

Consolidated Financial Statements

For the three months ended March 31, 2003

EnCana Corporation

Interim Report

For the three months ended March 31, 2003

EnCana Corporation

CONSOLIDATED STATEMENT OF EARNINGS

	Three Months Ended	
	March 31	
<i>(unaudited) (\$ millions, except per share amounts)</i>	2003	2002
REVENUES, NET OF ROYALTIES AND PRODUCTION TAXES	(Note 3) \$ 4,158	\$ 1,061
EXPENSES	(Note 3)	
Transportation and selling	190	49
Operating	516	171
Purchased product	1,427	380
Administrative	56	17
Interest, net	86	27
Foreign exchange (gain)	(294) (Note 5)	(10)
Depreciation, depletion and amortization	745	214
	2,726	848
NET EARNINGS BEFORE THE UNDERNOTED	1,432	213
Income tax expense	449 (Note 6)	82
NET EARNINGS FROM CONTINUING OPERATIONS	983	131
NET EARNINGS FROM DISCONTINUED OPERATIONS	263 (Note 4)	2
NET EARNINGS	\$ 1,246	\$ 133
DISTRIBUTIONS ON PREFERRED SECURITIES, NET OF TAX	(6)	-
NET EARNINGS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 1,252	\$ 133
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	(Note 9)	
Basic	\$ 2.06	\$ 0.51
Diluted	\$ 2.03	\$ 0.51
NET EARNINGS PER COMMON SHARE	(Note 9)	
Basic	\$ 2.61	\$ 0.52
Diluted	\$ 2.57	\$ 0.51

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Three Months Ended	
	March 31	
<i>(unaudited) (\$ millions)</i>	2003	2002
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 4,684	\$ 3,630
Net Earnings	1,246	133
Dividends on Common Shares and Other Distributions, net of tax	(42)	(25)
RETAINED EARNINGS, END OF PERIOD	\$ 5,888	\$ 3,738

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEET

<i>(unaudited) (\$ millions)</i>	As at March 31, 2003	As at December 31, 2002
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 273	\$ 212
Accounts receivable and accrued revenue	2,303	2,052
Income tax receivable	48	-
Inventories	467	543
Assets of discontinued operations	-	1,482
	3,091	4,289
Capital Assets, net	(Note 3) 23,271	23,770
Investments and Other Assets	460	377
Goodwill	2,588	2,886
	(Note 3) \$ 29,410	\$ 31,322
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,443	\$ 2,390
Income tax payable	-	14
Liabilities of discontinued operations	-	825
Short-term debt	-	438
Current portion of long-term debt	(Note 7) 100	212
	2,543	3,879
Long-Term Debt	(Note 7) 5,867	7,395
Deferred Credits and Other Liabilities	583	585
Future Income Taxes	5,423	5,212
Preferred Securities of Subsidiary	-	457
	14,416	17,528
Shareholders' Equity		
Preferred securities	567	126
Share capital	(Note 8) 8,776	8,732
Share options, net	119	133
Paid in surplus	75	61
Retained earnings	5,888	4,684
Foreign currency translation adjustment	(431)	58
	14,994	13,794
	\$ 29,410	\$ 31,322

See accompanying Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(unaudited)</i> (\$ millions)	Three Months Ended	
	2003	2002
		March 31
OPERATING ACTIVITIES		
Net earnings from continuing operations	\$ 983	\$ 131
Depreciation, depletion and amortization	745	214
Future income taxes	(Note 6) 414	42
Other	(290)	-
Cash flow from continuing operations	1,852	387
Cash flow from discontinued operations	-	2
Cash flow	1,852	389
Net change in other assets and liabilities	(6)	(26)
Net change in non-cash working capital from continuing operations	54	(242)
Net change in non-cash working capital from discontinued operations	-	53
	1,900	174
INVESTING ACTIVITIES		
Capital expenditures	(Note 3) (1,587)	(481)
Proceeds on disposal of capital assets	10	3
Corporate (acquisitions) and dispositions	(Note 2) 847	-
Equity investments	(66)	-
Net change in investments and other	(34)	(17)
Net change in non-cash working capital from continuing operations	(203)	(31)
Discontinued operations	998	-
	(35)	(526)
FINANCING ACTIVITIES		
Repayment of short-term debt	(438)	-
Repayment of long-term debt	(1,345)	(80)
Issuance of common shares	(Note 8) 44	18
Dividends on common shares	(48)	(25)
Payments to preferred securities holders	(8)	-
Net change in non-cash working capital from continuing operations	(5)	(3)
Other	(1)	-
	(1,801)	(90)
DEDUCT: FOREIGN EXCHANGE LOSS ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY	3	2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	61	(444)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	212	963
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 273	\$ 519

See accompanying Notes to Consolidated Financial Statements.

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EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

1. BASIS OF PRESENTATION

The interim Consolidated Financial Statements include the accounts of EnCana Corporation and its subsidiaries (the "Company"), and are presented in accordance with Canadian generally accepted accounting principles. The Company is in the business of exploration, production and marketing of natural gas, natural gas liquids and crude oil, as well as natural gas storage operations, natural gas liquids processing and power generation operations.

The interim Consolidated Financial Statements have been prepared following the same accounting policies and methods of computation as the annual audited Consolidated Financial Statements for the year ended December 31, 2002. The disclosures provided below are incremental to those included with the annual audited Consolidated Financial Statements. The interim Consolidated Financial Statements should be read in conjunction with the annual audited Consolidated Financial Statements and the notes thereto for the year ended December 31, 2002.

2. CORPORATE (ACQUISITIONS) and DISPOSITIONS

(\$ millions)	March 31	
	2003	2002
Acquisitions	\$ (179)	\$ -
Dispositions	1,026	-
	\$ 847	\$ -

On January 31, 2003, the Company acquired the Ecuadorian interests of Vintage Petroleum Inc. for net cash consideration of \$179 million (US\$116 million). The purchase was accounted for using the purchase method with the results reflected in the consolidated results of EnCana from the date of acquisition. The acquisition was accounted for as follows:

(\$ millions)		
Working Capital	\$	2
Capital Assets		194
Future Income Taxes		(17)
	\$	179

On February 28, 2003, the Company completed the sale of its 10 percent interest in the Syncrude Joint Venture to Canadian Oil Sands Limited for net cash consideration of \$1,026 million. There was no gain or loss on this sale. The Company has also granted Canadian Oil Sands Limited an option to purchase its remaining 3.75 percent working interest in the Syncrude Joint Venture and a gross-overriding royalty interest for cash proceeds of \$417 million.

3. SEGMENTED INFORMATION

The Company has defined its continuing operations into the following segments:

- Upstream includes the Company's exploration for and production of natural gas, natural gas liquids and crude oil. The Company's Upstream operations are located in Canada, the United States, the U.K. central North Sea, Ecuador and International New Ventures exploration activity in the Gulf of Mexico, the U.K. central North Sea, the Middle East, Africa, Australia, Latin America, as well as, the Canadian East Coast and the North American northern frontier.
- Midstream & Marketing includes gas storage operations, natural gas liquids processing and power generation operations, as well as, marketing activity under which the Company purchases and takes delivery of product from others and delivers product to customers under transportation arrangements not utilized for the Company's own production.

The Company reports its segmented financial results showing revenue prior to all royalty payments, both cash and in-kind, consistent with Canadian disclosure practices for the oil and gas industry.

Operations that have been discontinued are disclosed in Note 4.

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Notes to Consolidated Financial Statements *(unaudited)*

3. SEGMENTED INFORMATION (continued)

Results of Operations (For the three months ended March 31)

(\$ millions)	Upstream		Midstream & Marketing	
	2003	2002	2003	2002
Revenues				
Gross revenue	\$ 3,007	\$ 654	\$ 1,651	\$ 479
Royalties and production taxes	500	68	-	-
Revenues, net of royalties and production taxes	2,507	586	1,651	479
Expenses				
Transportation and selling	163	44	27	5
Operating	374	110	142	61
Purchased product	-	-	1,427	380
Depreciation, depletion and amortization	727	203	8	5
Segment Income	\$ 1,243	\$ 229	\$ 47	\$ 28
	Corporate		Consolidated	
	2003	2002	2003	2002
Revenues				
Gross revenue	\$ -	\$ (4)	\$ 4,658	\$ 1,129
Royalties and production taxes	-	-	500	68
Revenues, net of royalties and production taxes	-	(4)	4,158	1,061
Expenses				
Transportation and selling	-	-	190	49
Operating	-	-	516	171
Purchased product	-	-	1,427	380
Depreciation, depletion and amortization	10	6	745	214
Segment Income	(10)	(10)	1,280	247
Administrative	56	17	56	17
Interest, net	86	27	86	27
Foreign exchange (gain)	(294)	(10)	(294)	(10)
	(152)	34	(152)	34
Net Earnings Before Income Tax	142	(44)	1,432	213
Income tax expense	449	82	449	82
Net Earnings from Continuing Operations	\$ (307)	\$ (126)	\$ 983	\$ 131

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Notes to Consolidated Financial Statements (unaudited)

3. SEGMENTED INFORMATION (continued)

Geographic and Product Information (For the three months ended March 31)

Upstream

(\$ millions)	Produced Gas and NGLs					
	Canada		U.S. Rockies		Conventional Crude Oil	
	2003	2002	2003	2002	2003	2002
Revenues						
Gross revenue	\$ 1,677	\$ 358	\$ 571	\$ 32	\$ 395	\$ 204
Royalties and production taxes	224	28	144	7	65	33
Revenues, net of royalties and production taxes	1,453	330	427	25	330	171
Expenses						
Transportation and selling	92	31	23	-	31	8
Operating	135	44	15	5	102	52
Depreciation, depletion and amortization	402	117	100	17	147	56
Segment Income	\$ 824	\$ 138	\$ 289	\$ 3	\$ 50	\$ 55

(\$ millions)	Syncrude		Ecuador		U.K. North Sea	
	2003	2002	2003	2002	2003	2002
	Revenues					
Gross revenue	\$ 91	\$ -	\$ 179	\$ -	\$ 49	\$ 44
Royalties and production taxes	1	-	66	-	-	-
Revenues, net of royalties and production taxes	90	-	113	-	49	44
Expenses						
Transportation and selling	1	-	10	-	6	5
Operating	43	-	22	-	4	3
Depreciation, depletion and amortization	7	-	35	-	34	10
Segment Income	\$ 39	\$ -	\$ 46	\$ -	\$ 5	\$ 26

(\$ millions)	Non-Producing		Total Upstream	
	2003	2002	2003	2002
	Revenues			
Gross revenue	\$ 45	\$ 16	\$ 3,007	\$ 654
Royalties and production taxes	-	-	500	68
Revenues, net of royalties and production taxes	45	16	2,507	586
Expenses				
Transportation and selling	-	-	163	44
Operating	53	6	374	110
Depreciation, depletion and amortization	2	3	727	203
Segment Income	\$ (10)	\$ 7	\$ 1,243	\$ 229

Midstream & Marketing

(\$ millions)	Midstream		Marketing		Total Midstream & Marketing	
	2003	2002	2003	2002	2003	2002
	Revenues					
Gross revenue	\$ 481	\$ 73	\$ 1,170	\$ 406	\$ 1,651	\$ 479
Expenses						
Transportation and selling	-	-	27	5	27	5
Operating	120	55	22	6	142	61
Purchased product	308	-	1,119	380	1,427	380
Depreciation, depletion and amortization	7	4	1	1	8	5
Segment Income	\$ 46	\$ 14	\$ 1	\$ 14	\$ 47	\$ 28

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Notes to Consolidated Financial Statements *(unaudited)*

3. SEGMENTED INFORMATION *(continued)*

Capital Expenditures

(\$ millions)	March 31	
	2003	2002
Upstream		
Canada	\$ 1,129	\$ 348
United States	227	87
Ecuador	110	-
United Kingdom	24	39
Other Countries	25	3
Midstream & Marketing	54	1
Corporate	18	3
Total	\$ 1,587	\$ 481

Capital and Total Assets

(\$ millions)	Capital Assets		Total Assets	
	As at		As at	
	March 31, 2003	December 31, 2002	March 31, 2003	December 31, 2002
Upstream	\$ 22,292	\$ 22,836	\$ 26,681	\$ 27,132
Midstream & Marketing	774	742	2,314	2,216
Corporate	205	192	415	492
Assets of Discontinued Operations	-	-	-	1,482
Total	\$ 23,271	\$ 23,770	\$ 29,410	\$ 31,322

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Notes to Consolidated Financial Statements *(unaudited)*

4. DISCONTINUED OPERATIONS

On April 24, 2002, the Company adopted formal plans to exit from the Houston-based merchant energy operation, which was included in the Midstream & Marketing segment. Accordingly, these operations have been accounted for as discontinued operations. The wind-down of these operations was substantially completed at December 31, 2002.

On July 9, 2002, the Company announced that it planned to sell its 70 percent equity investment in the Cold Lake Pipeline System and its 100 percent interest in the Express Pipeline System. Both crude oil pipeline systems were acquired in the business combination with Alberta Energy Company Ltd. on April 5, 2002. Accordingly, these operations have been accounted for as discontinued operations. On January 2, 2003 and January 9, 2003, the Company completed the sale of its interest in the Cold Lake Pipeline System and Express Pipeline System for total consideration of approximately \$1.6 billion, including assumption of related long-term debt, and recorded an after-tax gain on sale of \$263 million.

The following table presents the effect of the discontinued operations on the Consolidated Financial Statements:

Consolidated Statement of Earnings <i>(\$ millions)</i>	For the three months ended March 31	
	2003	2002 *
Revenues	\$ -	\$ 746
Expenses		
Operating	-	-
Purchased product	-	733
Administrative	-	10
(Gain) on discontinuance	(343)	-
	(343)	743
Net Earnings Before Income Tax	343	3
Income tax expense	80	1
Net Earnings from Discontinued Operations	\$ 263	\$ 2

* The above table does not include any financial information for the three months ended March 31, 2002 related to Midstream - Pipelines as EnCana did not, at that time, own the pipelines which have been discontinued.

5. FOREIGN EXCHANGE (GAIN)

<i>(\$ millions)</i>	March 31	
	2003	2002
Unrealized foreign exchange (gain) on translation of U.S. dollar debt	\$ (245)	\$ (2)
Other foreign exchange (gains)	(49)	(8)
	\$ (294)	\$ (10)

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Notes to Consolidated Financial Statements *(unaudited)*

6. INCOME TAXES

(\$ millions)	March 31	
	2003	2002
Provision for Income Taxes		
Current		
Canada	\$ 23	\$ 37
United States	-	-
Ecuador	12	-
United Kingdom	-	3
	35	40
Future	414	42
	\$ 449	\$ 82

7. LONG-TERM DEBT

(\$ millions)	As at	As at
	March 31, 2003	December 31, 2002
Canadian Dollar Denominated Debt		
Revolving credit and term loan borrowings	\$ 333	\$ 1,388
Unsecured notes and debentures	1,825	1,825
	2,158	3,213
U.S. Dollar Denominated Debt		
U.S. revolving credit and term loan borrowings	469	696
U.S. unsecured notes and debentures	3,251	3,608
	3,720	4,304
Increase in Value of Debt Acquired	(Note A) 89	90
Current Portion of Long-term Debt	(100)	(212)
	\$ 5,867	\$ 7,395

A) Increase in Value of Debt Acquired

Certain of the notes and debentures of the Company were acquired in the business combination with Alberta Energy Company Ltd. on April 5, 2002 and were accounted for at their fair value at the date of acquisition. The difference between the fair value and the principal amount of the debt is being amortized over the remaining life of the outstanding debt acquired, approximately 24 years.

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Notes to Consolidated Financial Statements *(unaudited)*

8. SHARE CAPITAL

<i>(millions)</i>	March 31, 2003		December 31, 2002	
	Number	Amount	Number	Amount
Common Shares Outstanding, Beginning of Year	478.9	\$ 8,732	254.9	\$ 196
Shares Issued to AEC Shareholders	-	-	218.5	8,397
Shares Issued under Option Plans	1.7	44	5.5	139
Common Shares Outstanding, End of Period	480.6	\$ 8,776	478.9	\$ 8,732

The Company has a stock-based compensation plan ("EnCana plan") that allows employees to purchase common shares of the Company. Option exercise prices approximate the market price for the common shares on the date the options were issued. Options granted under the plan are generally fully exercisable after three years and expire five years after the grant date. Options granted under previous EnCana and Canadian Pacific Limited replacement plans expire 10 years from the date the options were granted.

The following tables summarize the information about options to purchase common shares at March 31, 2003:

	Stock Options (millions)	Weighted Average Exercise Price (\$)
Outstanding, Beginning of Year	29.6	39.74
Granted under EnCana Plan	0.3	48.00
Exercised	(1.7)	25.80
Forfeited	(0.5)	46.46
Outstanding, End of Period	27.7	40.57
Exercisable, End of Period	15.9	35.00

Range of Exercise Price (\$)	Outstanding Options			Exercisable Options	
	Number of Options Outstanding (millions)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Number of Options Outstanding (millions)	Weighted Average Exercise Price (\$)
13.50 to 19.99	2.7	1.2	18.88	2.7	18.88
20.00 to 24.99	1.8	2.1	22.24	1.8	22.24
25.00 to 29.99	2.9	2.1	26.57	2.9	26.57
30.00 to 43.99	1.7	2.9	38.76	1.5	38.25
44.00 to 53.00	18.6	3.9	47.91	7.0	47.43
	27.7	3.0	40.57	15.9	35.00

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Notes to Consolidated Financial Statements *(unaudited)*

8. SHARE CAPITAL *(continued)*

The Company does not record compensation expense in the Consolidated Financial Statements for share options granted to employees and directors. If the fair-value method had been used, the Company's Net Earnings and Net Earnings per Common Share would approximate the following pro forma amounts:

<i>(\$ millions, except per share amounts)</i>	March 31	
	2003	2002
Compensation Costs	13	5
Net Earnings		
As reported	1,246	133
Pro forma	1,233	128
Net Earnings per Common Share		
Basic		
As reported	2.61	0.52
Pro forma	2.58	0.50
Diluted		
As reported	2.57	0.51
Pro forma	2.55	0.49

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with weighted average assumptions for grants as follows:

	March 31	
	2003	2002
Weighted Average Fair Value of Options Granted	\$ 13.05	\$ 11.94
Risk Free Interest Rate	4.19%	4.46%
Expected Lives (years)	3.00	3.00
Expected Volatility	0.33	0.35
Annual Dividend per Share	\$ 0.40	\$ 0.40

9. PER SHARE AMOUNTS

The following table summarizes the common shares used in calculating net earnings per common share.

<i>(millions)</i>	March 31	
	2003	2002
Weighted Average Common Shares Outstanding - Basic	479.9	255.3
Effect of Dilutive Securities	7.0	5.7
Weighted Average Common Shares Outstanding - Diluted	486.9	261.0

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Unrecognized gains (losses) on risk management activities are as follows:

<i>(\$ millions)</i>	As at March 31, 2003
Commodity Price Risk <i>(Note A)</i>	
Natural gas	\$ 98
Crude oil	(181)
Gas storage optimization	7
Power	(3)
Foreign Currency Risk	(15)
Interest Rate Risk	58
	\$ (36)

Information with respect to foreign currency risk and interest rate risk contracts in place at December 31, 2002, is disclosed in Note 19 to the Company's annual audited Consolidated Financial Statements. No significant new contracts have been entered into as at March 31, 2003.

A) Commodity Price Risk

Natural Gas

At March 31, 2003, the fair value of financial instruments that related to the corporate gas risk management activities was \$63 million. The contracts were as follows:

	Notional Volumes <i>(MMcf/d)</i>	Financial / Physical	Term
Sales Contracts			
Fixed AECO price	352	Financial	2003-2004
Fixed AECO price	6	Physical	2003
Fixed AECO price	74	Financial	2003-2004
Fixed AECO price	10	Physical	2003
AECO Collars	71	Financial	2004
Nymex Fixed Price	110	Financial	2003-2004
Alliance Pipeline Mitigation	32	Financial	2003
Fixed Nymex to AECO basis	243	Financial	2003-2007
Fixed Nymex to Rockies basis	158	Financial	2003-2007
Fixed Nymex to Rockies basis	214	Physical	2003-2007
Nymex Collars	47	Physical	2003-2007
Purchase Contracts			
Alliance Pipeline Mitigation	35	Physical	2003
Fuel	10	Physical	2003

Gas Marketing Financial Activities

Gas Marketing Physical Activities

	Price		Unrecognized Gain/(Loss) <i>(Cdn\$ millions)</i>
Sales Contracts			
Fixed AECO price	6.26	Cdn\$/mcf \$	(55)
Fixed AECO price	5.88	Cdn\$/mcf	(1)
Fixed AECO price	2.96	US\$/mmbtu	(110)
Fixed AECO price	3.34	US\$/mmbtu	(5)
AECO Collars	5.34-7.52	Cdn\$/mcf	3
Nymex Fixed Price	3.97	US\$/mmbtu	(106)
Alliance Pipeline Mitigation	3.92	US\$/mmbtu	(16)
Fixed Nymex to AECO basis	(0.51)	US\$/mmbtu	62
Fixed Nymex to Rockies basis	(0.45)	US\$/mmbtu	117
Fixed Nymex to Rockies basis	(0.48)	US\$/mmbtu	148
Nymex Collars	2.08-4.52	US\$/mmbtu	(11)
Purchase Contracts			
Alliance Pipeline Mitigation	3.24	Cdn\$/mcf	33
Fuel	5.15	Cdn\$/mcf	4
			63
Gas Marketing Financial Activities			12
Gas Marketing Physical Activities			23
		\$	98

The fair value of the financial instruments that related to the gas marketing activities was an unrecognized gain of \$12 million. These activities are part of the ongoing operations of the Company's proprietary production management and the financial transactions are directly related to physical sales. The corresponding physical transactions have an unrecognized gain of \$23 million.

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10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Crude Oil

As at March 31, 2003, the Company's corporate oil risk management activities had an unrecognized loss of \$181 million. The contracts were as follows:

	Notional Volumes <i>(bbl/d)</i>	Term	Average Price <i>(US\$/bbl)</i>	Unrecognized Gain/(Loss) <i>(Cdn\$ millions)</i>
Fixed WTI NYMEX Price	85,000	2003	25.28	\$ (77)
Fixed WTI NYMEX Price	62,500	2004	23.13	(53)
Collars on WTI NYMEX	40,000	2003	21.95-29.00	(16)
Collars on WTI NYMEX	62,500	2004	20.00-25.69	(35)
				\$ (181)

Gas Storage Optimization

As part of the Company's gas storage optimization program, the Company has entered into financial instruments at various locations and terms over the next 12 months to manage the price volatility of the corresponding physical transactions and inventory.

As at March 31, 2003, the unrecognized gain on financial instruments was \$10 million, which was as follows:

	Notional Volumes <i>(bcf)</i>	Price <i>(US\$/mcf)</i>	Unrecognized Gain/(Loss) <i>(Cdn\$ millions)</i>
Purchases	153.5	5.27	\$ (15)
Sales	165.4	5.38	25
			10
Physical Contracts			(3)
			\$ 7

The net unrecognized gain of \$7 million does not reflect unrealized gains on physical inventory in storage.

Natural Gas Liquids

As at December 31, 2002, Kinetic Resources USA Inc, a partnership in which the Company holds a 75 percent interest, had sold call options and held various fixed price purchase and sale contracts which had since expired.

Power

As part of the business combination with AEC, the Company acquired two electricity contracts. These contracts were originally entered into as part of an electricity cost management strategy. At March 31, 2003, the unrecognized loss on these contracts was \$3 million.

11. RECLASSIFICATION

Certain information provided for prior periods has been reclassified to conform to the presentation adopted in 2003.