



## Director Compensation

### Philosophy and Objectives

Our compensation program is designed to attract and retain skilled director talent and create alignment with shareholder interests. To achieve these objectives, compensation for our directors consists of an annual retainer, director DSUs granted under the Directors' Deferred Share Unit Plan ("DDSU Plan") and share ownership requirements. Each of these compensation elements is described below.

Independent directors do not receive performance-based compensation, benefits or other perquisites from Encana. Our President & CEO, Mr. Suttles, does not receive any compensation from Encana in his capacity as a director.

### Director Compensation Structure

Effective January 1, 2015, the Board adopted a new director compensation structure. The new structure consists of an all-inclusive Board retainer (as opposed to an individual meeting and travel-based fee structure) and, for the Chairman of the Board, increased proportion of equity-based compensation (in the form of DSUs under the DDSU Plan), and corresponding decrease in annual cash compensation. This new structure consists of the following key elements:

#### Annual Retainer

Chairman of the Board	\$97,750
Board Member	\$46,920
Audit Committee Chair	\$15,640
Human Resources and Compensation Committee Chair	\$11,730
Other Committee Chairs <sup>1</sup>	\$7,820

#### Annual DSU Grant

Chairman of the Board	18,000
Board Member	9,800

Annual retainers are paid in quarterly installments. Annual retainers and any initial DSU grants are pro-rated for periods of partial service.

### Directors' Deferred Share Unit Plan

Directors receive an initial grant of DSUs upon joining the Board. Directors may also choose to receive a portion or all of their annual retainer either in cash or as DSUs. Separate DSU accounts are retained for each director. DSUs are credited with dividend equivalent DSUs whenever a dividend is paid on Common Shares.

<sup>1</sup> As Chairman of the Board, Mr. Woitas does not receive a Committee Chair retainer for serving as Chair of the NCG Committee.

DSUs vest immediately but cannot be redeemed until a director ceases to be a member of the Board. Directors must redeem their DSUs prior to December 15 of the year following retirement from the Board. The value of redeemed DSUs is paid to the director in cash (on an after-tax basis) based on multiplying the number of DSUs redeemed by the then market value of a Common Share. Market value for this purpose is defined as the closing price of our Common Shares on the date immediately prior to the redemption date. Redemption may be in respect of all DSUs or may occur in stages, provided it is prior to the redemption deadline.

For information regarding the total number and market value of DSUs and the total market value of Common Shares and DSUs held by our directors, see “Nominees for Election to the Board”.

### Share Ownership Guidelines

Our independent directors are required to maintain an ownership stake in Encana to align their interests with those of our shareholders. Each director is expected to own at least three times the value of his or her annual grant of DSUs within three years of joining the Board. Common Shares held directly or beneficially through a nominee, and DSUs, count towards meeting the guidelines. Each of our current directors is currently in compliance with the guidelines.

### Director Compensation Table

The following table summarizes the annual compensation of our non-executive directors for the year ended December 31, 2015<sup>2</sup>.

Name	Fees Earned <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total (\$)
Peter A. Dea <sup>(4)</sup>	54,740	114,492	369	169,601
Fred J. Fowler	46,920	114,492	369	161,781
Howard J. Mayson	54,740	114,492	369	169,601
Lee A. McIntire <sup>(4)</sup>	46,920	114,492	369	161,781
Margaret A. McKenzie <sup>(6)</sup>	37,406	91,593	279	129,278
Suzanne P. Nimocks <sup>(4)</sup>	58,650	114,492	369	173,511
Jane L. Peverett	62,560	114,492	369	177,421
Brian G. Shaw <sup>(4)</sup>	46,920	114,492	369	161,781
Douglas J. Suttles <sup>(5)</sup>	n/a	n/a	n/a	n/a
Bruce G. Waterman <sup>(4)</sup>	46,920	114,492	369	161,781
Clayton H. Woitas <sup>(4)</sup>	97,750	210,291	369	308,410

#### Notes:

- (1) Fees earned include annual Board and Committee retainers.
- (2) The value of the annual DSU grants to the Chairman of the Board in 2015 was C\$291,060 and to our other independent directors was C\$158,466 (18,000 DSUs to the Chairman of the Board and 9,800 DSUs for independent directors). The amounts have been calculated based on the closing price of Common Shares on the TSX on December 31, 2014 of C\$16.17 and converted to U.S. dollars using a December 31, 2015 exchange rate of C\$1.00 = US\$0.7225.
- (3) Represents the cost of Encana-provided life insurance coverage.
- (4) Elected to receive all or a portion of fees in the form of DSUs in lieu of cash.
- (5) Mr. Suttles receives no compensation in his capacity as a director.
- (6) Ms. McKenzie was appointed to the Board effective March 15, 2015 and therefore her annual retainer and DSU grants reflect the period of partial service during 2015.

<sup>2</sup> Amounts above originally paid to our directors in Canadian dollars have been converted to U.S. dollars using an exchange rate of C\$1.00 = US\$0.782, the average exchange rate for 2015, based on the daily noon buying rate published by the Bank of Canada.