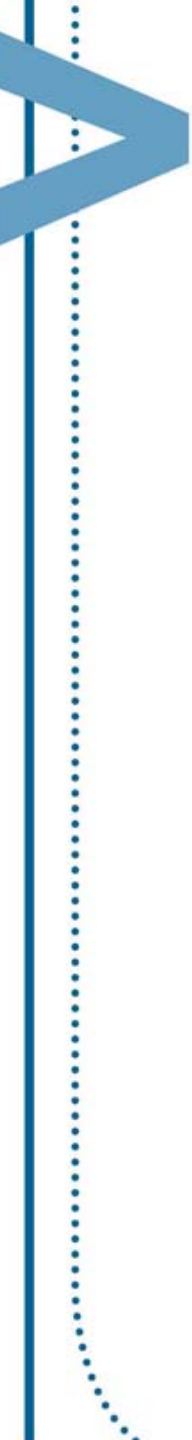
- Leading North American oil and gas resource play company
  - High quality rocks
  - Scale and running room
  - Operational excellence
  - Portfolio optionality



- Disciplined focus on generating profitable growth
  - Capital allocated to five core growth high return and scalable assets
  - Acceleration of oil/liquids growth
  - Reduce cost structures and drive efficiency improvements



- Growing shareholder value
  - Sustainable business model through commodity cycle
  - Cash flow per share growth
  - Investment grade credit rating
  - Dividend paying
  - Unlocking value from massive resource base



# Supplemental

# Winning Core Competencies

Aligned Organizational Structure

- High quality rocks
- Scale
- Running room
- Oil and gas

## TOP TIER RESOURCE

David Hill

## MARKET FUNDAMENTALS

Renee Zemljak

- Understand the “trade winds”
- Strong linkage to capital allocation
- Actively managing volatility

## BALANCE SHEET STRENGTH

- Best in class operators can differentiate
- Focus on:
  - efficiency
  - integrated thinking
  - maximize netbacks

## OPERATIONAL EXCELLENCE

Mike McAllister

## CAPITAL ALLOCATION

Sherri Brillon

- Disciplined & dynamic
- Strong link to strategy
- Centrally controlled
- Informed
- High return projects

# 2013 Results vs. Guidance

## Capital Discipline Drives Results

	2013 Guidance	2013 Actual
Total Cash Flow (\$B)	2.4 – 2.5	<b>2.6</b>
- per common share, diluted (\$/sh)	3.25 – 3.40	<b>3.50</b>
Capital Investment (\$B)	2.7 – 2.9	<b>2.7</b>
Net Divestitures (\$B)	(0.5) – (0.8)	<b>(0.8)<sup>(1)</sup></b>
Natural Gas (Bcf/d)	2.7 – 2.8	<b>2.8</b>
Oil & Field Condensate (Mbbls/d)	22 – 28	<b>26</b>
NGLs (Mbbls/d)	28 – 32	<b>28</b>
Total Liquids (Mbbls/d)	50 – 60	<b>54</b>
Total Production (Bcfe/d)	3.0 – 3.2	<b>3.1</b>
Upstream Operating Expense (\$/Mcf)	0.70 <sup>(2)</sup>	<b>0.66<sup>(3)</sup></b>
Transportation & Processing (\$/Mcf)	1.25	<b>1.30</b>
Administrative Expense (\$/Mcf)	0.30 <sup>(2)</sup>	<b>0.29<sup>(4)</sup></b>
DD&A Rate (\$/Mcf)	1.25	<b>1.25</b>

1) Includes proceeds from Kitimat divestiture.

2) 2013 Guidance excludes LTI impact.

3) Excludes \$0.01/Mcfe LTI impact.

4) Excludes \$0.08/Mcfe restructuring charge, \$0.02/Mcfe LTI impact.

# Pursuing Value vs. Volumes

## 2014 Capital Program Overview

	2013	2014F
Upstream Operating Cash Flow (\$B)	3.2	3.0 – 3.2
Total Cash Flow (\$B)	2.6	2.4 – 2.5
Capital Investment (\$B)	2.7	2.4 – 2.5
Dividend Cash Outflow (\$B)	0.4	0.2
Net Free Cash Flow (\$B)	(0.5)	(0.2)
Natural Gas (Bcf/d)	2.8	2.6 – 2.8
Oil & Field Condensate (Mbbbls/d)	26	37 – 39
NGLs (Mbbbls/d)	28	33 – 36
Total Liquids (Mbbbls/d)	54	70 – 75
Total Production (Bcfe/d)	3.1	3.0 – 3.2

- Higher margin projects offset by reduced hedging gains + tax recoveries
- Capex + dividend aligning with CF
- Focus on optimizing base gas production
- >45% y-o-y oil growth
- >30% y-o-y total liquids growth

Assumptions: 2014F NYMEX \$3.75/MMBtu, WTI \$95/bbl; \$0.50/Mcf increase/decrease in NYMEX natural gas price results in \$200 million increase/decrease in 2014 cash flow; a \$10/bbl increase/decrease in WTI oil price results in a \$160 million increase/decrease in 2014 cash flow; includes hedge positions as of September 30, 2013, which were used in setting Encana's 2014 Budget. Sensitivities include assumptions based on normalized historical basis differentials. Field condensate booked as oil. Dividends are declared at the discretion of Encana's Board of Directors.

# Focusing Capital on High Return Assets

## Oil and Liquids Focus Drives Margin Growth

	2013	2014F	% ▲
Production (MMcfe/d)	3,100	<b>3,100</b>	-
NYMEX Gas Price (\$/MMBtu)	3.65	<b>3.75</b>	3
WTI Oil Price (\$/bbl)	97.97	<b>95.00</b>	(3)
Average Wellhead Price (\$/Mcf)	4.37	<b>4.65</b>	6
Production & Mineral Tax (\$/Mcf)	0.12	<b>0.10</b>	(17)
Transportation & Processing <sup>(1)</sup> (\$/Mcf)	1.30	<b>1.40</b>	8
Upstream Operating Expense <sup>(2)</sup> (\$/Mcf)	0.67	<b>0.65</b>	(3)
<b>Netback – Excluding Hedges (\$/Mcf)</b>	<b>2.28</b>	<b>2.50</b>	<b>10</b>
Upstream Operating Cash Flow (\$ millions)			
Excluding Realized Hedging	2,652	<b>2,900</b>	9
Including Realized Hedging	3,192	<b>3,100</b>	(3)
Administrative Expense <sup>(3)</sup> (\$/Mcf)	0.29	<b>0.25</b>	(14)

For illustrative purposes only. Please refer to company Guidance of February 13, 2014.

1) Transportation and processing cost increases in 2014 primarily due to Deep Panuke firm capacity agreements.

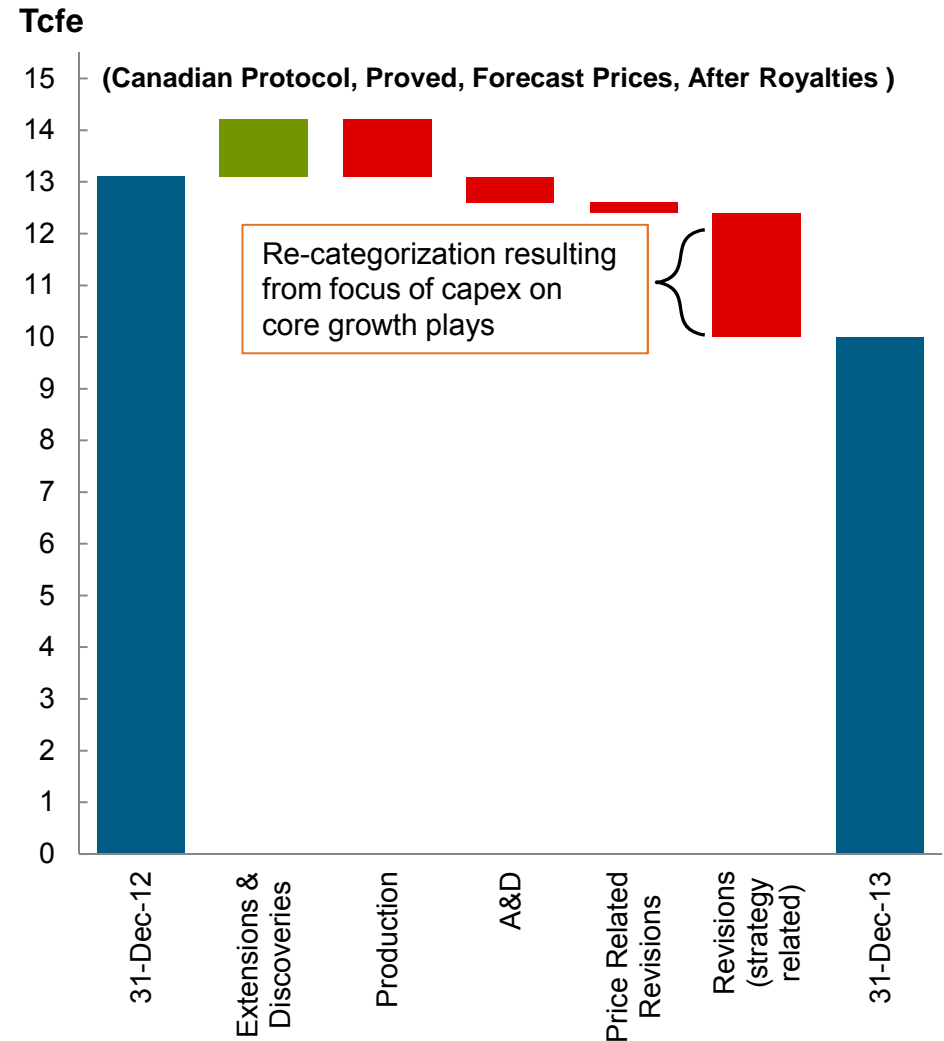
2) 2013 includes impact of LTI of \$0.01/Mcfe. 2014F excludes impact of LTI costs.

3) 2013 excludes impact of restructuring charge of \$0.08/Mcfe and LTI of \$0.02/Mcfe. 2014F excludes impact of restructuring charges and LTI costs.

# Reserves Realigned With New Strategy

Extensions & Discoveries Replaced >250% Liquids & >75% Gas Production

- Reserves (especially PUDs) realigned with business strategy to focus on five core growth plays
- Reduced previously planned future PUD capital by >50%
- PUDs re-categorized into probable reserves and contingent resources



# Why the Five Core Growth Assets Matter

Liquids Rich & Oil Opportunity Set



# Montney

## Decades of Low Cost Inventory

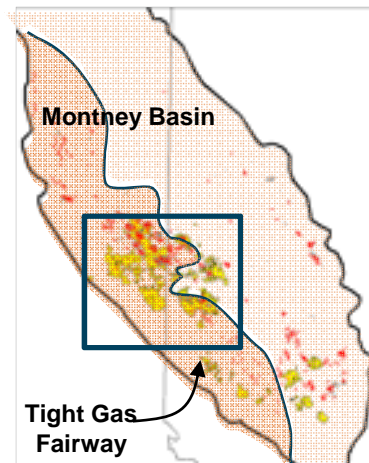
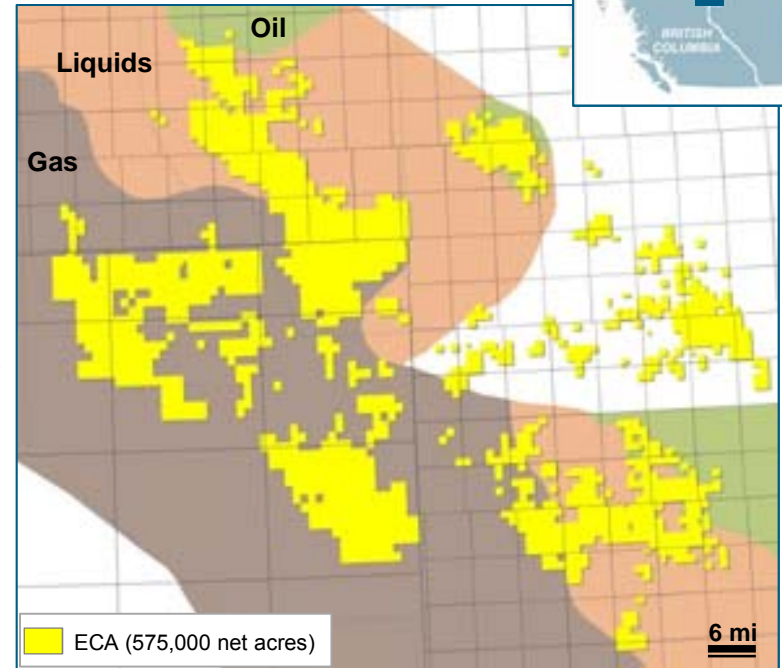
### Why We Like It

- Massive running room and scale
  - Potential of >2 Bcf/d and >50,000 bbls/d on Encana lands
  - >25 years of drilling inventory
  - Large contiguous core land positions
  - Encana acreage in most proven region of the fairway
- Highly competitive economics
  - Additional leverage from Partnership carry
- Strong track record of reducing costs, improving recoveries
- 60% - 100+% rate of return\*

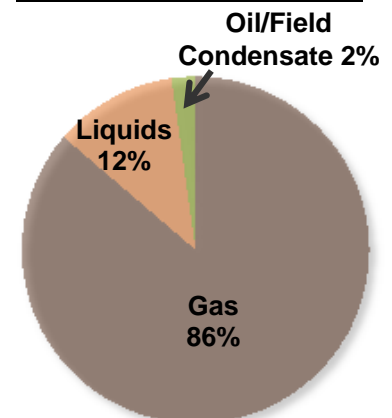
### 2014 Plan

- Accelerate investments in liquids rich areas (Gordondale, Pipestone, Tower)
  - Grow annualized liquids production by ~80% to ~20,000 bbls/d
- Continue to drive improvements in capital efficiency

\*Based on type curve & assumes flat pricing to 2017 of \$4/MMBtu NYMEX, \$90/bbl WTI.



### Montney 2017F Production



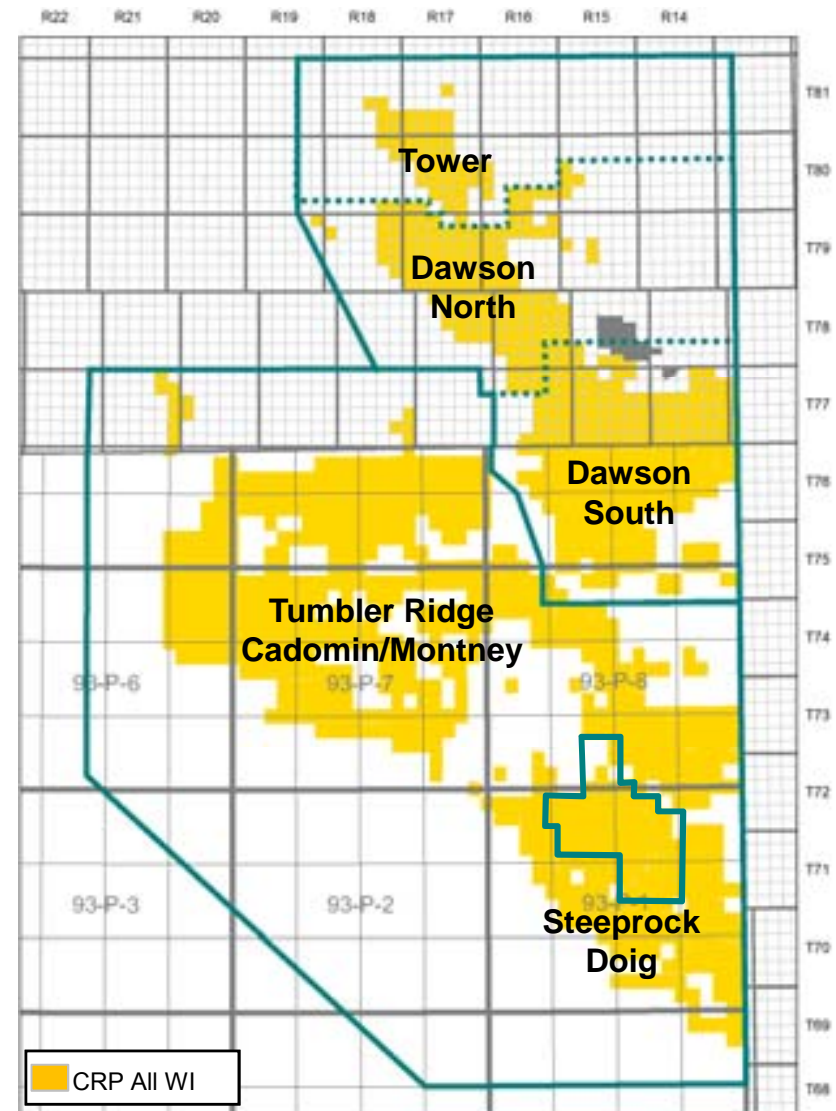
# Montney

Key Statistics	
Land (net acres)	575,000
Average working interest	66%
Type Curve EUR/well	7 – 9 Bcfe, 650 – 1,000 MBoe
Type Curve ROR	60 – >100%
Well inventory (gross)	3,700
Well costs (DCT)	\$8 – \$10 million
Royalty rate	11% – 15%
2014F Production (net)	
Oil/field condensate	7,200 – 7,500 bbls/d
NGLs	12,000 – 12,500 bbls/d
Natural gas	510 – 530 MMcf/d
2014F Capital (net)	\$800 – \$900 million
2014F Wells	80 – 85 (net), 110 – 120 (gross)
2014F rigs	6 – 8
Supply cost*	\$1.50 – \$2.20/Mcfe, \$30 – \$40/Boe

\*Supply Cost is defined as the flat NYMEX/WTI price that yields an IRR of 9% and does not include land or G&A costs. Low end of natural gas supply cost reflects joint venture leverage.

# Montney: Cutbank Ridge Partnership (CRP)

- Partnership with Mitsubishi:
  - Encana 60% interest
  - Mitsubishi, 40% interest
- Development areas:
  - Montney: Tower, Dawson North, Dawson South and Tumbler Ridge
  - Cadomin
  - Steeprock Doig
- Investment structure (C\$2.9B)
  - C\$1.45 billion upfront
  - A further investment of C\$1.45 billion during the commitment period (~5 years)
- Mitsubishi also funds its 40% of the Partnership's future capital investment



# Duvernay

## Premier Position in World Class Reservoir

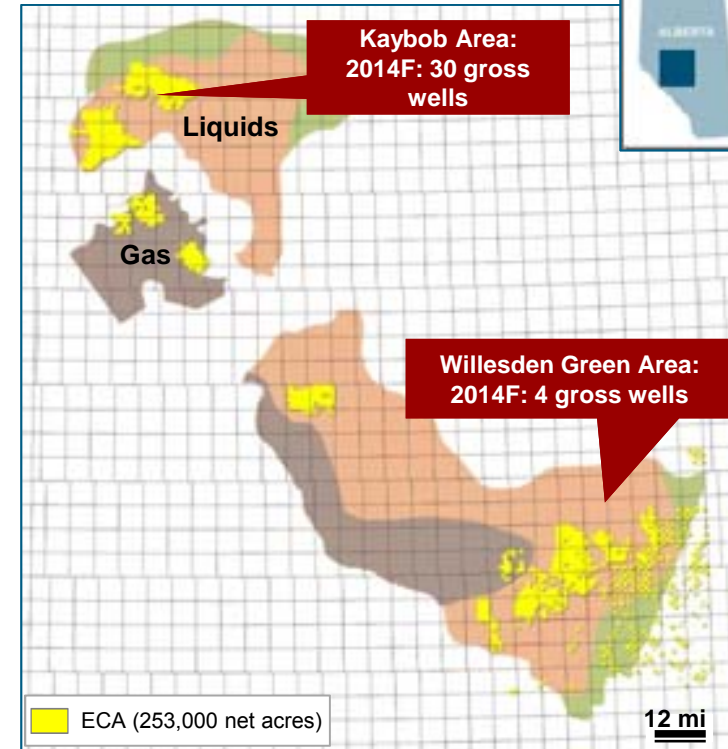
### Why We Like It

- Massive resource
  - Estimated total resource of 443 Tcf gas, 11.3 Bbbls NGLs, 61.7 Bbbls oil (source: ERCB; medium case)
- Huge potential growth engine for Encana
  - Potential for 20 rigs by 2017
  - Capable of producing ~50,000 boe/d
- Duvernay fairway ~2x size of Eagle Ford
- Encana holds 1/3 of high-graded liquids fairway
  - ~75% field condensate
- Robust condensate market, premium price to WTI
- PetroChina JV reduces Encana's capex, leverages economics
- Up to 100% rate of return\* in Resource Play Hub mode

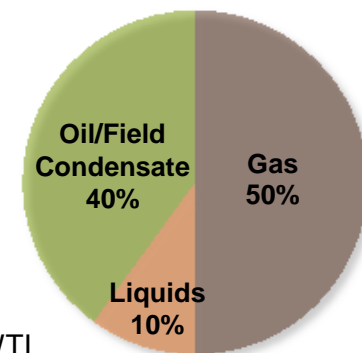
### 2014 Plan

- Commence pad drilling in Kaybob (85% of capital)
- Continue to reduce well costs, optimize well design
  - Targeting \$16 million well cost on 6 well pad
- Complete appraisal in Willesden Green
  - Prove up type curve
- Finalize midstream solution
  - Evaluating various infrastructure options

\*Based on type curve & assumes flat pricing to 2017 of \$4/MMBtu NYMEX, \$90/bbl WTI.



Duvernay 2017F Production



# Duvernay

Key Statistics	
Land (net acres)	253,000
Average working interest	50%
RPH type curve EUR/well	1,000 – 1,200 MBoe
RPH type curve ROR	100%
Well inventory (gross)	1,420
RPH well costs (DCT) <sup>(1)</sup>	\$12 – \$18 million <sup>(1)</sup>
Royalty rate	15%
2014F Production (net)	
Oil/field condensate	2,000 – 2,500 bbls/d
NGLs	400 – 500 bbls/d
Natural gas	15 – 20 MMcf/d
2014F Capital (net)	\$250 – \$300 million
2014F Wells	15 – 20 (net), 30 – 40 (gross)
2014F rigs	6 – 8
Supply cost*	< \$ 1.00/Mcfe, \$40 – \$60/Boe

\*Supply Cost is defined as the flat NYMEX/WTI price that yields an IRR of 9% and does not include land or G&A costs. Reflects joint venture leverage. RPH = Resource Play Hub.

(1) Range reflects well cost variability for a two well pad to an eight well pad.

# Unconventional Reservoir Comparison

## Duvernay – World Class Reservoir

Encana controls one third of the top tier land in the condensate window\*

Reservoir Attribute	Duvernay	Marcellus	Eagle Ford
TVD Depth (ft)	8,200 – 13,100	400 – 8,400	8,800 – 13,800
Gross Thickness (ft)	65 – 230	50 – 200	50 – 280
Porosity (%) / Permeability (nD)	3 – 8 / 10 – 400	10 / 20 – 55	10 – 11 / 50 – 1200
Reservoir Temperature (°F)	220 – 250	130 – 170	220 – 280
Gas Composition	Wet / Dry	Wet / Dry	Wet / Dry
Total Organic content (TOC %)	1 – 20	3.0 – 12.0	4.5
Maturation (Ro %)	0.6 – 2.9	1.4 – 3.0	0.6 – 2.2
Pressure Gradient (PSI/ft)	0.72 – 0.96	0.45 – 0.60	0.60 – 0.80
EUR (MMboe / well) (6:1)	0.7 – 1.6	0.3 – 1.0	0.5 – 1.3

\*Encana estimate.

Source: RBC Richardson Barr / RBC Rundle estimates, industry estimates, DOE April 2009 publication “Modern Shale Gas: A Primer”

# Duvernay Joint Venture

- Phoenix (subsidiary of PetroChina) agreed to invest C\$2.18 billion for 49.9% working interest
  - C\$1.18 billion up front cash
  - A further investment of C\$1.0 billion during the commitment period (~4 years)



# DJ Basin

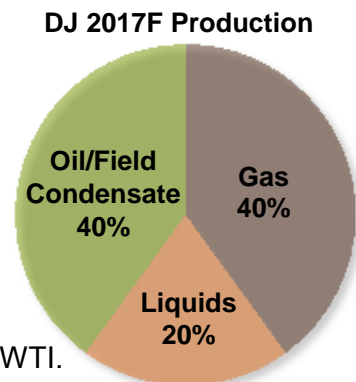
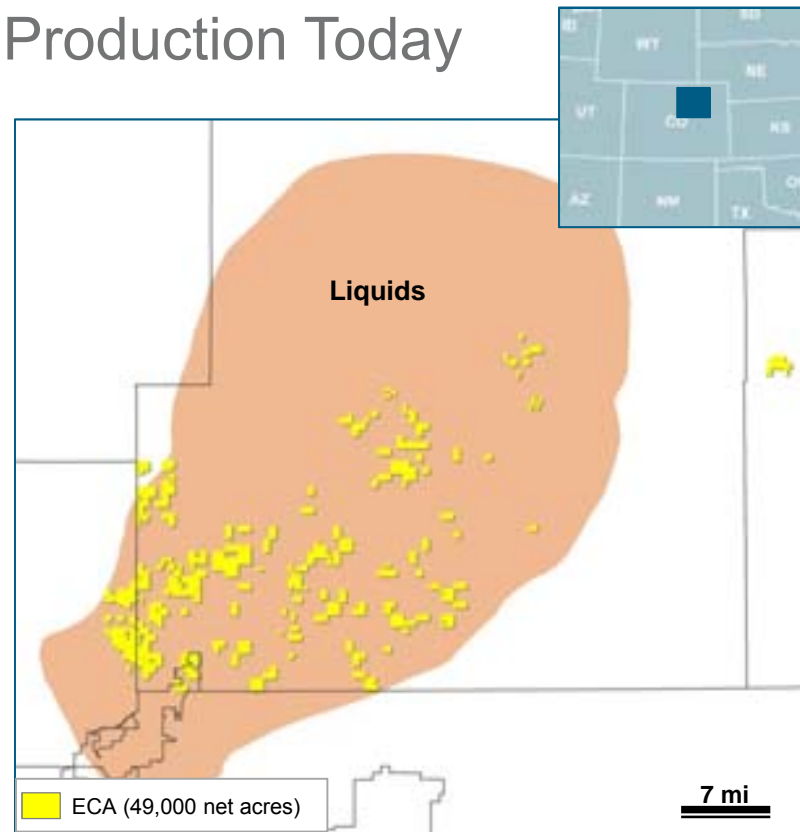
## Delivering High Margin Liquids Production Today

### Why We Like It

- Light oil play with significant scale
- Encana in heart of the Wattenberg field
- Strong economics - oil and condensate make up 70% of total liquids
- Significant well cost reductions achieved
- Economics leveraged by third party capital
- No market takeaway constraints
- 55% - 85% rate of return\*

### 2014 Plan

- Achieve 70% annualized production growth
- Increase pace of development with focus on further cost reductions and capital efficiency
- Optimize well spacing and density



\*Based on type curve & assumes flat pricing to 2017 of \$4/MMBtu NYMEX, \$90/bbl WTI.

# DJ Basin

Key Statistics	
Land (net acres)	49,000
Average working interest	50%
Type Curve EUR/well	325 – 425 MBoe
Type Curve ROR	55 – 85%
Well inventory (gross)	500 – 700
Well costs (DCT)	\$4.5 – \$5.5 million
Royalty rate	20%
2014F Production (net)	
Oil/field Condensate	8,000 – 8,500 bbls/d
NGLs	4,200 – 4,600 bbls/d
Natural gas	40 – 50 MMcf/d
2014F Capital (net)	\$250 – \$300 million
2014F Wells (net)	40 – 50
2014F rigs	4 – 6
Supply cost*	~ \$45/boe

\*Supply Cost is defined as the flat NYMEX/WTI price that yields an IRR of 9% and does not include land or G&A costs. Reflects joint venture leverage.

# San Juan

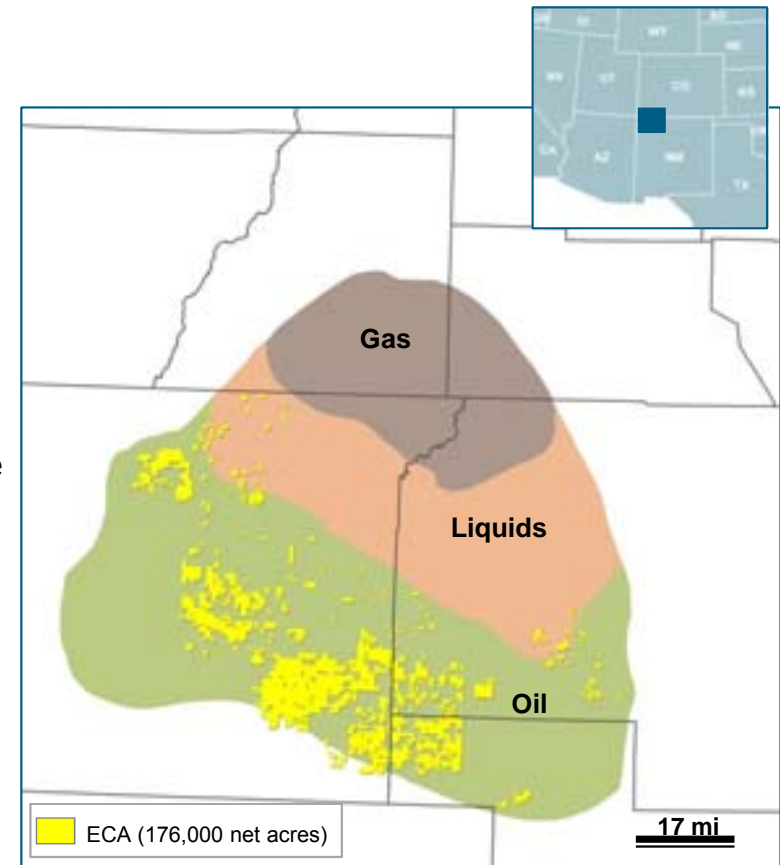
## First Mover in New Oil Play

### Why We Like It

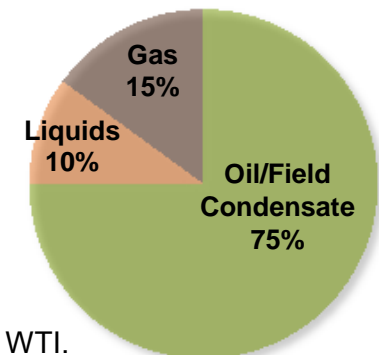
- Light, sweet oil play discovered by Encana
  - Capable of producing ~50,000 boe/d
- Dominant operator in the play
- Strong economics, ability to apply scale
- Consistent well performance at or above type curve
  - 30 day IPs of 400 - 500 bbls/d oil
- Significant well cost reductions achieved
  - High efficiency: 25 wells/rig/year
  - Well costs: \$4 - \$5 million
- 45% - 70% rate of return\* in Resource Play Hub mode

### 2014 Plan

- Advance efficient commercial development
- Further delineate acreage
- Reduce well costs by optimizing completions
- Work with BLM to streamline permitting process



San Juan 2017F Production



\*Based on type curve & assumes flat pricing to 2017 of \$4/MMBtu NYMEX, \$90/bbl WTI.

# San Juan

Key Statistics	
Land (net acres)	176,000
Average working interest	54%
RPH type curve EUR/well	600 – 680 MBoe
RPH type curve ROR	45% – 70%
Well inventory (gross)	700+
RPH well costs (DCT)	\$4 – \$5 million
Royalty rate	20%
2014F Production (net)	
Oil/field Condensate	3,000 – 3,300 bbls/d
NGLs	450 – 500 bbls/d
Natural gas	5 – 10 MMcf/d
2014F Capital (net)	\$300 – \$350
2014F Wells (net)	45 – 50
2014F rigs	2 – 4
Supply cost*	~\$50 – \$55/boe

\*Supply Cost is defined as the flat NYMEX/WTI price that yields an IRR of 9% and does not include land or G&A costs.  
RPH = Resource Play Hub.

# Tuscaloosa Marine Shale

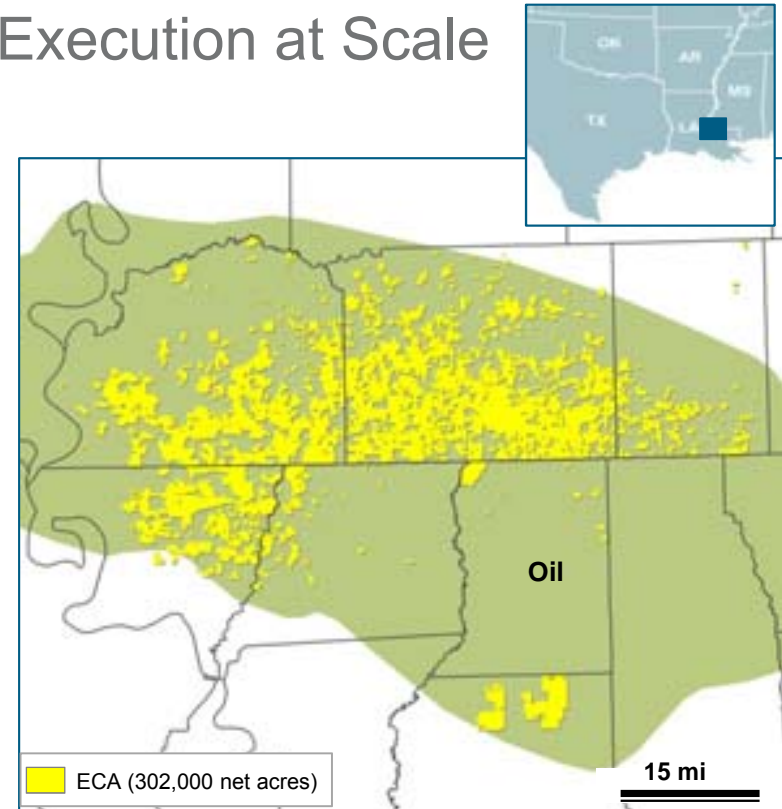
Massive Oil Resource, Ideal for Execution at Scale

## Why We Like It

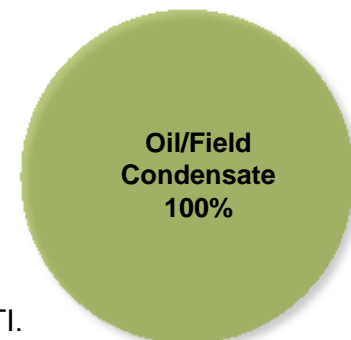
- Emerging oil asset with massive upside potential
  - Estimated 8 BBoe of PIIP
  - Potential to produce >50,000 bbls/d
- >60% of Encana's 300k net acres is Tier 1 land
- Demonstrating achievement of type curve across Tier 1 acreage
  - 3 of last 4 "hybrid" frac jobs meeting type curve
- LLS pricing advantage
- Favorable regulatory environment
- 40% - 50% rate of return\* in Resource Play Hub mode

## 2014 Plan

- Complete appraisal
  - Demonstrate repeatability of type curve
  - Continue to improve costs
- Further delineate Tier 1 acreage



## TMS 2017 Production



\*Based on type curve & assumes flat pricing to 2017 of \$4/MMBtu NYMEX, \$90/bbl WTI.

# TMS

Key Statistics	
Land (net acres)	302,000
Average working interest	75%
RPH type curve EUR/well	700 – 800 MBoe
RPH type curve ROR	40% – 50%
Well inventory (gross)	1,300
RPH well costs (DCT)	\$12 – \$14 million
Royalty rate	20%
2014F Production (net)	
Oil/field Condensate	2,000 – 2,500 bbls/d
NGLs	-
Natural gas	-
2014F Capital (net)	\$125 – \$150
2014F Wells (net)	9 – 12
2014F rigs	1 – 3
Supply cost*	~\$45/boe

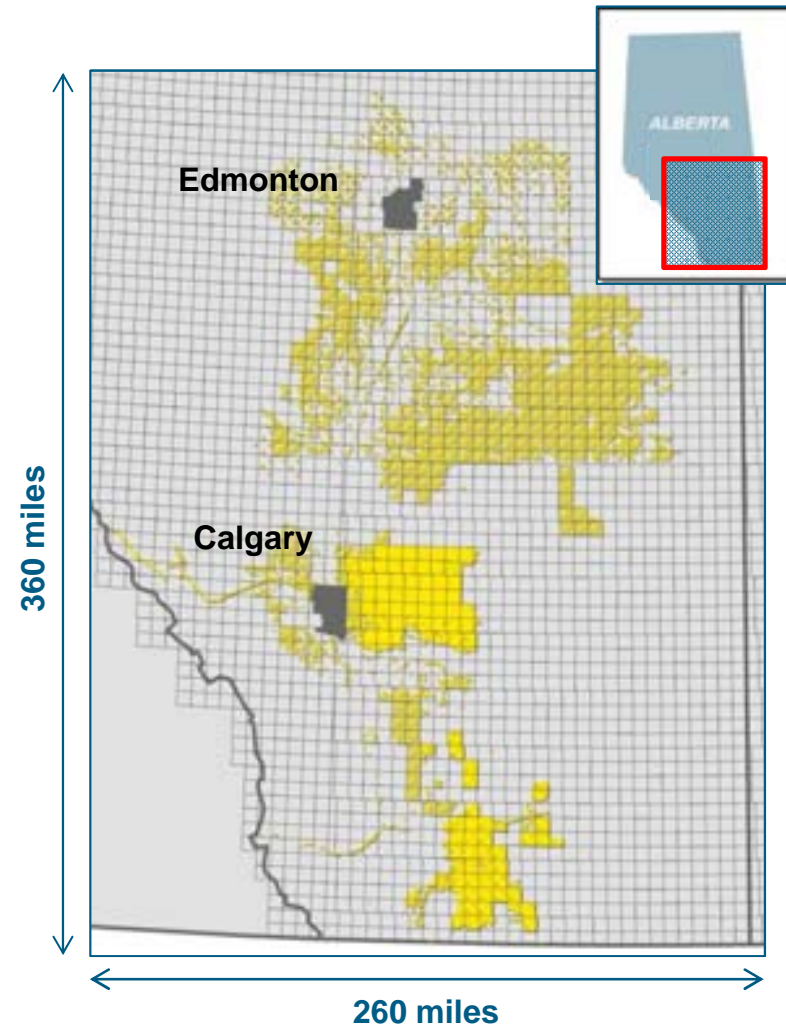
\*Supply Cost is defined as the flat NYMEX/WTI price that yields an IRR of 9% and does not include land or G&A costs.

RPH = Resource Play Hub.

# Clearwater Royalty Business Public Offering

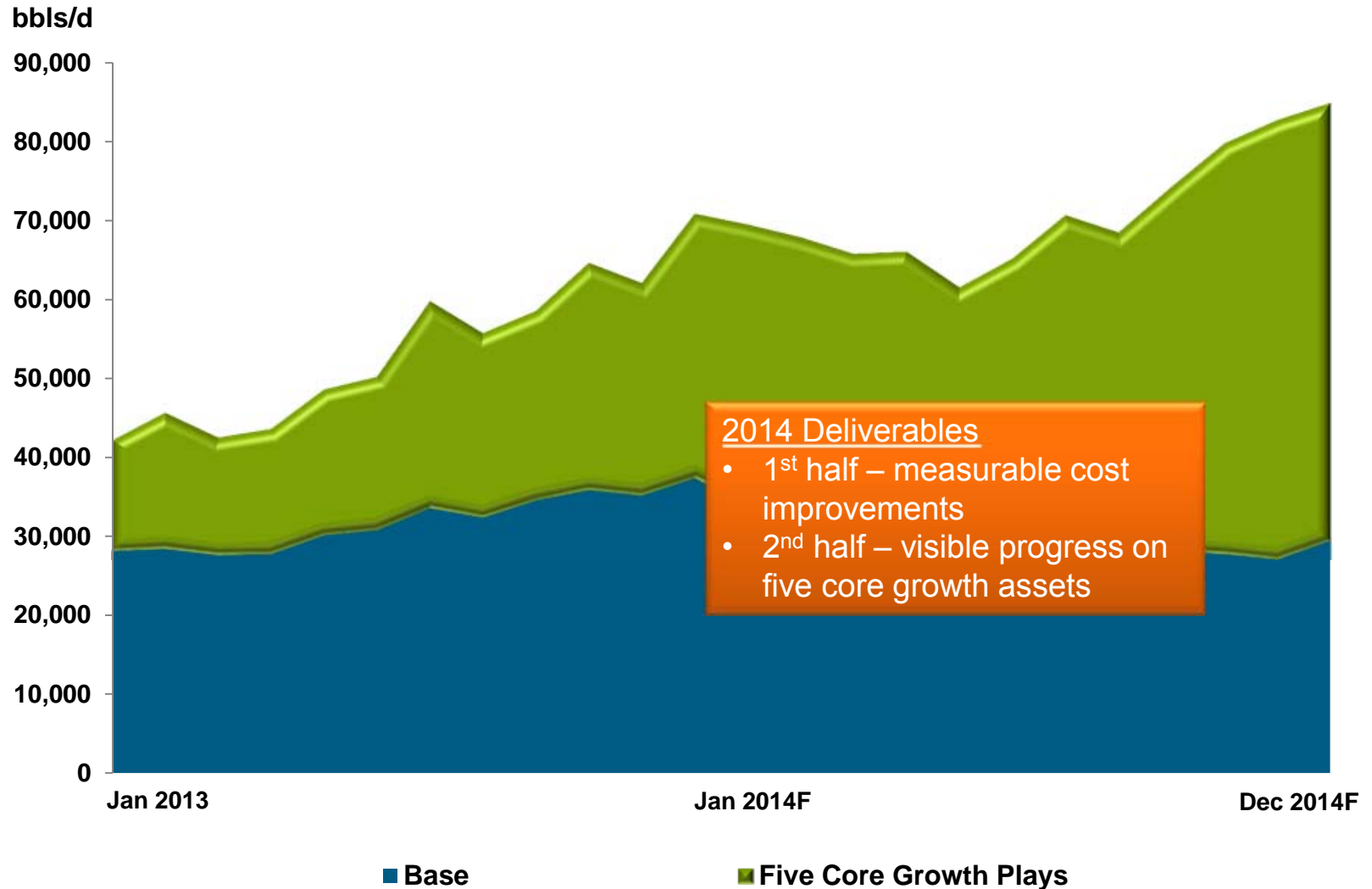
## Unlocking New Value

- Surfacing value from Encana's large portfolio of Alberta mineral fee title lands
  - ~5.2 million net acres with freehold oil or gas rights
- Transferring fee title and associated royalty interests by way of public offering expected by mid 2014
  - Encana to pay royalties to new company on Encana's working interest production
- Independently managed company
  - Independent CEO & majority of Board member positions currently being recruited
- Encana to be majority shareholder
- Sizeable portion of cash flow to be distributed to shareholders, including Encana
- Royalty business focused on attracting third party development
  - Recent agreement with third party oil & gas producer
  - C\$16 million bonus for lease issuance on net ~97,000 acres of freehold land
  - C\$106 million minimum drilling commitment over 3 year period
  - Royalties received on all production



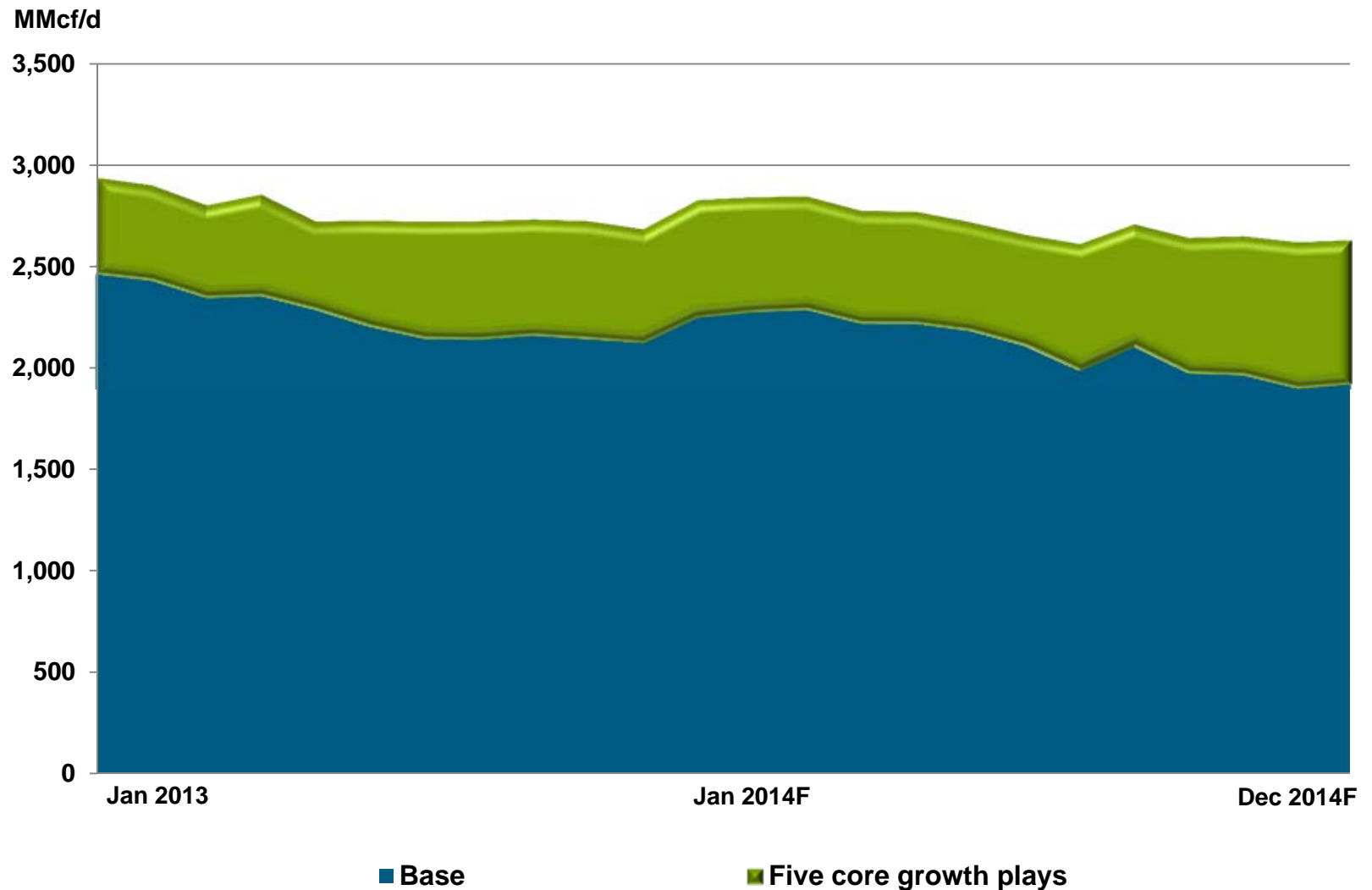
# 2013 – 2014F Total Liquids Production

2014F Average Liquids Production Growth of ~30%



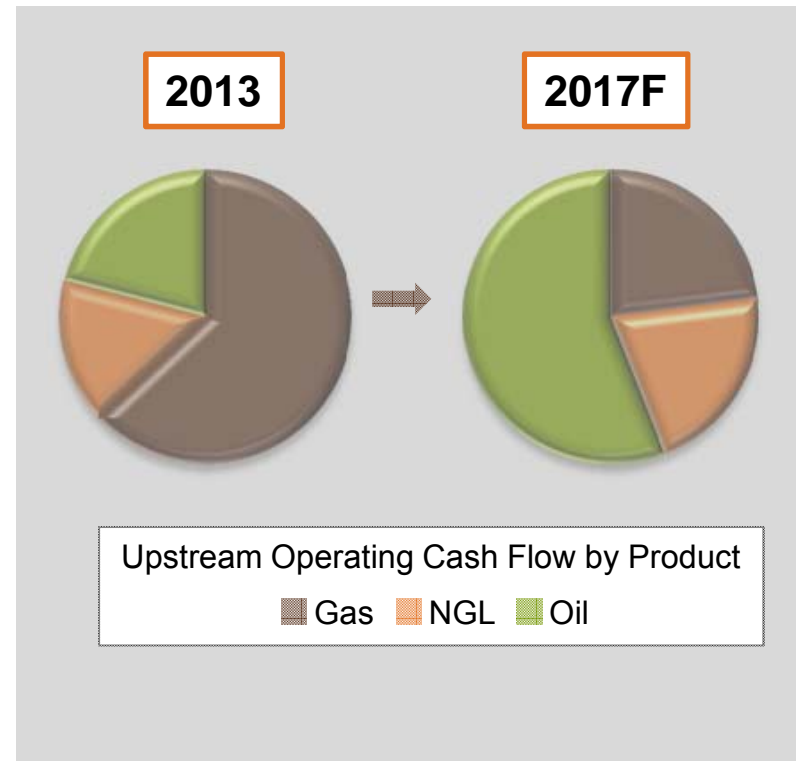
# 2013 – 2014F Total Gas Production

Modest Decline in 2014



# Strategy Delivers Sustainable Returns

- Target +10% CAGR CFPS through 2017
- Expected CFPS growth 3x faster than production
  - Driven by accelerated capital allocation to high margin oil and condensate assets
- Anticipate ~75% of expected 2017 upstream operating cash flow from liquids
- Five core growth producing assets
- Active divestiture program
  - Business model not dependent on asset sales
- Unlocking new value
  - Clearwater Royalty Business IPO





# Maintaining Financial Strength & Flexibility

## Liquidity Supports Execution of Strategy

- 2014 capex + dividends aligned with cash flow
- Investment grade credit rating
- \$2.6 billion of cash and cash equivalents as at December 31, 2013
- \$4.3 billion of unused bank credit facilities committed until June 2018
  - Paid Q4 2013 \$500 million debt maturity with cash
  - Intend to pay May 2014 \$1 billion debt maturity with cash
- Joint venture funding leverages play economics
- Our Fundamentals Team continuously monitors local and regional markets, and will hedge our production to protect our capital program

# Credit Rating Comparison

As of November 30, 2013

S&P	Moody's
-----	---------

AAA	Aaa
-----	-----

AA+	Aa1
-----	-----

AA	Aa2
----	-----

AA-	Aa3
-----	-----

A+	A1
----	----

A	A2
---	----

A-	A3
----	----

BBB+	Baa1
------	------

BBB	Baa2
-----	------

BBB-	Baa3
------	------

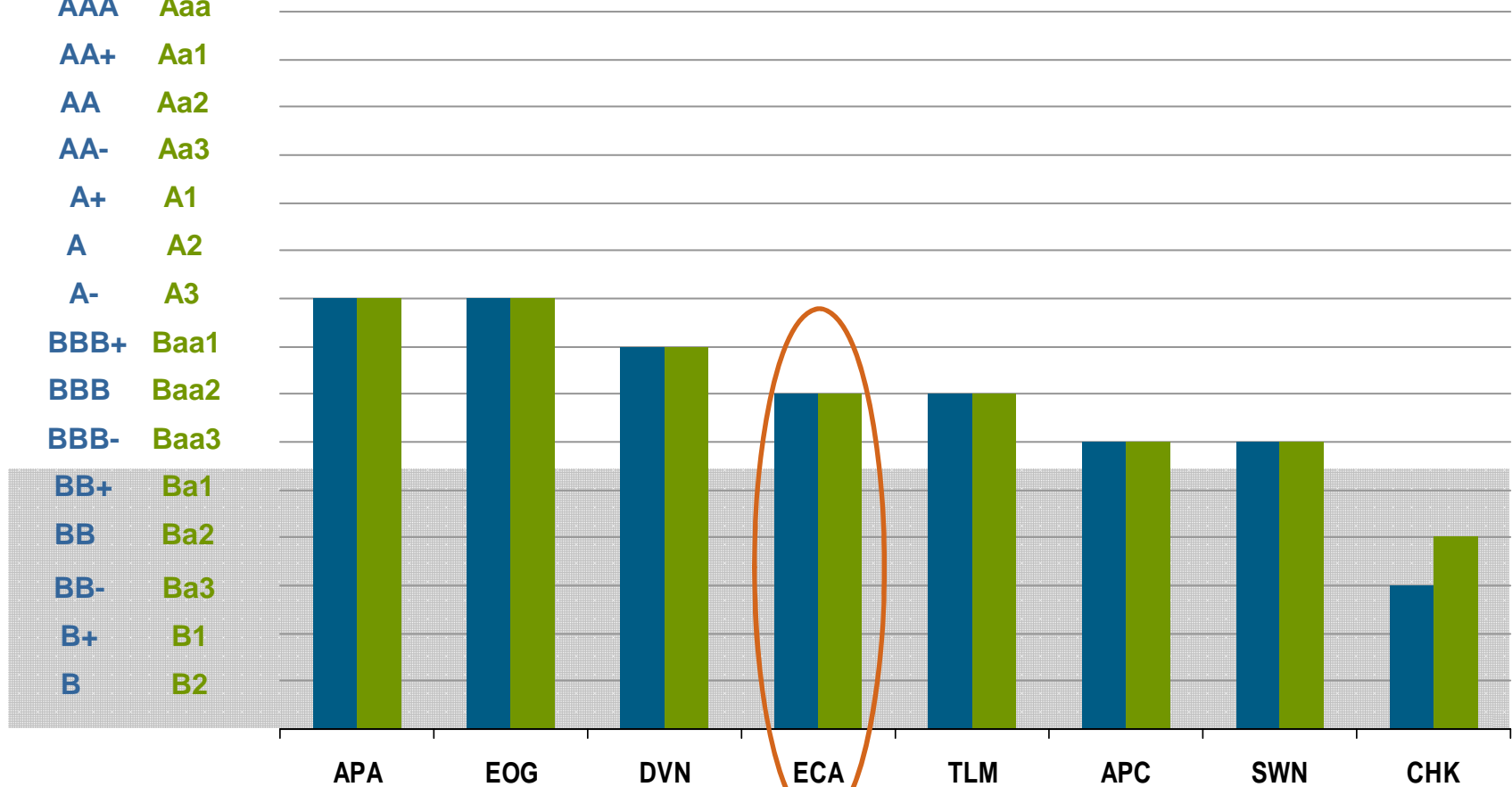
BB+	Ba1
-----	-----

BB	Ba2
----	-----

BB-	Ba3
-----	-----

B+	B1
----	----

B	B2
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■ Indicates ratings below investment grade

# Liquids Value Chain

## Projected Composition of Total Liquids Production

Liquids primarily comprised of higher value products

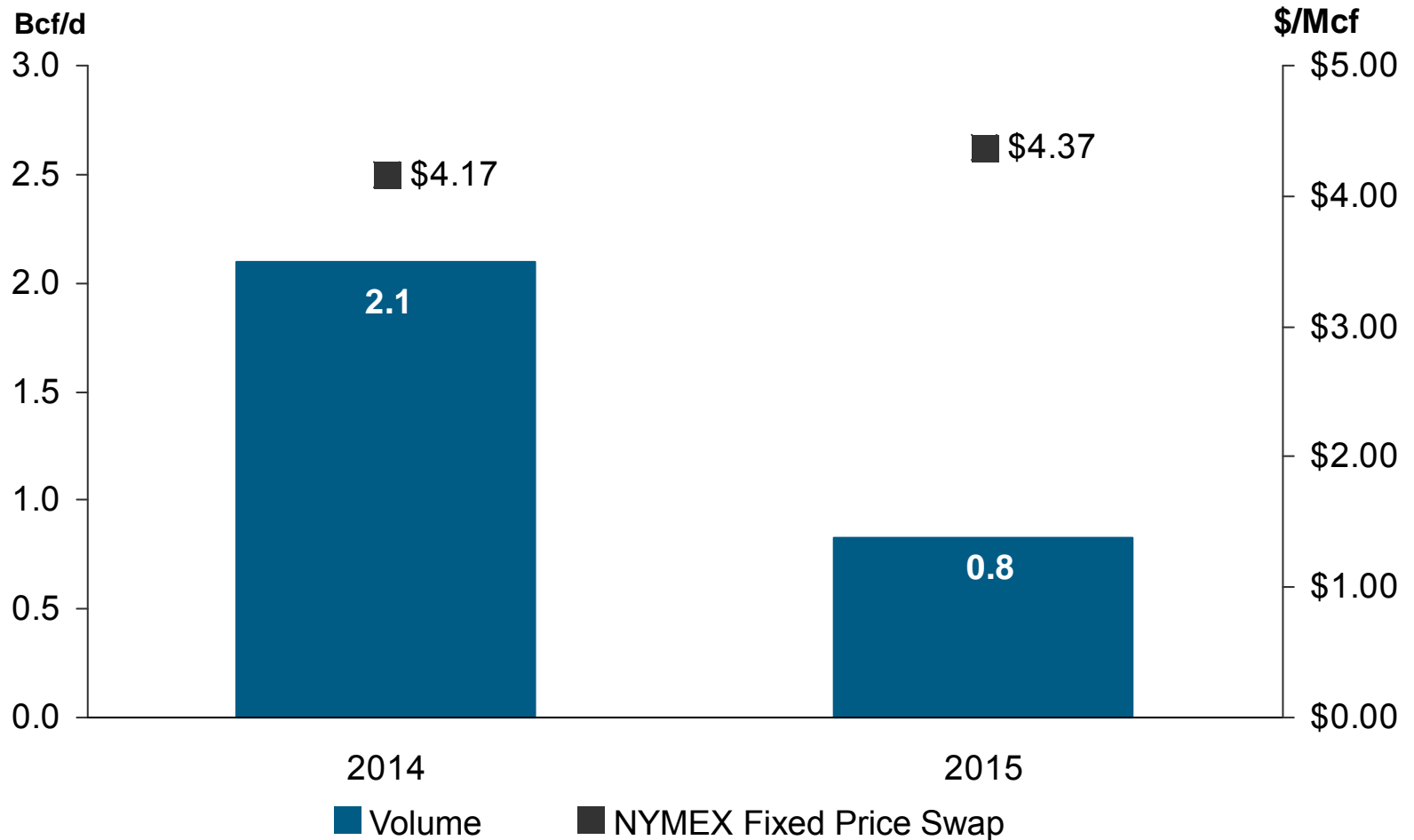
	2013	2014F	2014F Pricing (%WTI)
Ethane	14%	14%	10 - 15%
Propane	13%	12%	30 - 35%
Butane	8%	8%	55 - 60%
Oil and Condensate	65%	66%	85 - 90%

2014F based on company guidance as at February 13, 2014..

# Updated Hedging Position

## 2014 Hedge Program Adds Greater Certainty To Cash Flow

Since 2003, we've realized approximately \$9 billion in hedging gains\*



\*As at December 31, 2013, before-tax.

# Future Oriented Information

In the interests of providing Encana Corporation ("Encana" or the "Company") shareholders and potential investors with information regarding Encana, including management's assessment of Encana's and its subsidiaries' future plans and operations, certain statements contained in this presentation are forward-looking statements or information within the meaning of applicable securities legislation, collectively referred to herein as "forward-looking statements." Forward-looking statements in this presentation include, but are not limited to: achieving the Company's expectations through 2017; the projections contained in the Company's 2014 Corporate Guidance, including with respect to anticipated natural gas, oil and natural gas liquids production; anticipated cash flow and operating cash flow for 2014 and beyond; anticipated shareholder returns; anticipated capital expenditures (including in the Montney, Duvernay, DJ Basin, San Juan Basin and the Tuscaloosa Marine Shale); assumed hedging position and the timing of future updates; optimizing the Company's base production; the plan to conduct a public offering of certain royalty interests, including the expected future activities of the new company following the transaction, the anticipated benefits of the transaction to Encana and its shareholders, Encana's expected ownership level in the new company, that applicable regulatory approvals will be obtained and the timing and success of such offering; expected capital allocation and carry cost by play in 2014; estimated third-party capital investments and the estimated benefits of such capital; maintaining portfolio flexibility, including geography and commodity mix, retaining gas optionality and a sustainable capital program; cost reductions and efficiency improvements; maintaining financial strength and flexibility, maintaining a strong investment grade balance sheet and the ability to pay dividends; anticipated drilling and number of drilling rigs and the success thereof (including in each of the Montney, Duvernay, DJ Basin, San Juan Basin and the Tuscaloosa Marine Shale) and anticipated production from wells and the product composition of such production (including in 2017); growing long-term shareholder value through a disciplined focus on generating profitable growth; growing value by focusing capital investments in five core growth assets; expected accelerated development in certain of the high return assets; improved capital and operating efficiencies; success of implementing the resource play hub process across certain plays and anticipated rate of returns; estimated reserves and economic contingent resources, including estimates of PUDs, future development costs associated with PUDs and the expected period within which to convert PUDs to proved developed reserves; expected amounts of cash, cash equivalents and cash flow by year end; estimated commodity pricing, including assumptions used in modeling and projected success; estimated well drilling inventory, PIIP, EUR, well and supply costs and initial production rates for various plays; estimated returns associated with operational excellence; projected development activities and number of wells to be drilled, including their timing and locations; estimates of reserves and economic contingent resources, including implied reserve life index; and Encana's expected resource play life cycle.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things: volatility of, and assumptions regarding natural gas and liquids prices, including substantial or extended decline of the same and their adverse effect on the company's operations and financial condition and the value and amount of its reserves; assumptions based upon the company's current guidance; fluctuations in currency and interest rates; risk that the company may not conclude divestitures of certain assets or other transactions or receive amounts contemplated under the transaction agreements (such transactions may include third-party capital investments, farm-outs or partnerships, which Encana may refer to from time to time as "partnerships" or "joint ventures" and the funds received in respect thereof which Encana may refer to from time to time as "proceeds", "deferred purchase price" and/or "carry capital", regardless of the legal form) as a result of various conditions not being met; product supply and demand; market competition; risks inherent in the company's and its subsidiaries' marketing operations, including credit risks; imprecision of reserves estimates and estimates of recoverable quantities of natural gas and liquids from resource plays and other sources not currently classified as proved, probable or possible reserves or economic contingent resources, including future net revenue estimates; marketing margins; potential disruption or unexpected technical difficulties in developing new facilities; unexpected cost increases or technical difficulties in constructing or modifying processing facilities; risks associated with technology; the company's ability to acquire or find additional reserves; hedging activities resulting in realized and unrealized losses; business interruption and casualty losses; risk of the company not operating all of its properties and assets; counterparty risk; risk of downgrade in credit rating and its adverse effects; liability for indemnification obligations to third parties; variability of dividends to be paid; its ability to generate sufficient cash flow from operations to meet its current and future obligations; its ability to access external sources of debt and equity capital; the timing and the costs of well and pipeline construction; the company's ability to secure adequate product transportation; changes in royalty, tax, environmental, greenhouse gas, carbon, accounting and other laws or regulations or the interpretations of such laws or regulations; political and economic conditions in the countries in which the company operates; terrorist threats; risks associated with existing and potential future lawsuits and regulatory actions made against the company; risk arising from price basis differential; risk arising from inability to enter into attractive hedges to protect the company's capital program; and other risks and uncertainties described from time to time in the reports and filings made with securities regulatory authorities by Encana. Without limiting the generality of the foregoing, there can be no assurance that Encana will ultimately conduct an IPO or, if a new company is created, the final particulars thereof, including without limitation, the number, value or location of the fee simple mineral title lands and associated royalty interests that would be proposed to be transferred to a new company, the size of the retained interest that Encana would hold initially or in the future in the new company, and other arrangements that would be proposed or exist as between Encana and the new company. Encana's determination to create a new company is subject to a number of risks and uncertainties, including without limitation, those relating to approval by Encana's Board of Directors, due diligence, favourable market conditions and stock exchange, regulatory and third party approvals. Although Encana believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. In addition, assumptions relating to such forward-looking statements generally include Encana's current expectations and projections made in light of, and generally consistent with, its historical experience and its perception of historical trends, including the conversion of resources into reserves and production as well as expectations regarding rates of advancement and innovation, generally consistent with and informed by its past experience, all of which are subject to the risk factors identified elsewhere in this presentation.

Assumptions with respect to forward-looking information regarding expanding Encana's oil and NGLs production and extraction volumes are based on existing expansion of natural gas processing facilities in areas where Encana operates and the continued expansion and development of oil and NGL production from existing properties within its asset portfolio.

Forward-looking information respecting anticipated 2014 cash flow for Encana is based upon, among other things, achieving average production for 2014 of between 2.6 Bcf/d and 2.8 Bcf/d of natural gas and 70,000 bbls/d to 75,000 bbls/d of liquids, commodity prices for natural gas and liquids based on NYMEX \$3.75 per MMBtu and WTI of \$95 per bbl, an estimated U.S./Canadian dollar foreign exchange rate of \$0.95 and a weighted average number of outstanding shares for Encana of approximately 741 million.

Furthermore, the forward-looking statements contained in this presentation are made as of the date hereof and, except as required by law, Encana undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

# Advisory Regarding Reserves Data & Other Oil & Gas Information Disclosure Protocols

National Instrument ("NI") 51-101 of the Canadian Securities Administrators imposes oil and gas disclosure standards for Canadian public companies such as Encana engaged in oil and gas activities. Encana complies with the NI 51-101 annual disclosure requirements in its annual information form, most recently dated February 20, 2014 ("AIF"). The Canadian protocol disclosure is contained in *Appendix A* and under "Narrative Description of the Business" in the AIF. Encana has obtained an exemption dated January 4, 2011 from certain requirements of NI 51-101 to permit it to provide certain disclosure prepared in accordance with U.S. disclosure requirements, in addition to the Canadian protocol disclosure. That disclosure is primarily set forth in *Appendix D* of the AIF.

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. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

The estimates of economic contingent resources contained in this presentation are based on definitions contained in the Canadian Oil and Gas Evaluation Handbook ("COGEH"). Contingent resources do not constitute, and should not be confused with, reserves. Contingent resources are defined as those quantities of petroleum estimated, on a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Economic contingent resources are those contingent resources that are currently economically recoverable. In examining economic viability, the same fiscal conditions have been applied as in the estimation of reserves. There is a range of uncertainty of estimated recoverable volumes. A low estimate is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate, which under probabilistic methodology reflects a 90 percent confidence level. A best estimate is considered to be a realistic estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate, which under probabilistic methodology reflects a 50 percent confidence level. A high estimate is considered to be an optimistic estimate. It is unlikely that the actual remaining quantities recovered will exceed the high estimate, which under probabilistic methodology reflects a 10 percent confidence level.

There is no certainty that it will be commercially viable to produce any portion of the volumes currently classified as economic contingent resources. The primary contingencies which currently prevent the classification of Encana's disclosed economic contingent resources as reserves include the lack of a reasonable expectation that all internal and external approvals will be forthcoming and the lack of a documented intent to develop the resources within a reasonable time frame. Other commercial considerations that may preclude the classification of contingent resources as reserves include factors such as legal, environmental, political and regulatory matters or a lack of markets.

The estimates of various classes of reserves (proved, probable, possible) and of contingent resources (low, best, high) in this presentation represent arithmetic sums of multiple estimates of such classes for different properties, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of reserves and contingent resources and appreciate the differing probabilities of recovery associated with each class.

Encana uses the terms resource play, total petroleum initially-in-place, natural gas-in-place, and crude oil-in-place. Resource play is a term used by Encana to describe 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. Total petroleum initially-in-place ("PIIP") is defined by the Society of Petroleum Engineers - Petroleum Resources Management System ("SPE-PRMS") as that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources"). Natural gas-in-place ("NGIP") and crude oil-in-place ("COIP") are defined in the same manner, with the substitution of "natural gas" and "crude oil" where appropriate for the word "petroleum". As used by Encana, estimated ultimate recovery ("EUR") has the meaning set out jointly by the Society of Petroleum Engineers and World Petroleum Congress in the year 2000, being those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom.

In this presentation, Encana has provided information with respect to certain of its plays and emerging opportunities which is "analogous information" as defined in NI 51-101. This analogous information includes estimates of PIIP, NGIP, COIP or EUR, all as defined in the COGEH or by the SPE-PRMS, and/or production type curves. This analogous information is presented on a basin, sub-basin or area basis utilizing data derived from Encana's internal sources, as well as from a variety of publicly available information sources which are predominantly independent in nature. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with COGEH. Regardless, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. Encana believes that the provision of this analogous information is relevant to Encana's oil and gas activities, given its acreage position and operations (either ongoing or planned) in the areas in question.

Due to the early life nature of the various emerging plays discussed in this document, PIIP is the most relevant specific assignable category of estimated resources. Estimates by engineering and geo-technical practitioners may vary and the differences may be significant. There is no certainty that it will be commercially viable to produce any portion of the estimated PIIP. There is also no certainty that it will be commercially viable to produce any portion of the estimated NGIP, COIP or EUR.

30-day IP and short-term rates are not necessarily indicative of long-term performance or of ultimate recovery.

In this presentation, certain oil and NGLs volumes have been converted to cubic feet equivalent (cfe) on the basis of one barrel (bbl) to six thousand cubic feet (Mcf). Cfe may be misleading, particularly if used in isolation. A conversion ratio of one bbl to six Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalency at the well head. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

For convenience, references in this presentation to "Encana", 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 Encana Corporation, and the assets, activities and initiatives of such Subsidiaries.

## 2014F ENCANA CORPORATE GUIDANCE

US\$, U.S. GAAP

February 13, 2014



2014F

### Cash Flow (\$ billions, except per share amount)

Total Cash Flow <sup>(1)(2)</sup>	2.4 – 2.5
- Per common share, diluted (\$/share)	3.24 – 3.37
Weighted average common shares outstanding – diluted (millions)	741

### Capital Investment (\$ billions)

Upstream	2.3 – 2.4
Corporate & Other	0.1 – 0.1
Total Capital Investment	2.4 – 2.5

### Production (after royalties)

Natural Gas (MMcf/d)	2,600 – 2,800
Oil & Field Condensate (Mbbbls/d)	37 – 39
Natural Gas Liquids (Mbbbls/d)	33 – 36
Liquids (Mbbbls/d)	70 – 75
Total Production (MMcfe/d)	3,020 – 3,250

### Operating Costs (\$/Mcf at 6:1 ratio)

Upstream Operating Expense <sup>(3)</sup>	0.65
Transportation and Processing	1.40
Administrative Expense <sup>(3)</sup>	0.25
Depreciation, Depletion and Amortization Rate <sup>(4)</sup>	1.40

### 2014 Sensitivities <sup>(1)</sup> (\$ millions)

### Cash Flow <sup>(2)</sup>

### Operating Earnings <sup>(2)</sup>

\$0.50/Mcf increase/decrease in the NYMEX natural gas price	200	140
\$10/bbl increase/decrease in the WTI oil price	160	110

### Price Assumptions

WTI (\$/bbl)	95.00
NYMEX (\$/MMBtu)	3.75
AECO (C\$/GJ)	3.30
FX (U.S./Cdn)	0.95

1. 2014 guidance includes hedge positions as of September 30, 2013 which were used in setting our 2014 Budget. Sensitivities include assumptions based on normalized historical basis differentials.

2. This guidance refers to certain non-GAAP measures including cash flow and operating earnings. Cash flow is a non-GAAP measure defined as Cash from Operating Activities excluding net change in other assets and liabilities, net change in non-cash working capital and cash tax on sale of assets. Operating Earnings is defined as Net Earnings excluding non-recurring or non-cash items that Management believes reduces the comparability of the Company's financial performance between periods. These after-tax items may include, but are not limited to, unrealized hedging gains/losses, impairments, restructuring charges, foreign exchange gains/losses, income taxes related to divestitures and adjustments to normalize the effect of income taxes calculated using the estimated annual effective tax rate.

3. Excludes long-term incentive accruals and restructuring charges.

4. Based on year-end December 31, 2013 reserves.

This guidance does not include impact of potential acquisitions and divestitures.

## 2014F ENCANA CORPORATE GUIDANCE

US\$, U.S. GAAP

February 13, 2014



### Advisory

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Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Company's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These assumptions, risks and uncertainties include, among other things: volatility of, and assumptions regarding natural gas and liquids prices, including substantial or extended decline of the same and their adverse effect on the Company's operations and financial condition and the value and amount of its reserves; assumptions based upon the Company's current guidance; fluctuations in currency and interest rates; risk that the Company may not conclude divestitures of certain assets or other transactions (including third-party capital investments, farm-outs or partnerships, which Encana may refer to from time to time as "partnerships" or "joint ventures", regardless of the legal form) as a result of various conditions not being met; product supply and demand; market competition; risks inherent in the Company's and its subsidiaries' marketing operations, including credit risks; imprecision of reserves estimates and estimates of recoverable quantities of natural gas and liquids from resource plays and other sources not currently classified as proved, probable or possible reserves or economic contingent resources, including future net revenue estimates; marketing margins; potential disruption or unexpected technical difficulties in developing new facilities; unexpected cost increases or technical difficulties in constructing or modifying processing facilities; risks associated with technology; the Company's ability to acquire or find additional reserves; hedging activities resulting in realized and unrealized losses; business interruption and casualty losses; risk of the Company not operating all of its properties and assets; counterparty risk; downgrade in credit rating and its adverse effects; liability for indemnification obligations to third parties; variability of dividends to be paid; its ability to generate sufficient cash flow from operations to meet its current and future obligations; its ability to access external sources of debt and equity capital; the timing and the costs of well and pipeline construction; the Company's ability to secure adequate product transportation; changes in royalty, tax, environmental, greenhouse gas, carbon, accounting and other laws or regulations or the interpretations of such laws or regulations; political and economic conditions in the countries in which the Company operates; terrorist threats; risks associated with existing and potential future lawsuits and regulatory actions made against the Company; risk arising from price basis differential; risk arising from inability to enter into attractive hedges to protect the Company's capital program; and other risks and uncertainties described from time to time in the reports and filings made with securities regulatory authorities by Encana. Although Encana believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. In addition, assumptions relating to such forward-looking statements generally include Encana's current expectations and projections made in light of, and generally consistent with, its historical experience and its perception of historical trends, including the conversion of resources into reserves and production as well as expectations regarding rates of advancement and innovation, generally consistent with and informed by its past experience, all of which are subject to the risk factors identified elsewhere in this document.

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