

We leverage our knowledge for success.

A MESSAGE FROM CLAYTON H. WOITAS & DAVID P. O'BRIEN, O.C.

In a year of continued market challenges, we met or exceeded all the operational and financial targets set for 2012. We realized tremendous value for many of our assets through the completion of major joint venture agreements and ended the year with a healthy balance sheet.

Encana is entering 2013 in a position of financial and operational strength. As we look ahead to the remainder of the year, there are three cornerstones to Encana's plans. First and foremost, capital and operating discipline are priorities. Second, we intend to maintain financial strength and flexibility. Third, we are focused on becoming the lowest-cost developer and producer of natural gas in North America.

Encana has an outstanding portfolio of natural gas and liquids-rich assets. In 2013, our measured investment approach will focus capital funding on our most profitable projects. As such, we have allocated approximately 80 percent of our 2013 operating capital to light oil and liquids-rich natural gas plays, with a smaller portion being directed at our lowest-cost areas within our natural gas portfolio.

The company also holds an extensive portfolio of emerging oil and liquids-rich plays such as the Duvernay, San Juan Basin and the Tuscaloosa Marine Shale, which are under evaluation. We are encouraged by the initial results achieved in these plays and are continuing delineation and development activities at a measured pace. In 2013 we expect to nearly double our liquids production to between 50,000 and 60,000 barrels per day.

Encana's strong liquidity position serves as a solid foundation for our 2013 plans. We ended 2012 with about \$3.2 billion in cash and cash equivalents on our balance sheet. This is due in part to the completion of several significant joint venture transactions with world-class partners including subsidiaries of Mitsubishi Corporation, PetroChina Company Limited and Toyota Tsusho Corporation. These agreements allow us to maintain strong and consistent long-term development programs and operations.

Our sharpened focus on running our business as cost-efficiently as possible will continue to lay a solid foundation for long-term success and profitability.

The leveraged economics lower the risk in our early-life plays, improve Encana's capital efficiencies and allow us to do more using less of our own money. Our success in signing these agreements illustrates the enormous value in our asset base.

Delivering on, and in many cases exceeding the targets we set at the start of 2012, demonstrates the deep pool of talent we have at Encana in our leadership team and staff. These achievements also reflect the leadership of our former President & CEO and we thank Randy Eresman for his many contributions to our company over his distinguished career. The milestones achieved under Randy's tenure will position his successor, and our company, for long-term success. A thorough search for Randy's replacement is proceeding as we seek the best possible candidate.

Leveraging the knowledge and experience of our people has been crucial to our success and will continue to be the key to our future. This is why we are challenging all of our teams to be tenacious in cost management. While this is how we conduct our business on a daily basis, given this time in the commodity cycle, we believe heightened attention to every detail will strengthen our position as an industry leader and position Encana for even greater profitability when prices recover. While we have little control over the prices for natural gas, oil or natural gas liquids, we can apply discipline with respect to our costs.

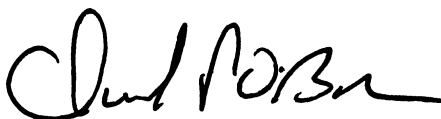
In striving to be the lowest-cost natural gas producer, we will establish the business model for our next President & CEO to position Encana as the most profitable natural gas

producer in North America. As we look ahead, our sharpened focus on running our business as cost-efficiently as possible will continue to lay a solid foundation for long-term success and profitability.

We are confident about the opportunity in front of us. We assure you that Encana's senior management team and the Board of Directors remain committed to doing the right things for the long-term benefit of our company and shareholders.



Clayton H. Woitas
Interim President & Chief Executive Officer



David P. O'Brien, O.C.
Chairman of the Board

February 28, 2013