



## **Encana Corporation**

### **Dividend Reinvestment Plan**

#### **QUESTIONS AND ANSWERS**

The following series of questions and answers explains some of the key features of the Encana Corporation (the "**Corporation**") Dividend Reinvestment Plan (the "**Plan**").

**The answers set forth below are of a summary nature only and are expressly subject to the complete text of the Plan, a copy of which may be obtained from the Plan Agent (as defined below) or the Corporation at any time upon request or from the Corporation's website at [www.encana.com](http://www.encana.com). Shareholders of the Corporation ("Shareholders") should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.**

**Residents of the United States who enroll in the Plan are purchasing securities registered under the United States Securities Act of 1933 and may request a hard-copy of the final prospectus filed with the Securities and Exchange Commission on Form F-3 on April 21, 2008 by contacting the Corporation directly at their principal executive offices, 1800, 855-2<sup>nd</sup> Street S.W., P.O. Box 2850, Calgary, Alberta, Canada T2P 2S5, Telephone Number: (403) 645-2000.**

**Terms used but not otherwise defined herein shall have the meaning attributed thereto in the Plan.**

#### **1. What is the Plan?**

The Plan permits Shareholders to automatically reinvest all cash dividends paid on their common shares of the Corporation ("**Common Shares**") in additional Common Shares. Common Shares distributed under the Plan will, at the option of the Corporation, be issued from the treasury of the Corporation or purchased by CIBC Mellon Trust Company (the "**Plan Agent**") in the open market on a stock exchange, or a combination of both and, in each case, in the manner specified in the Plan. Common Shares acquired under the Plan will automatically be enrolled in the Plan.

#### **2. Is participation in the Plan required?**

Shareholders are not required to participate in the Plan. Shareholders that do not participate in the Plan ("**Participants**") will continue to receive cash dividends in the normal course.

#### **3. What are the advantages of the Plan?**

The Plan offers Shareholders a convenient and cost-effective means to purchase Common Shares through the reinvestment of cash dividends paid on their Common Shares, without charge for any commissions, service charges or brokerage fees under the Plan. See Question #10. In addition, full investment of funds is assured under the Plan because the Plan permits fractional Common Shares (to three decimal places), as well as whole Common Shares, to be credited to Participants' accounts.

#### **4. Is the Plan available to all Shareholders?**

Subject to certain provisions outlined in the Plan, all registered and beneficial owners of Common Shares who are residents in Canada, in the United States and any other jurisdiction where the Common Shares are qualified for sale can participate in the Plan. Shareholders that are resident in

jurisdictions other than Canada and the United States can also participate in the Plan, subject to any restrictions of laws in such shareholder's jurisdiction of residence.

The Corporation and the Plan Agent also reserve the right to refuse or terminate participation in the Plan in certain extraordinary circumstances, which are described in the Plan.

## 5. **How do I participate in the Plan?**

### Registered Shareholder

If you are a registered holder of Common Shares (other than CDS Clearing and Depository Services Inc. ("CDS") or The Depository Trust Company ("DTC")) and wish to enroll all or any portion of your Common Shares in the Plan, you must deliver a completed and executed enrollment form in the form provided by the Corporation and the Plan agent for this purpose (the "**Enrollment Form**") to the Plan Agent.

Registered Shareholders may obtain an Enrollment Form by contacting the Plan Agent in any of the manners specified in Question #18 below.

### Beneficial Owners of Common Shares

You are a beneficial owner of Common Shares if you hold your Common Shares through a broker, investment dealer, financial institution or other nominee. If you are a beneficial holder of Common Shares and wish to participate in the Plan you must arrange with your broker, investment dealer, financial institution or other nominee to enroll in the Plan on your behalf.

### Nominee Holders of Common Shares

If you are a nominee holding Common Shares on behalf of one or more eligible beneficial owners of Common Shares who wish to participate in the Plan, you may arrange for such participation on their behalf. If the Common Shares are registered in your name, you may enroll on behalf of the beneficial owners by providing a completed Enrollment Form to the Plan Agent. If the Common Shares are registered in the name of CDS or DTC through the depository service offered by either such intermediary, you must either: (i) arrange for CDS or DTC, as applicable, to enroll on behalf of the beneficial owners; or (ii) make other arrangements to transfer the registration of the Common Shares.

Once you have enrolled in the Plan, your participation in the Plan continues automatically until terminated by you voluntarily, until the Plan Agent receives written notice of your death, or until the Plan is terminated by the Corporation.

## 6. **When must the Plan Agent receive an Enrollment Form for it to be effective?**

You can enroll in the Plan at any time however there are some time restrictions with respect to when your enrollment will take effect.

If you are a registered Shareholder, the Plan Agent must receive an Enrollment Form from you not later than 4:00 p.m. (Toronto time) on the fifth (5th) business day immediately preceding a date for the payment of cash dividends on Common Shares (a "**Dividend Record Date**") in order to take effect on the date on which cash dividends are paid on Common Shares (the "**Dividend Payment Date**") to which that Dividend Record Date relates.

If you are an eligible Shareholder and hold your Common Shares through your broker, investment dealer, financial institution or other nominee, registered in the name of CDS or DTC, appropriate instructions must be received by CDS or DTC, as applicable, within one (1) day after the applicable Dividend Record Date, in order for the instructions to take effect on the Dividend Payment Date to which that Dividend Record Date relates.

**7. How does the Plan Agent purchase Common Shares under the Plan?**

On each Dividend Payment Date, the Corporation will pay all cash dividends payable on Common Shares enrolled in the Plan to the Plan Agent. Those cash dividends, after deduction of any applicable withholding tax, will be aggregated and used by the Plan Agent to purchase Common Shares (including fractional Common Shares, calculated to three decimal places) (the "**Plan Shares**") by way of a purchase from the Corporation's treasury (a "**Treasury Purchase**") or by way of a purchase on the open market (a "**Market Purchase**") through the facilities of the Toronto Stock Exchange (in respect of Participants resident in Canada or any jurisdiction other than the United States) or the New York Stock Exchange (in respect of Participants resident in the United States), or a combination of both, on behalf of Participants. The Corporation, in its sole discretion, will determine whether the Plan Shares will be acquired by way of a Treasury Purchase or a Market Purchase or a combination of both.

**8. What will be the price of Plan Shares purchased for my account under the Plan?**

The price allocated to each Plan Share, or fraction thereof, acquired by the Plan Agent by way of a Market Purchase (each, a "**Market Purchase Share**") will be 100% of the average purchase price of the Common Shares purchased by the Plan Agent on behalf of the Participants on the Toronto Stock Exchange and/or New York Stock Exchange, as applicable, on the date(s) that such Market Purchase Shares were acquired by the Plan Agent pursuant to a Market Purchase.

The price allocated to each Plan Share, or fraction thereof, acquired by the Plan Agent by way of a Treasury Purchase (each, a "**Treasury Purchase Share**") will be 100 percent of the volume weighted average price of the Common Shares traded on the Toronto Stock Exchange (with respect to Common Shares acquired on behalf of Participants resident in Canada or any jurisdiction other than the United States) or the New York Stock Exchange (with respect to Common Shares acquired on behalf of Participants resident in the United States) during the last five trading days preceding the relevant Dividend Payment Date.

**9. When will Plan Shares be purchased for Participants?**

With respect to a Market Purchase, the Plan Agent will acquire the applicable aggregate number of Market Purchase Shares on the applicable Dividend Payment Date or such other date or dates as soon as practicable thereafter.

With respect to a Treasury Purchase, the Plan Agent will purchase Treasury Purchase Shares from the Corporation's treasury on the applicable Dividend Payment Date.

**10. What are the costs of participating in the Plan?**

Participants will not be responsible for any brokerage commissions, administration costs or other service charges in connection with the purchase by the Plan Agent of Plan Shares. All such costs will be paid by the Corporation.

Beneficial owners of Common Shares who wish to participate in the Plan through the broker, investment dealer, financial institution or other nominee who holds their Common Shares should consult that nominee to confirm what fees, if any, the nominee may charge to enroll all or any portion of such beneficial owners' Common Shares in the Plan on their behalf or whether the nominee's policies might result in any costs otherwise becoming payable by such beneficial owners.

**11. Will certificates be issued for new Common Shares purchased for me under the Plan?**

Certificates will not ordinarily be issued for Common Shares that are purchased and held for a Participant's account under the Plan. Instead, such Plan Shares will be held by the Plan Agent either in its own name or in the name of its nominee, and will be shown on the Participant's periodic statement of account. This service protects against loss, theft or destruction of share certificates.

Certificates for Plan Shares will be issued to Participants if the Plan is terminated by the Corporation, participation in the Plan is terminated by a Participant or by the Corporation; a Participant withdraws all or any portion of its Plan Shares from its account; or upon receipt of notification by the Plan Agent of the death of the Participant. No person shall be entitled to receive a certificate, by way of electronic issuance or otherwise, for any fraction of a Common Share.

**12. What kind of statements will I receive if I participate in the Plan?**

An unaudited statement regarding purchases of Plan Shares under the Plan will be mailed on a quarterly basis to each Participant setting out, among other things, the number of Plan Shares purchased through the Plan, the applicable price per Plan Share and the amount of applicable withholding tax. These statements are a Participant's continuing record of purchases of Plan Shares made on behalf of such Participant pursuant to the Plan and should be retained for income tax purposes.

Beneficial owners of Common Shares who are enrolled in the Plan through a broker, investment dealer, financial institution or other nominee may or may not be provided with such reports or forms from their broker, investment dealer, financial institution or other nominee.

**13. Will Common Shares that are enrolled in the Plan continue to be enrolled? What about Plan Shares that are acquired under the Plan?**

Common Shares enrolled by a Participant in the Plan will remain enrolled in and will automatically continue to be enrolled in the Plan until such time as the Plan is terminated by the Corporation or until the Participant's enrollment is terminated by the Participant or by the Corporation. The Plan Shares acquired under the Plan for the account of the Participant will automatically be enrolled in the Plan.

Common Shares purchased by a Participant outside of the Plan and registered in exactly the same manner as Common Shares enrolled in the Plan will be automatically enrolled in the Plan. Common Shares purchased by a Participant outside of the Plan that are not registered in exactly the same name or manner as Common Shares enrolled in the Plan will not be automatically enrolled in the Plan. Participants are advised to contact the Plan Agent in the event that the Participant wishes to enroll such additional Common Shares in the Plan.

**14. Once I have enrolled in the Plan, can I withdraw Plan Shares?**

Participants may withdraw and request a certificate for some of their Plan Shares at any time upon written request to the Plan Agent. The Plan Agent will confirm such withdrawal in the next statement of account mailed to the Participant in accordance with the Plan following receipt of such request.

If a notice of withdrawal is not received by the Plan Agent before 4:00 p.m. (Toronto time) on the fifth (5<sup>th</sup>) business day immediately preceding a Dividend Record Date, the requested withdrawal will not be processed until after the Dividend Payment Date to which that Dividend Record Date relates.

**15. How can I terminate my participation under the Plan?**

Participants may terminate their participation in the Plan by written notice to the Plan Agent at any time. On the termination becoming effective, the Plan Agent will send to the Participant a certificate representing all whole Common Shares held for the Participant's account under the Plan and a cheque in payment of the value of any fractional Common Shares remaining in the Participant's account, by reference to the closing price of Common Shares on the Toronto Stock Exchange (in respect of Participants resident in Canada or any jurisdiction other than the United States) or the New York Stock Exchange (in respect of Participants resident in the United States) on the trading day prior to the date of termination.

If a notice of termination is not received by the Plan Agent before 4:00 p.m. (Toronto time) on the fifth (5<sup>th</sup>) business day immediately preceding a Dividend Record Date, the Participant's account will not be closed, and the Participant's enrollment in the Plan will not be terminated, until after the Dividend Payment Date to which that Dividend Record Date relates.

**16. Can I sell Plan Shares?**

Participants who wish to sell all or any portion of their Plan Shares must withdraw such shares from the Plan prior to such sale in the manner outlined in Question #14 above. The Plan Agent will not sell all or any portion of a Participant's Plan Shares on behalf of any Participants and Participants are advised to consult their own brokers, investment dealer, financial institution or other advisors should they wish to sell all or any portion of their Plan Shares.

**17. What are the income tax consequences of participating in the Plan?**

Participation in the Plan does not relieve Shareholders of any liability for taxes that would otherwise be payable in respect of cash dividends that are reinvested in Common Shares as part of the Plan. The Plan is accompanied by a general description of certain income tax considerations relevant to participation in the Plan. Shareholders should consult their own tax advisors concerning the implications of their participation in the Plan having regard to their particular circumstances, including any foreign tax implications.

**18. Where can I get further information?**

If you have any questions regarding the Plan, please direct them to the Plan Agent or to the Corporation as follows:

CIBC Mellon Trust Company  
Attention: Dividend Reinvestment  
P.O. Box 7010  
Adelaide Street Postal Station  
Toronto, ON M5C 2W9

Telephone: toll-free North America: 1-866-580-7145  
Toronto area: (416) 643-5500  
Facsimile: (416) 643-5020  
Email: [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com) or by accessing the Plan Agent's secure investor inquiry form at <http://www.cibcmellon.com/investorinquiry>

Encana Corporation  
1800, 855 - 2nd Street SW  
P.O. Box 2850  
Calgary, AB T2P 2S5  
Attention: Corporate Secretarial

Telephone: (403) 645-2000  
Facsimile: (403) 645-4617

*Updated in July 2011 for contact information only.*