Attachment 1

EnCana Corporation
(formerly PanCanadian Energy Corporation)
Pro Forma Consolidated Financial Statements

(Unaudited)

March 31, 2002

Attachment 1
Pro Forma
Consolidated Statement of Earnings
(Unaudited)

EnCana Corporation
(formerly PanCanadian Energy Corporation)

($ millions, except per share amounts)	**PanCanadian** 3 Months Ended March 31, 2002	**AEC** 3 Months Ended March 31,2002	**Pro Forma Adjustments** Note 3	**Pro Forma Adjustments** Note 4	**EnCana Pro Forma Consolidated**
Revenues, net of royalties and production taxes					
Upstream	$ 532	$ 835	$ (141) (b)(i)	$ -	$ 1,248
			22 (b)(ii)		
Midstream and Marketing	520	391	(238) (a)	-	836
			141 (b)(i)		
			22 (b)(ii)		
Other	10	-	(4) (b)(iv)	-	(4)
			(10) (b)(v)		
	1,062	1,226	(208)	-	2,080
Expenses					
Transportation and selling	-	79	73 (b)(ii)	-	152
Direct	577	-	(577) (b)(iii)	-	-
Operating	-	216	165 (b)(iii)	-	381
Cost of product purchased	-	406	(213) (a)	-	576
			(29) (b)(ii)		
			412 (b)(iii)		
General and administrative	26	24	-	-	50
Interest, net	32	72	(4) (b)(iv)	9 (e)	109
Foreign exchange	-	-	(10) (b)(v)	-	(10)
Depreciation, depletion and amortization	214	315	-	-	529
Earnings Before the Undernoted	213	114	(25)	(9)	293
Income tax expense (recovery)	82	42	(11) (a)	(4) (e)	109
Net Earnings from Continuing Operations	131	72	(14)	(5)	184
Net Earnings from Discontinued Operations	2	-	-	-	2
Net Earnings	133	72	(14)	(5)	186
Distributions on preferred securities, net of tax	-	16	-	(5) (e)	11
Net Earnings Attributable to Common Shareholders	$ 133	$ 56	$ (14)	$ -	$ 175
Earnings per Common Share					
Continuing Operations					
Basic	$ 0.51	$ 0.38			$ 0.37
Diluted	$ 0.51	$ 0.37			$ 0.36
Net Earnings					
Basic	$ 0.52	$ 0.38			$ 0.37
Diluted	$ 0.51	$ 0.37			$ 0.36

Attachment 1 (con't)
Pro Forma
Consolidated Balance Sheet
(Unaudited)

EnCana Corporation
(formerly PanCanadian Energy Corporation)

($ millions)	**PanCanadian** As at March 31, 2002		**AEC** As at March 31,2002		**Pro Forma Adjustments** Note 3			Note 4			**EnCana Pro Forma Consolidated**	
Assets												
Current Assets												
Cash and cash equivalents	$	519	$	86	$	-		$	-		$	605
Accounts receivable and accrued revenue, net		443		1,051		-			-			1,494
Risk management assets		97		-		169	(a)		-			266
Inventories		81		368		50	(a)		-			499
		1,140		1,505		219			-			2,864
Capital Assets, net		8,448		12,389		-			1,382	(a)		22,219
Investments and Other Assets		242		806		-			-			1,048
Net assets of Discontinued Operations		90		-		-			-			90
Goodwill		-		-		-			2,725	(a)		2,725
	$	9,920	$	14,700	$	219		$	4,107		$	28,946
Liabilities and Shareholders' Equity												
Current Liabilities												
Accounts payable and accrued liabilities	$	473	$	1,226	$	-		$	150	(a)	$	1,849
Income taxes payable		509		32		-			-			541
Risk management liabilities		91		-		159	(a)		-			250
Current portion of other liabilities		33		-		-			-			33
Current portion of long-term debt		193		24		-			-			217
		1,299		1,282		159			150			2,890
Long-Term Debt		2,095		4,290		-			61	(a)		6,895
									449	(e)		
Project Financing Debt		-		581		-			11	(a)		592
Other Liabilities		320		193		-			-			513
Future Income Taxes		2,101		2,406		26	(a)		490	(a)		5,023
		5,815		8,752		185			1,161			15,913
Shareholders' Equity												
Preferred securities		126		855		-			54	(a)		586
									(449)	(e)		
Share capital		214		3,074		-			(3,074)	(a)		8,682
									8,468	(a)		
Paid in surplus		27		-		-						27
Retained earnings		3,738		1,762		34	(a)		(1,796)	(a)		3,738
Foreign currency translation adjustment		-		257		-			(257)	(a)		-
		4,105		5,948		34			2,946			13,033
	$	9,920	$	14,700	$	219		$	4,107		$	28,946

Attachment 1 (con't)
Pro Forma
Consolidated Statement of Cash Flow from Operations
(Unaudited)

EnCana Corporation
(formerly PanCanadian Energy Corporation)

($ millions, except per share amounts)	**PanCanadian** 3 Months Ended March 31, 2002	**AEC** 3 Months Ended March 31,2002	**Pro Forma Adjustments** Note 3	Note 4	**EnCana Pro Forma Consolidated**
Operating Activities					
Net earnings from continuing operations	$ 131	$ 72	$ (14)	$ (5) (e)	$ 184
Depreciation, depletion and amortization	214	315		-	529
Future income taxes	42	16	(11) (a)	-	47
Other	-	3	-	-	3
Cash Flow from Continuing Operations	387	406	(25)	(5)	763
Cash Flow from Discontinued Operations	2	-	-	-	2
Cash Flow	389	406	(25)	(5)	765
Net change in non-cash working capital from continuing operations	(268)	(244)	(60) (a)	150 (a)	(422)
Net change in non-cash working capital from discontinued operations	53	-	-	-	53
	174	162	(85)	145	396
Cash Flow per Common Share - Continuing Operations					
Basic	$ 1.52	$ 2.75			$ 1.61
Diluted	$ 1.48	$ 2.58			$ 1.58
Cash Flow per Common Share					
Basic	$ 1.52	$ 2.75			$ 1.61
Diluted	$ 1.48	$ 2.58			$ 1.58

EnCana Corporation
(formerly PanCanadian Energy Corporation)
Notes to Pro Forma Consolidated Financial Statements
March 31, 2002
(Unaudited)

Attachment 1 (con't)

1. Basis of Presentation

These unaudited Pro Forma Consolidated Financial Statements have been prepared for information purposes and are prepared on a basis consistent with the Pro Forma Consolidated Financial Statements included in the Joint Information Circular concerning the merger of Alberta Energy Company Ltd. (AEC) and PanCanadian Energy Corporation (PanCanadian). All pro forma adjustments related to the preliminary purchase price allocation have been based upon the estimated fair values determined in preparing the December 31, 2001 Pro Forma Consolidated Financial Statements with no update to March 31, 2002. All pro forma adjustments are consistent with the adjustments made to the December 31, 2001 Pro Forma Consolidated Financial Statements, unless no longer applicable.

These unaudited Pro Forma Consolidated Financial Statements have been prepared from:

(a) PanCanadian's unaudited consolidated financial statements for the three months ended March 31, 2002

(b) AEC's unaudited consolidated financial statements for the three months ended March 31, 2002.

The unaudited Pro Forma Consolidated Balance Sheet gives effect to the transaction described in Note 4 as if it had occurred on March 31, 2002. The unaudited Pro Forma Consolidated Statements of Earnings and Cash Flow from Operations give effect to the transaction as if it occurred on January 1, 2002.

These unaudited Pro Forma Consolidated Financial Statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or the results that may be obtained in the future

These unaudited Pro Forma Consolidated Financial Statements should be read in conjunction with the consolidated financial statements of PanCanadian and AEC.

2. Principles of Consolidation

These unaudited Pro Forma Consolidated Financial Statements have been prepared on the basis that PanCanadian will account for the transaction as a purchase of AEC using the purchase method of accounting. Accordingly, the assets and liabilities of AEC will be recorded at their estimated fair value.

In completing the transaction, PanCanadian will issue 1.472 Common Shares for each issued and outstanding Common Share of AEC.

3. Pro Forma Accounting and Presentation Adjustments and Assumptions

PanCanadian and AEC prepare their consolidated financial statements using similar accounting policies and presentation with the exception of the items noted below. The following accounting policy and financial statement presentation adjustments have been made to match PanCanadian and AEC.

(a) Mark-to-Market Accounting for Midstream and Marketing Activities.

PanCanadian accounts for its Midstream and Marketing activities using mark-to-market accounting. Certain of AEC's activities related to Midstream and Marketing, specifically purchased gas marketing and gas storage optimization activities, have been restated to a mark-to-market basis of accounting.

(b) Financial Statement Presentation Adjustments

(i) To be consistent with PanCanadian's presentation, revenues associated with AEC's purchased gas activity have been reclassified from Upstream revenue.

(ii) To be consistent with AEC's presentation, PanCanadian's Transportation and selling expenses have been reclassified from Upstream and Midstream and Marketing revenues.

(iii) To be consistent with AEC's presentation of expenses, PanCanadian's Operating expenses and Cost of product purchased have been reclassified from Direct expenses.

(iv) To be consistent with AEC's presentation, PanCanadian's interest revenue has been reclassified from Other revenue

(v) To be consistent with AEC's presentation, PanCanadian's net foreign exchange gain has been reclassified from Other revenue.

EnCana Corporation
(formerly PanCanadian Energy Corporation)
Notes to Pro Forma Consolidated Financial Statements
March 31, 2002
(Unaudited)

4. Pro Forma Acquisition Adjustments and Assumptions

(a) The purchase of AEC for aggregate consideration of $8,618 million comprising 218.4 million Common Shares of PanCanadian based on the exchange ratio of 1.472 PanCanadian Common Shares for each AEC Common Share. The estimated fair values are as at December 31, 2001 unless otherwise stated.

Calculation and preliminary allocation of purchase price:

		$ Million
PanCanadian Common Shares issued to AEC shareholders (million)	218.4	
Price of PanCanadian Common Shares ($ per Common Share)	38.43	
Value of PanCanadian Common Shares issued		$ 8,391
Fair value of AEC Share Options exchanged for Share Options		
of EnCana Corporation		77
Transaction costs		150
Total Purchase Price		8,618
Plus: Fair value of liabilities assumed by PanCanadian		
Current liabilities		1,441
Long-term debt		4,351
Project financing debt		592
Preferred securities		423
Capital securities		486
Other non-current liabilities		193
Future income taxes		2,922
Total Purchase Price and Liabilities assumed		$ 19,026

Fair value of assets acquired:	
Current assets	$ 1,724
Capital assets	13,771
Other non-current assets	806
Goodwill	2,725
Total fair value of assets acquired	$ 19,026

4. Pro Forma Acquisition Adjustments and Assumptions (continued)

(b) The number of issued and outstanding AEC Common Shares on the date of the transaction has been assumed to be 148.3 million, taking into account common shares issued or purchased between December 31, 2001 and March 31, 2002. This assumes that none of the outstanding options to purchase AEC Common Shares at March 31, 2002 are exercised and converted to AEC Common Shares prior to the transaction.

(c) The number of issued and outstanding options to purchase AEC Common Shares on the date of the transaction has been assumed to be 9.0 million, updated to take into account options exercised between December 31, 2001 and March 31, 2002. The fair value of these options has been included in the calculation of the purchase price. The fair value of these options was estimated at December 31, 2001 using the Black-Scholes option pricing model with the same assumptions as disclosed in Note 13 of the Notes to the AEC 2001 Consolidated Financial Statements. The fair value of these options was calculated to be $77 million, adjusted to reflect options exercised to March 31, 2002.

(d) The total purchase price includes the value of the PanCanadian Common Shares to be issued to the AEC shareholders plus the cash costs of completing the transaction. These costs, estimated to be $150 million, include investment advisor fees, legal and accounting fees, printing and mailing costs and other transaction related costs. These costs have been added to accounts payable on the unaudited Pro Forma Consolidated Balance Sheet.

(e) Included in AEC's Preferred Securities are $430 million principal amount of Capital Securities which are convertible, at the option of the holder, into Common Shares of AEC. AEC also has the option to repay both interest and principal through the issuance of Common Shares. As a result, these securities are treated as equity for accounting purposes and distributions in respect of these securities, net of income tax, are charged directly to Retained Earnings. Immediately prior to the closing of the transaction, AEC supplemented the Trust Indenture covering these securities to remove AEC's option to pay interest and principal through the issuance of Common Shares. With the removal of this option, these securities are treated as long-term debt and distributions in respect of these securities are recorded as interest expense in the unaudited Pro Forma Consolidated Statement of Earnings.

(f) Future income tax expense has been adjusted for the impact of the items noted above that affect current year net earnings.

(g) No adjustment has been made to reflect operating synergies that may be realized as a result of the transaction.

(h) The increase in the carrying value of Capital Assets relates to unproved properties and therefore no adjustment has been made to Depreciation, depletion and amortization.

4. Pro Forma Acquisition Adjustments and Assumptions (continued)

The purchase price allocation is preliminary and may change as a result of several factors, including:

- changes in the fair values of AEC's assets and liabilities at the closing of the transaction;
- actual number of AEC Common Shares and options to acquire AEC Common Shares outstanding at the date of the closing;
- actual transaction costs incurred.

However, Management does not believe that the final purchase price allocation will differ materially from that presented in the unaudited Pro Forma Consolidated Financial Statements.

5. Goodwill

The preliminary purchase price allocation includes approximately $2.7 billion of Goodwill. As required under Canadian generally accepted accounting principles, goodwill will not be amortized into income. However, goodwill will be subject to an annual impairment review and should there be an impairment, that amount would be charged to income

As outlined in Note 4, the allocation of the purchase price presented is preliminary. The Company will finalize the purchase price allocation after closing the transaction. Prior to that time, Management may determine that there are intangible assets acquired in the transaction, separate and apart from goodwill. To the extent that such intangibles, if any, have definite useful lives, the value assigned to them in the purchase equation will be amortized into income over those useful lives. Although the amount allocated to such intangibles, if any, will not be known until after the closing of the transaction, Management doe not believe that any such value, or the related amortization expense, would have a material effect on the unaudited Pro Forma Consolidated Financial Statements presented.