

FINANCIAL AND OPERATING PERFORMANCE

/ YEAR-END HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(US\$ millions, except per share amounts)	2010	2009 ⁽¹⁾
Revenues, Net of Royalties	8,870	6,732
Cash Flow ⁽²⁾	4,439	5,021
Per Share – Diluted	6.00	6.68
Net Earnings	1,499	749
Per Share – Diluted	2.03	1.00
Operating Earnings ⁽²⁾	665	1,767
Per Share – Diluted	0.90	2.35
Total Capital Investment	4,773	3,755
Net Acquisition and Divestiture Activity	(150)	(815)
Net Capital Investment	4,623	2,940
Dividends Per Common Share	0.80	0.80
Dividend Yield (%) ⁽³⁾	2.7	2
Debt to Capitalization (%) ⁽²⁾	31	32
Debt to Adjusted EBITDA (times) ⁽²⁾	1.4	2.1
Debt to Proved Developed Reserves (\$/Mcf) ⁽²⁾⁽⁴⁾	1.04	1.14

- (1) Reflects Pro Forma results. See Pro Forma information on page 74.
 (2) Non-GAAP measures as referenced in the Advisory on page 72.
 (3) Based on NYSE closing price at year-end.
 (4) Based on forecast prices and costs, after royalties case.

Advisory

Encana reports in U.S. dollars unless otherwise noted. Production, sales, reserves and economic contingent resources estimates are reported on an after royalties basis, unless otherwise noted. Certain information regarding the company and its subsidiaries set forth in this document including management's assessment of the company's future plans and operations, may constitute forward-looking statements or forward-looking information under applicable securities laws and necessarily involve risks and uncertainties associated with future events. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements or information. For further details see the Advisory on page 72 of this document.

This document contains references to measures commonly referred to as non-GAAP measures, such as cash flow, cash flow per share – diluted, free cash flow, operating earnings, operating earnings per share – diluted, adjusted EBITDA, debt, net debt and capitalization. Additional disclosure relating to these measures is set forth on page 72 in the Advisory.

See also our Endnotes on page 135 for certain defined terms used in this Annual Report.

OPERATIONAL HIGHLIGHTS

After Royalties	2010	2009 ⁽¹⁾
Production		
Natural Gas (MMcf/d)		
Canada	1,323	1,224
USA	1,861	1,616
Total Natural Gas (MMcf/d)	3,184	2,840
Oil & NGLs (bbls/d)		
Canada	13,149	15,880
USA	9,638	11,317
Total Oil & NGLs (bbls/d)	22,787	27,197
Total Production (MMcfe/d)	3,321	3,003
Reserves ⁽²⁾		
Year-End Reserves (Bcfe)	14,335	12,774
Net Reserve Additions (Bcfe)	3,074	1,857
Production Replacement (%)	254	169
Reserve Life Index (years)	11.8	11.7

- (1) Reflects Pro Forma results. See Pro Forma information on page 74.
 (2) 2009 results after royalties, before price related revisions employing constant prices and costs. 2010 results after royalties, employing forecast prices and costs.
 For additional information on reserves reporting protocols, see page 73.

Natural gas is the North American solution for a secure energy future, a common sense, economic alternative for transportation and power generation.



THE NATURAL GAS ECONOMY / 30

RESPONSIBLE DEVELOPMENT / 38

Encana's commitment to responsible development means investing in communities where it operates, protecting people's health and safety and minimizing environmental impact.



MANAGEMENT'S DISCUSSION AND ANALYSIS / 45

Encana is committed to the key business objectives of maintaining financial strength, optimizing capital investments and continuing to pay a stable dividend to shareholders.



Encana maintains a strong balance sheet and is committed to being a low-cost producer.

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