

*take a closer look*

# ACCOUNTING TO OUR SHAREHOLDERS

/ CHAIRMAN'S MESSAGE



Encana remains steadfastly committed to strong corporate governance and corporate responsibility practices – principles and policies that successfully guided the company through a year marked by further uncertainty in commodity prices and major changes in the natural gas industry.

As Chairman of the Board, I have a responsibility to lead the Board of Directors in ensuring that Encana creates maximum long-term value from its vast, high-quality inventory of natural gas resources. I also have the responsibility to ensure that investors and other stakeholders have confidence in Encana, its financial performance, ability to do its job in the safest possible manner, and that its corporate governance practices and policies are effective in assessing and mitigating potential risks and the impacts arising from its activities.

Encana fully complies with all applicable regulatory requirements and we are committed to attaining the highest standards of transparent reporting and accountability that these requirements represent. It goes without saying that good corporate governance and corporate responsibility practices benefit Encana's business and enhance shareholder value.

At Encana corporate governance and corporate responsibility programs are aligned and integrated; they have a common objective – enhancing stakeholder confidence that Encana operates in compliance with securities, environmental and other laws while at the same time operating ethically, responsibly and as a good neighbour and corporate citizen.

Encana was recognized for its leadership in this area once again this past year with a number of awards and accolades. We are very proud of these achievements. However, we are committed to continually evaluating and enhancing our corporate governance practices.

In 2010, Encana significantly updated its Corporate Responsibility Policy. Recognizing their importance, the Board of Directors also approved new stand-alone environment and health and safety policies. These policies and data measuring Encana's corporate responsibility performance can be viewed at [www.encana.com](http://www.encana.com).

In the past year, Encana's Board of Directors also approved a plan to include a non-binding advisory vote by shareholders at the 2011 annual general meeting on the subject of executive compensation,

often called "say on pay", which gives shareholders an opportunity to provide feedback on Encana's approach to executive compensation.

Encana's Board of Directors is committed to monitoring environmental performance to ensure the company complies with or exceeds environmental laws and regulations and it participates with governments and industry in providing input into regulatory development. We recognize that responsible environmental practices contribute to long-term shareholder value creation. Encana continues to strive to reduce emissions intensity, responsibly source, handle and dispose of water, and increase efficiencies in its operations as it advances opportunities and practices aimed at increasing the use of natural gas as a cleaner energy source.

All of these measures, in concert with Encana's corporate strategy, continued capital discipline and prudent risk management, are aimed at increasing shareholder value.

Since the split of Encana in 2009, which resulted in the company's transition into a pure-play natural gas company, we have reconstituted the Board of Directors. Three directors are women who have built highly credible careers in the energy sector and four of the 10 outside directors bring comprehensive U.S. expertise and knowledge, backgrounds that reflect the diverse demands of Encana's North American operations. We believe that we have created a Board of Directors with a broad range of skills and experience to fulfill its role in both overseeing management and providing solid advice and counsel.

In closing, my thanks go to our Board of Directors for its steadfast dedication and leadership during Encana's inaugural year as a pure-play natural gas producer. I also express my appreciation to Encana's management, employees and contractors for their strong performance during a year marked by continued challenges. Our company is well positioned to meet these challenges in 2011 and beyond.

On behalf of the Board of Directors,

**David P. O'Brien**  
Chairman of the Board  
Encana Corporation