



Encana Corporation

U.S. GAAP Financial Information
(unaudited)

For the period ended December 31, 2011

U.S. Dollars

Condensed Consolidated Statements of Earnings *(unaudited)*

(\$ millions, except per share amounts)	2011				
	Year	Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 8,467	\$ 2,461	\$ 2,353	\$ 1,986	\$ 1,667
Expenses					
Production and mineral taxes	198	45	45	55	53
Transportation and processing	1,218	305	297	332	284
Operating	841	225	192	184	240
Purchased product	635	127	169	174	165
Depreciation, depletion and amortization	2,282	576	573	573	560
Impairments	2,249	1,473	-	-	776
Accretion of asset retirement obligation	50	12	13	12	13
Administrative	350	104	43	67	136
Interest	468	122	103	124	119
Foreign exchange (gain) loss, net	133	(91)	414	(44)	(146)
Other	21	27	(5)	(1)	-
	8,445	2,925	1,844	1,476	2,200
Net Earnings (Loss) Before Income Tax	22	(464)	509	510	(533)
Income tax expense (recovery)	17	12	50	127	(172)
Net Earnings (Loss)	\$ 5	\$ (476)	\$ 459	\$ 383	\$ (361)
Net Earnings (Loss) per Common Share					
Basic	\$ 0.01	\$ (0.65)	\$ 0.62	\$ 0.52	\$ (0.49)
Diluted	\$ 0.01	\$ (0.65)	\$ 0.62	\$ 0.52	\$ (0.49)

The condensed Consolidated Statement of Earnings for 2011 and the accompanying segmented information disclosed in this document have been updated to present processing costs with transportation expense. Formerly, these processing costs were presented in operating expenses. Encana has updated its presentation as a result of the Canadian Division entering into firm gathering and processing agreements associated with the divestiture of its two natural gas processing plants during the three months ended March 31, 2012. Encana believes the nature of processing costs more closely align with transportation expense. As a result, the Company has reclassified the following amounts from operating expense to transportation and processing expense during 2011: Q1 - \$57 million; Q2 - \$73 million; Q3 - \$52 million; Q4 - \$58 million; 2011 year - \$240 million.

Condensed Consolidated Balance Sheets *(unaudited)*

(\$ millions)	2011			
	Q4	Q3	Q2	Q1
Assets				
Current Assets				
Cash and cash equivalents	\$ 800	\$ 356	\$ 221	\$ 213
Accounts receivable and accrued revenues	1,075	1,039	1,097	1,118
Risk management	1,806	1,169	750	682
Income tax receivable	686	692	677	626
	4,367	3,256	2,745	2,639
Property, Plant and Equipment, at cost	54,864	54,682	55,653	54,014
Less: Accumulated Depreciation, Depletion and Amortization	(38,807)	(36,376)	(37,291)	(36,560)
Property, Plant and Equipment, net	16,057	18,306	18,362	17,454
Cash in Reserve	469	96	26	84
Other Assets	395	365	382	374
Risk Management	241	297	328	383
Deferred Income Taxes	188	235	257	251
Goodwill	1,698	1,672	1,765	1,755
	\$ 23,415	\$ 24,227	\$ 23,865	\$ 22,940
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 2,428	\$ 2,203	\$ 2,259	\$ 2,408
Income tax payable	123	76	48	28
Risk management	1	4	19	33
Current portion of long-term debt	492	982	1,018	1,014
Deferred income taxes	442	448	274	-
	3,486	3,713	3,618	3,483
Long-Term Debt	7,658	7,717	7,525	7,058
Other Liabilities and Provisions	2,301	2,195	2,236	2,149
Risk Management	6	3	3	4
Asset Retirement Obligation	875	755	789	777
Deferred Income Taxes	511	497	323	376
	14,837	14,880	14,494	13,847
Shareholders' Equity				
Share capital	2,354	2,354	2,354	2,354
Authorized unlimited common shares, without par value				
Q1 through Q4 issued and outstanding: 736.3 million shares				
Paid in surplus	5	9	6	2
Retained earnings	5,643	6,266	5,954	5,718
Accumulated other comprehensive income	576	718	1,057	1,019
Total Shareholders' Equity	8,578	9,347	9,371	9,093
	\$ 23,415	\$ 24,227	\$ 23,865	\$ 22,940

Condensed Consolidated Statements of Cash Flows *(unaudited)*

(\$ millions)	2011				
	Year	Q4	Q3	Q2	Q1
Operating Activities					
Net earnings (loss)	\$ 5	\$ (476)	\$ 459	\$ 383	\$ (361)
Depreciation, depletion and amortization	2,282	576	573	573	560
Impairments	2,249	1,473	-	-	776
Accretion of asset retirement obligation	50	12	13	12	13
Deferred income taxes	212	(103)	184	236	(105)
Unrealized (gain) loss on risk management	(879)	(581)	(402)	(29)	133
Unrealized foreign exchange (gain) loss	96	(124)	376	(41)	(115)
Other	87	92	(22)	(45)	62
Net change in other assets and liabilities	(160)	(30)	(26)	(75)	(29)
Net change in non-cash working capital	(15)	166	130	(34)	(277)
Cash From (Used in) Operating Activities	3,927	1,005	1,285	980	657
Investing Activities					
Capital expenditures	(4,610)	(1,008)	(1,186)	(1,122)	(1,294)
Acquisitions	(515)	(47)	(51)	(151)	(266)
Proceeds from divestitures	2,080	1,585	55	43	397
Cash in reserve	(383)	(373)	(70)	58	2
Net change in investments and other	(203)	33	(51)	(77)	(108)
Cash From (Used in) Investing Activities	(3,631)	190	(1,303)	(1,249)	(1,269)
Financing Activities					
Issuance of revolving long-term debt	13,606	2,267	4,478	3,419	3,442
Repayment of revolving long-term debt	(13,556)	(3,352)	(4,154)	(2,962)	(3,088)
Issuance of long-term debt	997	997	-	-	-
Repayment of long-term debt	(500)	(500)	-	-	-
Issuance of common shares	2	-	-	-	2
Dividends on common shares	(588)	(147)	(147)	(147)	(147)
Capital lease payments	(155)	(14)	(20)	(33)	(88)
Cash From (Used in) Financing Activities	(194)	(749)	157	277	121
Foreign Exchange Gain (Loss) on Cash and Cash Equivalents Held in Foreign Currency					
	(1)	(2)	(4)	-	5
Increase (Decrease) in Cash and Cash Equivalents	101	444	135	8	(486)
Cash and Cash Equivalents, Beginning of Period	699	356	221	213	699
Cash and Cash Equivalents, End of Period	\$ 800	\$ 800	\$ 356	\$ 221	\$ 213
Cash, End of Period	\$ 70	\$ 70	\$ 73	\$ 120	\$ 52
Cash Equivalents, End of Period	730	730	283	101	161
Cash and Cash Equivalents, End of Period	\$ 800	\$ 800	\$ 356	\$ 221	\$ 213

Segmented Information *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

2011 Results of Operations

Segment and Geographic Information

	Canadian Division					USA Division				
	Year	Q4	Q3	Q2	Q1	Year	Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 2,872	\$ 733	\$ 726	\$ 735	\$ 678	\$ 4,022	\$ 1,002	\$ 1,034	\$ 1,025	\$ 961
Expenses										
Production and mineral taxes	15	4	3	4	4	183	41	42	51	49
Transportation and processing	490	125	116	137	112	728	180	181	195	172
Operating	380	104	86	80	110	444	109	99	101	135
Purchased product	-	-	-	-	-	-	-	-	-	-
	1,987	500	521	514	452	2,667	672	712	678	605
Depreciation, depletion and amortization	966	238	241	249	238	1,226	315	309	302	300
Impairments	2,249	1,473	-	-	776	-	-	-	-	-
	\$ (1,228)	\$ (1,211)	\$ 280	\$ 265	\$ (562)	\$ 1,441	\$ 357	\$ 403	\$ 376	\$ 305

	Market Optimization					Corporate & Other				
	Year	Q4	Q3	Q2	Q1	Year	Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 703	\$ 146	\$ 188	\$ 190	\$ 179	\$ 870	\$ 580	\$ 405	\$ 36	\$ (151)
Expenses										
Production and mineral taxes	-	-	-	-	-	-	-	-	-	-
Transportation and processing	-	-	-	-	-	-	-	-	-	-
Operating	40	14	9	4	13	(23)	(2)	(2)	(1)	(18)
Purchased product	635	127	169	174	165	-	-	-	-	-
	28	5	10	12	1	893	582	407	37	(133)
Depreciation, depletion and amortization	12	3	3	3	3	78	20	20	19	19
Impairments	-	-	-	-	-	-	-	-	-	-
	\$ 16	\$ 2	\$ 7	\$ 9	\$ (2)	\$ 815	\$ 562	\$ 387	\$ 18	\$ (152)

	Consolidated				
	Year	Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 8,467	\$ 2,461	\$ 2,353	\$ 1,986	\$ 1,667
Expenses					
Production and mineral taxes	198	45	45	55	53
Transportation and processing	1,218	305	297	332	284
Operating	841	225	192	184	240
Purchased product	635	127	169	174	165
	5,575	1,759	1,650	1,241	925
Depreciation, depletion and amortization	2,282	576	573	573	560
Impairments	2,249	1,473	-	-	776
	1,044	(290)	1,077	668	(411)
Accretion of asset retirement obligation	50	12	13	12	13
Administrative	350	104	43	67	136
Interest	468	122	103	124	119
Foreign exchange (gain) loss, net	133	(91)	414	(44)	(146)
Other	21	27	(5)	(1)	-
	1,022	174	568	158	122
Net Earnings (Loss) Before Income Tax	22	(464)	509	510	(533)
Income tax expense (recovery)	17	12	50	127	(172)
Net Earnings (Loss)	\$ 5	\$ (476)	\$ 459	\$ 383	\$ (361)

Segmented Information *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

2011 Results of Operations (continued)

Product and Divisional Information

	Canadian Division									
	Year	Natural Gas				Year	Oil & NGLs			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 2,376	\$ 610	\$ 600	\$ 599	\$ 567	\$ 453	\$ 112	\$ 116	\$ 125	\$ 100
Expenses										
Production and mineral taxes	10	2	2	3	3	5	2	1	1	1
Transportation and processing	481	122	114	134	111	9	3	2	3	1
Operating	360	98	81	76	105	6	2	1	1	2
Operating Cash Flow	\$ 1,525	\$ 388	\$ 403	\$ 386	\$ 348	\$ 433	\$ 105	\$ 112	\$ 120	\$ 96

	Canadian Division									
	Year	Other				Year	Total			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 43	\$ 11	\$ 10	\$ 11	\$ 11	\$ 2,872	\$ 733	\$ 726	\$ 735	\$ 678
Expenses										
Production and mineral taxes	-	-	-	-	-	15	4	3	4	4
Transportation and processing	-	-	-	-	-	490	125	116	137	112
Operating	14	4	4	3	3	380	104	86	80	110
Operating Cash Flow	\$ 29	\$ 7	\$ 6	\$ 8	\$ 8	\$ 1,987	\$ 500	\$ 521	\$ 514	\$ 452

	USA Division									
	Year	Natural Gas				Year	Oil & NGLs			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 3,664	\$ 911	\$ 951	\$ 932	\$ 870	\$ 295	\$ 78	\$ 68	\$ 81	\$ 68
Expenses										
Production and mineral taxes	157	35	37	43	42	26	6	5	8	7
Transportation and processing	728	180	181	195	172	-	-	-	-	-
Operating	423	104	94	100	125	3	2	1	-	-
Operating Cash Flow	\$ 2,356	\$ 592	\$ 639	\$ 594	\$ 531	\$ 266	\$ 70	\$ 62	\$ 73	\$ 61

	USA Division									
	Year	Other				Year	Total			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 63	\$ 13	\$ 15	\$ 12	\$ 23	\$ 4,022	\$ 1,002	\$ 1,034	\$ 1,025	\$ 961
Expenses										
Production and mineral taxes	-	-	-	-	-	183	41	42	51	49
Transportation and processing	-	-	-	-	-	728	180	181	195	172
Operating	18	3	4	1	10	444	109	99	101	135
Operating Cash Flow	\$ 45	\$ 10	\$ 11	\$ 11	\$ 13	\$ 2,667	\$ 672	\$ 712	\$ 678	\$ 605

	Market Optimization									
	Year	Marketing Sales				Year	Upstream Eliminations			
		Q4	Q3	Q2	Q1		Q4	Q3	Q2	Q1
Revenues, Net of Royalties	\$ 6,680	\$ 1,565	\$ 1,746	\$ 1,710	\$ 1,659	\$ (5,977)	\$ (1,419)	\$ (1,558)	\$ (1,520)	\$ (1,480)
Expenses										
Transportation and processing	506	131	133	126	116	(506)	(131)	(133)	(126)	(116)
Operating	75	19	15	14	27	(35)	(5)	(6)	(10)	(14)
Purchased Product	6,035	1,399	1,573	1,560	1,503	(5,400)	(1,272)	(1,404)	(1,386)	(1,338)
Operating Cash Flow	\$ 64	\$ 16	\$ 25	\$ 10	\$ 13	\$ (36)	\$ (11)	\$ (15)	\$ 2	\$ (12)

	Market Optimization									
	Year	Total								
		Q4	Q3	Q2	Q1					
Revenues, Net of Royalties	\$ 703	\$ 146	\$ 188	\$ 190	\$ 179					
Expenses										
Transportation and processing	-	-	-	-	-					
Operating	40	14	9	4	13					
Purchased Product	635	127	169	174	165					
Operating Cash Flow	\$ 28	\$ 5	\$ 10	\$ 12	\$ 1					