



EnCana Corporation

Interim Consolidated Financial Statements
(unaudited)

For the period ended September 30, 2009

(U.S. Dollars)

Consolidated Statement of Earnings *(unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
<i>(\$ millions, except per share amounts)</i>				
Revenues, Net of Royalties	(Note 5) \$ 3,881	\$ 10,849	\$ 12,251	\$ 23,705
Expenses	(Note 5)			
Production and mineral taxes	29	138	122	406
Transportation and selling	355	443	969	1,282
Operating	510	521	1,575	1,926
Purchased product	1,747	3,445	4,341	8,720
Depreciation, depletion and amortization	992	1,095	2,955	3,227
Administrative	145	18	350	399
Interest, net	(Note 7) 155	147	388	428
Accretion of asset retirement obligation	(Note 12) 20	20	56	61
Foreign exchange (gain) loss, net	(Note 8) (114)	110	(116)	170
(Gain) loss on divestitures	(Note 6) (1)	(124)	1	(141)
	3,838	5,813	10,641	16,478
Net Earnings Before Income Tax	43	5,036	1,610	7,227
Income tax expense	(Note 9) 18	1,483	384	2,360
Net Earnings	\$ 25	\$ 3,553	\$ 1,226	\$ 4,867
Net Earnings per Common Share	(Note 16)			
Basic	\$ 0.03	\$ 4.74	\$ 1.63	\$ 6.49
Diluted	\$ 0.03	\$ 4.73	\$ 1.63	\$ 6.47

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Retained Earnings *(unaudited)*

(\$ millions)	Nine Months Ended September 30,	
	2009	2008
Retained Earnings, Beginning of Year	\$ 17,584	\$ 13,082
Net Earnings	1,226	4,867
Dividends on Common Shares	(901)	(899)
Charges for Normal Course Issuer Bid <i>(Note 13)</i>	-	(243)
Retained Earnings, End of Period	\$ 17,909	\$ 16,807

Consolidated Statement of Comprehensive Income *(unaudited)*

(\$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net Earnings	\$ 25	\$ 3,553	\$ 1,226	\$ 4,867
Other Comprehensive Income, Net of Tax				
Foreign Currency Translation Adjustment	985	(430)	1,630	(782)
Comprehensive Income	\$ 1,010	\$ 3,123	\$ 2,856	\$ 4,085

Consolidated Statement of Accumulated Other Comprehensive Income *(unaudited)*

(\$ millions)	Nine Months Ended September 30,	
	2009	2008
Accumulated Other Comprehensive Income, Beginning of Year	\$ 833	\$ 3,063
Foreign Currency Translation Adjustment	1,630	(782)
Accumulated Other Comprehensive Income, End of Period	\$ 2,463	\$ 2,281

See accompanying Notes to Consolidated Financial Statements.

Consolidated Balance Sheet *(unaudited)*

<i>(\$ millions)</i>	As at September 30, 2009	As at December 31, 2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,376	\$ 383
Accounts receivable and accrued revenues	1,596	1,568
Current portion of partnership contribution receivable	325	313
Risk management	(Note 17) 586	2,818
Inventories	(Note 10) 727	520
	4,610	5,602
Property, Plant and Equipment, net	(Note 5) 38,481	35,424
Restricted Cash	(Note 4) 3,619	-
Investments and Other Assets	936	727
Partnership Contribution Receivable	2,589	2,834
Risk Management	(Note 17) 31	234
Goodwill	2,703	2,426
	(Note 5) \$ 52,969	\$ 47,247
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 2,947	\$ 2,871
Income tax payable	880	424
Current portion of partnership contribution payable	320	306
Risk management	(Note 17) 12	43
Current portion of long-term debt	(Note 11) 200	250
	4,359	3,894
Long-Term Debt	(Note 11) 7,963	8,755
Cenovus Notes	(Note 4) 3,468	-
Other Liabilities	1,083	576
Partnership Contribution Payable	2,615	2,857
Risk Management	(Note 17) 90	7
Asset Retirement Obligation	(Note 12) 1,412	1,265
Future Income Taxes	7,020	6,919
	28,010	24,273
Shareholders' Equity		
Share capital	(Note 13) 4,581	4,557
Paid in surplus	(Note 13) 6	-
Retained earnings	17,909	17,584
Accumulated other comprehensive income	2,463	833
Total Shareholders' Equity	24,959	22,974
	\$ 52,969	\$ 47,247

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows *(unaudited)*

(\$ millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Operating Activities				
Net earnings	\$ 25	\$ 3,553	\$ 1,226	\$ 4,867
Depreciation, depletion and amortization	992	1,095	2,955	3,227
Future income taxes (Note 9)	(294)	1,418	(488)	1,491
Cash tax on sale of assets	-	25	-	25
Unrealized (gain) loss on risk management (Note 17)	1,384	(3,050)	2,391	(1,639)
Unrealized foreign exchange (gain) loss	(100)	84	(149)	149
Accretion of asset retirement obligation (Note 12)	20	20	56	61
(Gain) loss on divestitures (Note 6)	(1)	(124)	1	(141)
Other	53	(212)	184	47
Net change in other assets and liabilities	10	(19)	33	(283)
Net change in non-cash working capital	608	268	274	(992)
Cash From Operating Activities	2,697	3,058	6,483	6,812
Investing Activities				
Capital expenditures (Note 5)	(1,353)	(2,466)	(4,028)	(6,369)
Proceeds from divestitures (Note 6)	977	442	1,030	593
Cash tax on sale of assets (Note 6)	-	(25)	-	(25)
Corporate acquisition (Note 6)	-	-	(24)	-
Restricted cash (Note 4)	(3,619)	-	(3,619)	-
Net change in investments and other	80	(157)	(90)	(166)
Net change in non-cash working capital	64	(120)	(215)	71
Cash (Used in) Investing Activities	(3,851)	(2,326)	(6,946)	(5,896)
Financing Activities				
Net issuance (repayment) of revolving long-term debt	(726)	(116)	(1,391)	251
Issuance of long-term debt (Note 11)	-	-	496	723
Issuance of Cenovus Notes (Note 4)	3,468	-	3,468	-
Repayment of long-term debt	(250)	(468)	(250)	(664)
Issuance of common shares (Note 13)	2	2	23	78
Purchase of common shares (Note 13)	-	-	-	(326)
Dividends on common shares	(300)	(299)	(901)	(899)
Cash From (Used in) Financing Activities	2,194	(881)	1,445	(837)
Foreign Exchange Gain (Loss) on Cash and Cash Equivalents Held in Foreign Currency				
	6	(7)	11	(10)
Increase (Decrease) in Cash and Cash Equivalents	1,046	(156)	993	69
Cash and Cash Equivalents, Beginning of Period	330	778	383	553
Cash and Cash Equivalents, End of Period	\$ 1,376	\$ 622	\$ 1,376	\$ 622

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

1. Basis of Presentation

The interim Consolidated Financial Statements include the accounts of EnCana Corporation and its subsidiaries ("EnCana" or the "Company"), and are presented in accordance with Canadian generally accepted accounting principles ("GAAP"). EnCana's operations are in the business of the exploration for, the development of, and the production and marketing of natural gas, crude oil and natural gas liquids ("NGLs"), refining operations 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, 2008, except as noted below. The disclosures provided below are incremental to those included with the annual audited Consolidated Financial Statements. Certain information and disclosures normally required to be included in the notes to the annual audited Consolidated Financial Statements have been condensed or have been disclosed on an annual basis only. Accordingly, 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, 2008.

2. Changes in Accounting Policies and Practices

On January 1, 2009, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook section:

- "Goodwill and Intangible Assets", Section 3064. The new standard replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard has had no material impact on EnCana's Consolidated Financial Statements.

3. Recent Accounting Pronouncements

In February 2008, the CICA's Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. EnCana will be required to report its results in accordance with IFRS beginning in 2011. The Company has developed a changeover plan to complete the transition to IFRS by January 1, 2011, including the preparation of required comparative information. EnCana's IFRS changeover plan also addresses the requirements of the entities that result from the proposed corporate reorganization (See Note 4). The impact of IFRS on the Company's Consolidated Financial Statements is not reasonably determinable at this time.

As of January 1, 2011, EnCana will be required to adopt the following CICA Handbook sections:

- "Business Combinations", Section 1582, which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition-related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The adoption of this standard will impact the accounting treatment of future business combinations.
- "Consolidated Financial Statements", Section 1601, which together with Section 1602 below, replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard should not have a material impact on EnCana's Consolidated Financial Statements.
- "Non-controlling Interests", Section 1602, which establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard should not have a material impact on EnCana's Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

4. Proposed Corporate Reorganization

In May 2008, EnCana's Board of Directors unanimously approved a proposal to split EnCana into two independent energy companies – one a natural gas company and the other an integrated oil company. The proposed corporate reorganization (the "Arrangement") was expected to close in early January 2009.

In October 2008, EnCana announced the proposed Arrangement would be delayed until the global debt and equity markets regained stability.

On September 10, 2009, EnCana's Board of Directors unanimously approved plans to proceed with the proposed Arrangement. The proposed Arrangement is expected to be implemented through a court approved Plan of Arrangement and is subject to shareholder and regulatory approvals. The reorganization would result in two publicly traded entities with the names of Cenovus Energy Inc. and EnCana Corporation. Under the Arrangement, EnCana Shareholders will receive one New EnCana Common Share and one Cenovus Energy Inc. Common Share in exchange for each EnCana Common Share held.

Subject to court and shareholder approval, EnCana expects to complete the reorganization on November 30, 2009 following a Shareholders' meeting to vote on the proposed Plan of Arrangement to be held on November 25, 2009.

In conjunction with the proposed Arrangement, on September 18, 2009, EnCana's wholly owned subsidiary, Cenovus Energy Inc., completed a private offering of senior unsecured notes for an aggregate principal amount of \$3,500 million issued in three tranches, which are exempt from the registration requirements of the U.S. Securities Act of 1933 under Rule 144A and Regulation S.

	As at September 30, 2009
U.S. Unsecured Notes	
4.5% due September 15, 2014	\$ 800
5.7% due October 15, 2019	1,300
6.75% due November 15, 2039	1,400
	3,500
Debt Discounts and Financing Costs	(32)
Cenovus Notes	3,468
Amounts on Deposit in Escrow	151
Restricted Cash	\$ 3,619

The notes are legal obligations of Cenovus Energy Inc. and have been disclosed on EnCana's Consolidated Balance Sheet as a separate long-term liability, net of financing costs. The net proceeds of the private offering were placed into an escrow account held by the escrow agent, The Bank of New York Mellon, pending the completion of the Arrangement, pursuant to the terms and conditions of an escrow and security agreement for the benefit of the note holders. The underwriters have deposited \$3,468 million into the escrow account and Cenovus Energy Inc. has contributed \$151 million into the escrow account so that, in aggregate, the total escrowed funds of \$3,619 million will be sufficient to pay the special mandatory redemption price for the notes if the Arrangement does not proceed.

Pursuant to the terms and conditions of the escrow and security agreement, neither EnCana nor Cenovus Energy Inc., or any of their subsidiaries have any rights to, access to, control of, or dominion over, the escrowed funds before the completion of the Arrangement. All amounts in the escrow account will be released to Cenovus Energy Inc. by the escrow agent promptly after the escrow agent has been notified that the Arrangement has become effective and all of the escrow conditions have been satisfied. If the Arrangement does not proceed, the notes will be subject to a special mandatory redemption at a redemption price, payable from the amounts held in escrow, equal to 101 percent of the aggregate principal amount of the notes plus a penalty payment computed with reference to the expected accrued interest.

Additional information about the calculation of the special mandatory redemption price and other effects of the proposed Arrangement can be found in EnCana's Information Circular dated October 20, 2009. The cash in escrow has been disclosed as Restricted Cash on EnCana's Consolidated Balance Sheet and is not available for current use.

Subject to the completion of the Arrangement, Cenovus Energy Inc. has obtained commitments from a syndicate of banks to make available a C\$2.0 billion three-year revolving credit facility and a C\$500 million 364-day revolving credit facility.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information

The Company's operating and reportable segments are as follows:

- **Canada** includes the Company's exploration for, and development and production of natural gas, crude oil and NGLs and other related activities within the Canadian cost centre.
- **USA** includes the Company's exploration for, and development and production of natural gas, NGLs and other related activities within the United States cost centre.
- **Downstream Refining** is focused on the refining of crude oil into petroleum and chemical products at two refineries located in the United States. The refineries are jointly owned with ConocoPhillips.
- **Market Optimization** is primarily responsible for the sale of the Company's proprietary production. These results are included in the Canada and USA segments. Market optimization activities include third-party purchases and sales of product that provide operational flexibility for transportation commitments, product type, delivery points and customer diversification. These activities are reflected in the Market Optimization segment.
- **Corporate and Other** mainly includes unrealized gains or losses recorded on derivative financial instruments. Once amounts are settled, the realized gains and losses are recorded in the operating segment to which the derivative instrument relates.

Market Optimization sells substantially all of the Company's upstream production to third-party customers. Transactions between segments are based on market values and eliminated on consolidation. The tables in this note present financial information on an after eliminations basis.

On December 31, 2008, EnCana updated its segmented reporting to present the upstream Canadian and United States cost centres and Downstream Refining as separate reportable segments. This resulted in EnCana presenting the Canadian portion of the Integrated Oil Division as part of the Canada segment. Previously, this was aggregated and presented in the Integrated Oil segment. Prior periods have been restated to reflect this presentation.

EnCana has a decentralized decision making and reporting structure. Accordingly, the Company is organized into Divisions as follows:

- **Canadian Plains** Division includes natural gas and crude oil exploration, development and production assets located in eastern Alberta and Saskatchewan.
- **Canadian Foothills** Division includes natural gas exploration, development and production assets located in western Alberta and British Columbia as well as the Company's Canadian offshore assets.
- **USA** Division includes natural gas exploration, development and production assets located in the United States and comprises the USA segment described above.
- **Integrated Oil** Division is the combined total of Integrated Oil – Canada and Downstream Refining. Integrated Oil – Canada includes the Company's exploration for, and development and production of bitumen using enhanced recovery methods. Integrated Oil – Canada is composed of EnCana's interests in the FCCL Partnership jointly owned with ConocoPhillips, the Athabasca natural gas assets and other bitumen interests.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information (continued)

Results of Operations (For the three months ended September 30)

Segment and Geographic Information

	Canada		USA		Downstream Refining	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 2,101	\$ 2,776	\$ 1,161	\$ 1,477	\$ 1,610	\$ 2,699
Expenses						
Production and mineral taxes	12	41	17	97	-	-
Transportation and selling	216	311	139	132	-	-
Operating	289	273	100	127	99	116
Purchased product	(41)	(45)	-	-	1,425	2,679
	1,625	2,196	905	1,121	86	(96)
Depreciation, depletion and amortization	537	578	373	435	49	50
Segment Income (Loss)	\$ 1,088	\$ 1,618	\$ 532	\$ 686	\$ 37	\$ (146)

	Market Optimization		Corporate & Other		Consolidated	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 381	\$ 840	\$ (1,372)	\$ 3,057	\$ 3,881	\$ 10,849
Expenses						
Production and mineral taxes	-	-	-	-	29	138
Transportation and selling	-	-	-	-	355	443
Operating	11	8	11	(3)	510	521
Purchased product	363	811	-	-	1,747	3,445
	7	21	(1,383)	3,060	1,240	6,302
Depreciation, depletion and amortization	6	4	27	28	992	1,095
Segment Income (Loss)	\$ 1	\$ 17	\$ (1,410)	\$ 3,032	\$ 248	\$ 5,207
Administrative					145	18
Interest, net					155	147
Accretion of asset retirement obligation					20	20
Foreign exchange (gain) loss, net					(114)	110
(Gain) loss on divestitures					(1)	(124)
					205	171
Net Earnings Before Income Tax					43	5,036
Income tax expense					18	1,483
Net Earnings					\$ 25	\$ 3,553

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information (continued)

Results of Operations (For the three months ended September 30)

Product and Divisional Information

	Canada Segment							
	Canadian Plains		Canadian Foothills		Integrated Oil - Canada		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 875	\$ 1,213	\$ 849	\$ 1,168	\$ 377	\$ 395	\$ 2,101	\$ 2,776
Expenses								
Production and mineral taxes	9	27	2	14	1	-	12	41
Transportation and selling	48	106	40	57	128	148	216	311
Operating	111	96	126	120	52	57	289	273
Purchased product	-	-	-	-	(41)	(45)	(41)	(45)
Operating Cash Flow	\$ 707	\$ 984	\$ 681	\$ 977	\$ 237	\$ 235	\$ 1,625	\$ 2,196

	Canadian Plains Division							
	Gas		Oil & NGLs		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 487	\$ 576	\$ 385	\$ 633	\$ 3	\$ 4	\$ 875	\$ 1,213
Expenses								
Production and mineral taxes	3	14	6	13	-	-	9	27
Transportation and selling	10	18	38	88	-	-	48	106
Operating	56	44	55	51	-	1	111	96
Operating Cash Flow	\$ 418	\$ 500	\$ 286	\$ 481	\$ 3	\$ 3	\$ 707	\$ 984

	Canadian Foothills Division							
	Gas		Oil & NGLs		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 761	\$ 982	\$ 77	\$ 172	\$ 11	\$ 14	\$ 849	\$ 1,168
Expenses								
Production and mineral taxes	2	12	-	2	-	-	2	14
Transportation and selling	38	54	2	3	-	-	40	57
Operating	118	108	5	7	3	5	126	120
Operating Cash Flow	\$ 603	\$ 808	\$ 70	\$ 160	\$ 8	\$ 9	\$ 681	\$ 977

	USA Division							
	Gas		Oil & NGLs		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 1,084	\$ 1,263	\$ 53	\$ 124	\$ 24	\$ 90	\$ 1,161	\$ 1,477
Expenses								
Production and mineral taxes	12	86	5	11	-	-	17	97
Transportation and selling	139	132	-	-	-	-	139	132
Operating	78	59	-	-	22	68	100	127
Operating Cash Flow	\$ 855	\$ 986	\$ 48	\$ 113	\$ 2	\$ 22	\$ 905	\$ 1,121

	Integrated Oil Division							
	Oil *		Downstream Refining		Other *		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 345	\$ 362	\$ 1,610	\$ 2,699	\$ 32	\$ 33	\$ 1,987	\$ 3,094
Expenses								
Production and mineral taxes	-	-	-	-	1	-	1	-
Transportation and selling	120	137	-	-	8	11	128	148
Operating	45	42	99	116	7	15	151	173
Purchased product	-	-	1,425	2,679	(41)	(45)	1,384	2,634
Operating Cash Flow	\$ 180	\$ 183	\$ 86	\$ (96)	\$ 57	\$ 52	\$ 323	\$ 139

* Oil and Other are included in Integrated Oil - Canada. Other includes production of natural gas and bitumen from the Athabasca and Senlac properties.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information (continued)

Results of Operations (For the nine months ended September 30)

Segment and Geographic Information

	Canada		USA		Downstream Refining	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 6,054	\$ 8,089	\$ 3,461	\$ 4,356	\$ 3,849	\$ 7,514
Expenses						
Production and mineral taxes	44	95	78	311	-	-
Transportation and selling	582	915	387	367	-	-
Operating	866	1,053	314	482	329	375
Purchased product	(72)	(126)	-	-	3,221	6,800
	4,634	6,152	2,682	3,196	299	339
Depreciation, depletion and amortization	1,544	1,717	1,168	1,253	146	138
Segment Income (Loss)	\$ 3,090	\$ 4,435	\$ 1,514	\$ 1,943	\$ 153	\$ 201
	Market Optimization		Corporate & Other		Consolidated	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 1,239	\$ 2,112	\$ (2,352)	\$ 1,634	\$ 12,251	\$ 23,705
Expenses						
Production and mineral taxes	-	-	-	-	122	406
Transportation and selling	-	-	-	-	969	1,282
Operating	26	27	40	(11)	1,575	1,926
Purchased product	1,192	2,046	-	-	4,341	8,720
	21	39	(2,392)	1,645	5,244	11,371
Depreciation, depletion and amortization	15	12	82	107	2,955	3,227
Segment Income (Loss)	\$ 6	\$ 27	\$ (2,474)	\$ 1,538	\$ 2,289	\$ 8,144
Administrative					350	399
Interest, net					388	428
Accretion of asset retirement obligation					56	61
Foreign exchange (gain) loss, net					(116)	170
(Gain) loss on divestitures					1	(141)
					679	917
Net Earnings Before Income Tax					1,610	7,227
Income tax expense					384	2,360
Net Earnings					\$ 1,226	\$ 4,867

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information (continued)

Results of Operations (For the nine months ended September 30)

Product and Divisional Information

	Canada Segment							
	Canadian Plains		Canadian Foothills		Integrated Oil - Canada		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 2,470	\$ 3,629	\$ 2,671	\$ 3,432	\$ 913	\$ 1,028	\$ 6,054	\$ 8,089
Expenses								
Production and mineral taxes	30	64	13	30	1	1	44	95
Transportation and selling	163	330	115	167	304	418	582	915
Operating	322	385	389	478	155	190	866	1,053
Purchased product	-	-	-	-	(72)	(126)	(72)	(126)
Operating Cash Flow	\$ 1,955	\$ 2,850	\$ 2,154	\$ 2,757	\$ 525	\$ 545	\$ 4,634	\$ 6,152

	Canadian Plains Division							
	Gas		Oil & NGLs		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 1,483	\$ 1,795	\$ 978	\$ 1,826	\$ 9	\$ 8	\$ 2,470	\$ 3,629
Expenses								
Production and mineral taxes	11	32	19	32	-	-	30	64
Transportation and selling	31	55	132	275	-	-	163	330
Operating	158	191	161	191	3	3	322	385
Operating Cash Flow	\$ 1,283	\$ 1,517	\$ 666	\$ 1,328	\$ 6	\$ 5	\$ 1,955	\$ 2,850

	Canadian Foothills Division							
	Gas		Oil & NGLs		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 2,432	\$ 2,891	\$ 208	\$ 494	\$ 31	\$ 47	\$ 2,671	\$ 3,432
Expenses								
Production and mineral taxes	11	26	2	4	-	-	13	30
Transportation and selling	109	158	6	9	-	-	115	167
Operating	362	432	17	30	10	16	389	478
Operating Cash Flow	\$ 1,950	\$ 2,275	\$ 183	\$ 451	\$ 21	\$ 31	\$ 2,154	\$ 2,757

	USA Division							
	Gas		Oil & NGLs		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 3,246	\$ 3,754	\$ 132	\$ 353	\$ 83	\$ 249	\$ 3,461	\$ 4,356
Expenses								
Production and mineral taxes	66	280	12	31	-	-	78	311
Transportation and selling	387	367	-	-	-	-	387	367
Operating	237	266	-	-	77	216	314	482
Operating Cash Flow	\$ 2,556	\$ 2,841	\$ 120	\$ 322	\$ 6	\$ 33	\$ 2,682	\$ 3,196

	Integrated Oil Division							
	Oil *		Downstream Refining		Other *		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 785	\$ 898	\$ 3,849	\$ 7,514	\$ 128	\$ 130	\$ 4,762	\$ 8,542
Expenses								
Production and mineral taxes	-	-	-	-	1	1	1	1
Transportation and selling	286	380	-	-	18	38	304	418
Operating	123	133	329	375	32	57	484	565
Purchased product	-	-	3,221	6,800	(72)	(126)	3,149	6,674
Operating Cash Flow	\$ 376	\$ 385	\$ 299	\$ 339	\$ 149	\$ 160	\$ 824	\$ 884

* Oil and Other are included in Integrated Oil - Canada. Other includes production of natural gas and bitumen from the Athabasca and Senlac properties.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information (continued)

The following tables represent EnCana's and Cenovus Energy Inc.'s divisional information, post-Arrangement (See Note 4), excluding their respective share of the Market Optimization and Corporate and Other segments.

EnCana's divisions, post-Arrangement, will include Canadian Foothills and USA. Cenovus Energy Inc.'s divisions, post-Arrangement, will include Integrated Oil and Canadian Plains.

Results of Operations (For the three months ended September 30)

Divisional Information

	EnCana					
	Canadian Foothills		USA		Total	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 849	\$ 1,168	\$ 1,161	\$ 1,477	\$ 2,010	\$ 2,645
Expenses						
Production and mineral taxes	2	14	17	97	19	111
Transportation and selling	40	57	139	132	179	189
Operating	126	120	100	127	226	247
Operating Cash Flow	\$ 681	\$ 977	\$ 905	\$ 1,121	\$ 1,586	\$ 2,098

	Cenovus					
	Integrated Oil		Canadian Plains		Total	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 1,987	\$ 3,094	\$ 875	\$ 1,213	\$ 2,862	\$ 4,307
Expenses						
Production and mineral taxes	1	-	9	27	10	27
Transportation and selling	128	148	48	106	176	254
Operating	151	173	111	96	262	269
Purchased product	1,384	2,634	-	-	1,384	2,634
Operating Cash Flow	\$ 323	\$ 139	\$ 707	\$ 984	\$ 1,030	\$ 1,123

Results of Operations (For the nine months ended September 30)

Divisional Information

	EnCana					
	Canadian Foothills		USA		Total	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 2,671	\$ 3,432	\$ 3,461	\$ 4,356	\$ 6,132	\$ 7,788
Expenses						
Production and mineral taxes	13	30	78	311	91	341
Transportation and selling	115	167	387	367	502	534
Operating	389	478	314	482	703	960
Operating Cash Flow	\$ 2,154	\$ 2,757	\$ 2,682	\$ 3,196	\$ 4,836	\$ 5,953

	Cenovus					
	Integrated Oil		Canadian Plains		Total	
	2009	2008	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 4,762	\$ 8,542	\$ 2,470	\$ 3,629	\$ 7,232	\$ 12,171
Expenses						
Production and mineral taxes	1	1	30	64	31	65
Transportation and selling	304	418	163	330	467	748
Operating	484	565	322	385	806	950
Purchased product	3,149	6,674	-	-	3,149	6,674
Operating Cash Flow	\$ 824	\$ 884	\$ 1,955	\$ 2,850	\$ 2,779	\$ 3,734

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information (continued)

Capital Expenditures

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Capital				
Canadian Plains	\$ 104	\$ 173	\$ 332	\$ 593
Canadian Foothills	505	473	1,250	1,836
Integrated Oil - Canada	111	142	340	494
Canada	720	788	1,922	2,923
USA	346	621	1,271	1,800
Downstream Refining	266	133	695	310
Market Optimization	1	4	(2)	11
Corporate & Other	5	42	38	111
	1,338	1,588	3,924	5,155
Acquisition Capital				
Canadian Plains	-	-	1	-
Canadian Foothills	8	28	82	120
Canada	8	28	83	120
USA	7	850	21	1,094
	15	878	104	1,214
Total	\$ 1,353	\$ 2,466	\$ 4,028	\$ 6,369

On September 25, 2008, EnCana acquired certain land and property in Louisiana for approximately \$101 million before closing adjustments. The purchase was facilitated by an unrelated party, Brown Haynesville Leasehold LLC ("Brown Haynesville"), which held the majority of the assets in trust for the Company in anticipation of a qualifying like kind exchange for U.S. tax purposes. The relationship with Brown Haynesville represented an interest in a Variable Interest Entity ("VIE") from September 25, 2008 to March 24, 2009. During this period, EnCana was the primary beneficiary of the VIE and consolidated Brown Haynesville. On March 24, 2009, when the arrangement with Brown Haynesville was completed, the assets were transferred to EnCana.

On July 23, 2008, EnCana acquired certain land and mineral interests in Louisiana for approximately \$457 million before closing adjustments. The purchase was facilitated by an unrelated party, Brown Southwest Minerals LLC ("Brown Southwest"), which held the majority of the assets in trust for the Company in anticipation of a qualifying like kind exchange for U.S. tax purposes. On November 12, 2008, an unrelated party exercised an option to purchase certain interests as part of the above acquisition for approximately \$157 million, reducing the qualifying like kind exchange to approximately \$300 million. The relationship with Brown Southwest represented an interest in a VIE from July 23, 2008 to January 19, 2009. During this period, EnCana was the primary beneficiary of the VIE and consolidated Brown Southwest. On January 19, 2009, when the arrangement with Brown Southwest was completed, the assets were transferred to EnCana.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

5. Segmented Information (continued)

Property, Plant and Equipment and Total Assets by Segment

	Property, Plant and Equipment		Total Assets	
	As at		As at	
	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
Canada	\$ 19,206	\$ 17,082	\$ 25,829	\$ 23,419
USA	13,588	13,541	14,649	14,635
Downstream Refining	4,598	4,032	5,407	4,637
Market Optimization	140	140	445	429
Corporate & Other	949	629	6,639	4,127
Total	\$ 38,481	\$ 35,424	\$ 52,969	\$ 47,247

On February 9, 2007, EnCana announced that it had entered into a 25 year lease agreement with a third party developer for The Bow office project. As at September 30, 2009, Corporate and Other Property, Plant and Equipment and Total Assets includes EnCana's accrual to date of \$545 million (\$252 million at December 31, 2008) related to this office project as an asset under construction.

On January 4, 2008, EnCana signed the contract for the design and construction of the Production Field Centre ("PFC") for the Deep Panuke project. As at September 30, 2009, Canada Property, Plant, and Equipment and Total Assets includes EnCana's accrual to date of \$377 million (\$199 million at December 31, 2008) related to this offshore facility as an asset under construction.

Corresponding liabilities for these projects are included in Other Liabilities in the Consolidated Balance Sheet. There is no effect on the Company's net earnings or cash flows related to the capitalization of The Bow office project or the Deep Panuke PFC.

6. Acquisitions and Divestitures

Acquisitions

On May 5, 2009, the Company acquired the common shares of Kerogen Resources Canada, ULC for net cash consideration of \$24 million. The acquisition included \$37 million of property, plant and equipment and the assumption of \$6 million of current liabilities and \$7 million of future income taxes. The operations are included in the Canadian Foothills Division.

Divestitures

Total year-to-date proceeds received on the sale of assets were \$1,030 million (2008 - \$593 million). The significant items are described below:

Canada and USA

In 2009, the Company completed the divestiture of mature conventional oil and natural gas assets for proceeds of \$957 million (2008 - \$218 million) in Canadian Foothills and \$70 million (2008 - \$123 million) in the USA.

Corporate and Other

In September 2008, the Company completed the sale of its interests in Brazil for net proceeds of \$164 million resulting in a gain on sale of \$124 million. After recording income tax of \$25 million, EnCana recorded an after-tax gain of \$99 million.

7. Interest, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Interest Expense - Long-Term Debt	\$ 125	\$ 142	\$ 366	\$ 426
Interest Expense - Other *	72	56	161	166
Interest Income *	(42)	(51)	(139)	(164)
	\$ 155	\$ 147	\$ 388	\$ 428

* Interest Expense - Other and Interest Income are primarily due to the Partnership Contribution Payable and Receivable, respectively.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

8. Foreign Exchange (Gain) Loss, Net

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Unrealized Foreign Exchange (Gain) Loss on:				
Translation of U.S. dollar debt issued from Canada *	\$ (485)	\$ 205	\$ (774)	\$ 370
Translation of U.S. dollar partnership contribution receivable issued from Canada *	254	(119)	414	(218)
Other Foreign Exchange (Gain) Loss on:				
Monetary revaluations and settlements	117	24	244	18
	\$ (114)	\$ 110	\$ (116)	\$ 170

* Reflects the current year change in foreign exchange rates calculated on the period end balance.

9. Income Taxes

The provision for income taxes is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Current				
Canada	\$ 238	\$ 40	\$ 678	\$ 446
United States	75	-	189	385
Other Countries	(1)	25	5	38
Total Current Tax	312	65	872	869
Future	(294)	1,418	(488)	1,491
	\$ 18	\$ 1,483	\$ 384	\$ 2,360

10. Inventories

	As at September 30, 2009	As at December 31, 2008
Product		
Canada	\$ 68	\$ 46
USA	6	8
Downstream Refining	513	323
Market Optimization	126	127
Parts and Supplies	14	16
	\$ 727	\$ 520

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

11. Long-Term Debt

	As at September 30, 2009	As at December 31, 2008
Canadian Dollar Denominated Debt		
Revolving credit and term loan borrowings	\$ 221	\$ 1,410
Unsecured notes	1,166	1,020
	1,387	2,430
U.S. Dollar Denominated Debt		
Revolving credit and term loan borrowings	202	247
Unsecured notes *	6,600	6,350
	6,802	6,597
Increase in Value of Debt Acquired	52	49
Debt Discounts and Financing Costs	(78)	(71)
Current Portion of Long-Term Debt	(200)	(250)
	\$ 7,963	\$ 8,755

* Excluding Cenovus Notes (See Note 4).

On May 4, 2009, EnCana completed a public offering in the United States of senior unsecured notes in the aggregate principal amount of US\$500 million. The notes have a coupon rate of 6.5 percent and mature on May 15, 2019. The net proceeds of the offering were used to repay a portion of EnCana's bank and commercial paper indebtedness.

12. Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of oil and gas assets and refining facilities:

	As at September 30, 2009	As at December 31, 2008
Asset Retirement Obligation, Beginning of Year	\$ 1,265	\$ 1,458
Liabilities Incurred	19	54
Liabilities Settled	(44)	(115)
Liabilities Divested	(17)	(38)
Change in Estimated Future Cash Flows	(8)	54
Accretion Expense	56	79
Foreign Currency Translation	141	(227)
Asset Retirement Obligation, End of Period	\$ 1,412	\$ 1,265

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

13. Share Capital

<i>(millions)</i>	September 30, 2009		December 31, 2008	
	Number	Amount	Number	Amount
Common Shares Outstanding, Beginning of Year	750.4	\$ 4,557	750.2	\$ 4,479
Common Shares Issued under Option Plans	0.3	4	3.0	80
Common Shares Issued from PSU Trust	0.5	19	-	-
Stock-Based Compensation	-	1	-	11
Common Shares Purchased	-	-	(2.8)	(13)
Common Shares Outstanding, End of Period	751.2	\$ 4,581	750.4	\$ 4,557

Performance Share Units ("PSUs")

In April 2009, the remaining 0.5 million Common Shares held in trust relating to EnCana's PSU plan were sold for total consideration of \$25 million. Of the amount received, \$19 million was credited to Share capital and \$6 million to Paid in surplus, representing the excess consideration received over the original price of the Common Shares acquired by the trust. Effective May 15, 2009, the trust agreement was terminated.

Normal Course Issuer Bid

EnCana has received regulatory approval each year under Canadian securities laws to purchase Common Shares under seven consecutive Normal Course Issuer Bids ("Bids"). EnCana is entitled to purchase, for cancellation, up to approximately 75.0 million Common Shares under the renewed Bid which commenced on November 13, 2008 and terminates on November 12, 2009. To September 30, 2009, there have been no purchases under the current bid (2008 - 4.8 million Common Shares for approximately \$326 million).

Stock Options

EnCana has stock-based compensation plans that allow 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 granted. Options granted under the plans are generally fully exercisable after three years and expire five years after the date granted. Options granted under predecessor and/or related company replacement plans expire up to 10 years from the date the options were granted.

The following tables summarize the information related to options to purchase Common Shares that do not have Tandem Share Appreciation Rights ("TSARs") attached to them at September 30, 2009. Information related to TSARs is included in Note 15.

	Stock Options <i>(millions)</i>	Weighted Average Exercise Price (C\$)
Outstanding, Beginning of Year	0.5	11.62
Exercised	(0.3)	11.59
Outstanding, End of Period	0.2	11.84
Exercisable, End of Period	0.2	11.84

<i>Range of Exercise Price (C\$)</i>	Outstanding & Exercisable Options		
	Number of Options Outstanding <i>(millions)</i>	Weighted Average Contractual Life <i>(years)</i>	Weighted Average Exercise Price (C\$)
11.50 to 14.50	0.2	0.4	11.84

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

14. Capital Structure

The Company's capital structure consists of Shareholders' Equity plus Long-Term Debt, defined as the current and long-term portions of long-term debt. The Company's objectives when managing its capital structure are to:

- i) maintain financial flexibility to preserve EnCana's access to capital markets and its ability to meet its financial obligations; and
- ii) finance internally generated growth as well as potential acquisitions.

The Company monitors its capital structure and short-term financing requirements using non-GAAP financial metrics consisting of Debt to Capitalization and Debt to Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). These metrics are used to steward the Company's overall debt position as measures of the Company's overall financial strength.

EnCana targets a Debt to Capitalization ratio of less than 40 percent. At September 30, 2009, EnCana's Debt to Capitalization ratio was 25 percent (December 31, 2008 - 28 percent) calculated as follows:

	As at	
	September 30, 2009	December 31, 2008
Debt *	\$ 8,163	\$ 9,005
Total Shareholders' Equity	24,959	22,974
Total Capitalization	\$ 33,122	\$ 31,979
Debt to Capitalization ratio	25%	28%

* Excluding Cenovus Notes (See Note 4).

EnCana targets a Debt to Adjusted EBITDA of less than 2.0 times. At September 30, 2009, Debt to Adjusted EBITDA was 1.1x (December 31, 2008 - 0.7x) calculated on a trailing twelve-month basis as follows:

	As at	
	September 30, 2009	December 31, 2008
Debt *	\$ 8,163	\$ 9,005
Net Earnings	\$ 2,303	\$ 5,944
Add (deduct):		
Interest, net	546	586
Income tax expense	657	2,633
Depreciation, depletion and amortization	3,951	4,223
Accretion of asset retirement obligation	74	79
Foreign exchange (gain) loss, net	137	423
(Gain) loss on divestitures	2	(140)
Adjusted EBITDA	\$ 7,670	\$ 13,748
Debt to Adjusted EBITDA	1.1x	0.7x

* Excluding Cenovus Notes (See Note 4).

EnCana has a long-standing practice of maintaining capital discipline, managing its capital structure and adjusting its capital structure according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust capital spending, adjust dividends paid to shareholders, purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, issue new debt or repay existing debt.

The Company's capital management objectives, evaluation measures and definitions have remained unchanged over the periods presented. EnCana is subject to certain financial covenants in its credit facility agreements and is in compliance with all financial covenants.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

15. Compensation Plans

The following tables outline certain information related to EnCana's compensation plans at September 30, 2009. Additional information is contained in Note 19 of the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2008.

A) Pensions

The following table summarizes the net benefit plan expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Current Service Cost	\$ 4	\$ 4	\$ 11	\$ 12
Interest Cost	5	5	15	16
Expected Return on Plan Assets	(3)	(4)	(10)	(14)
Amortization of Net Actuarial Losses	3	1	7	3
Amortization of Past Service Costs	-	-	1	1
Amortization of Transitional Obligation	-	-	1	(1)
Expense for Defined Contribution Plan	11	10	33	30
Net Benefit Plan Expense	\$ 20	\$ 16	\$ 58	\$ 47

For the nine months ended September 30, 2009, contributions of \$6 million have been made to the defined benefit pension plans (2008 - \$8 million).

B) Tandem Share Appreciation Rights ("TSARs")

The following table summarizes information related to the TSARs at September 30, 2009:

	Outstanding TSARs	Weighted Average Exercise Price
Canadian Dollar Denominated (C\$)		
Outstanding, Beginning of Year	19,411,939	53.97
Granted	3,973,660	55.35
Exercised - SARs	(1,802,205)	42.47
Exercised - Options	(53,084)	34.41
Forfeited	(373,317)	59.90
Outstanding, End of Period	21,156,993	55.16
Exercisable, End of Period	12,451,333	51.17

For the period ended September 30, 2009, EnCana recorded compensation costs of \$71 million related to the outstanding TSARs (2008 - \$68 million).

C) Performance Tandem Share Appreciation Rights ("Performance TSARs")

The following table summarizes information related to the Performance TSARs at September 30, 2009:

	Outstanding Performance TSARs	Weighted Average Exercise Price
Canadian Dollar Denominated (C\$)		
Outstanding, Beginning of Year	12,979,725	63.13
Granted	7,751,720	55.31
Exercised - SARs	(128,300)	56.09
Exercised - Options	(980)	56.09
Forfeited	(1,929,541)	62.75
Outstanding, End of Period	18,672,624	59.97
Exercisable, End of Period	3,793,229	60.46

For the period ended September 30, 2009, EnCana recorded compensation costs of \$36 million related to the outstanding Performance TSARs (2008 - \$42 million).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

15. Compensation Plans (continued)

D) Share Appreciation Rights ("SARs")

The following table summarizes information related to the SARs at September 30, 2009:

	Outstanding SARs	Weighted Average Exercise Price
Canadian Dollar Denominated (C\$)		
Outstanding, Beginning of Year	1,285,065	72.13
Granted	1,116,220	55.42
Forfeited	(49,975)	66.87
Outstanding, End of Period	2,351,310	64.31
Exercisable, End of Period	359,368	72.99

For the period ended September 30, 2009, EnCana recorded compensation costs of \$3 million related to the outstanding SARs (2008 - nil).

E) Performance Share Appreciation Rights ("Performance SARs")

The following table summarizes information related to the Performance SARs at September 30, 2009:

	Outstanding Performance SARs	Weighted Average Exercise Price
Canadian Dollar Denominated (C\$)		
Outstanding, Beginning of Year	1,620,930	69.40
Granted	2,140,440	55.31
Forfeited	(241,082)	67.94
Outstanding, End of Period	3,520,288	60.93
Exercisable, End of Period	297,174	69.40

For the period ended September 30, 2009, EnCana recorded compensation costs of \$4 million related to the outstanding Performance SARs (2008 - nil).

F) Deferred Share Units ("DSUs")

The following table summarizes information related to the DSUs at September 30, 2009:

	Outstanding DSUs
Canadian Dollar Denominated	
Outstanding, Beginning of Year	656,841
Granted	73,989
Converted from HPR awards	46,884
Units, in Lieu of Dividends	18,740
Redeemed	(45,352)
Outstanding, End of Period	751,102

For the period ended September 30, 2009, EnCana recorded compensation costs of \$8 million related to the outstanding DSUs (2008 - \$7 million).

Employees have the option to convert either 25 or 50 percent of their annual High Performance Results ("HPR") award into DSUs. The number of DSUs is based on the value of the award divided by the closing value of EnCana's share price at the end of the performance period of the HPR award. DSUs vest immediately, can be redeemed in accordance with the terms of the agreement and expire on December 15 of the calendar year following the year of termination.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

16. Per Share Amounts

The following table summarizes the Common Shares used in calculating Net Earnings per Common Share:

<i>(millions)</i>	Three Months Ended				Nine Months Ended	
	March 31, 2009	June 30, 2009	September 30, 2009	2008	September 30, 2009	2008
Weighted Average Common Shares Outstanding - Basic	750.5	751.0	751.2	750.3	750.9	750.0
Effect of Dilutive Securities	0.9	0.4	0.2	1.0	0.5	2.0
Weighted Average Common Shares Outstanding - Diluted	751.4	751.4	751.4	751.3	751.4	752.0

17. Financial Instruments and Risk Management

EnCana's financial assets and liabilities include cash and cash equivalents, restricted cash, accounts receivable and accrued revenues, accounts payable and accrued liabilities, the partnership contribution receivable and payable, risk management assets and liabilities, long-term debt, and the Cenovus Notes. Risk management assets and liabilities arise from the use of derivative financial instruments. Fair values of financial assets and liabilities, summarized information related to risk management positions, and discussion of risks associated with financial assets and liabilities are presented as follows:

A) Fair Value of Financial Assets and Liabilities

The fair values of cash and cash equivalents, accounts receivable and accrued revenues, and accounts payable and accrued liabilities approximate their carrying amount due to the short-term maturity of those instruments.

The fair value of restricted cash approximates its carrying amount due the nature of the amounts held in escrow (See Note 4).

The fair values of the partnership contribution receivable and partnership contribution payable approximate their carrying amount due to the specific nature of these instruments in relation to the creation of the integrated oil joint venture. Further information about these notes is disclosed in Note 11 to the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2008.

Risk management assets and liabilities are recorded at their estimated fair value based on the mark-to-market method of accounting, using quoted market prices or, in their absence, third-party market indications and forecasts.

Long-term debt is carried at amortized cost using the effective interest method of amortization. The estimated fair values of long-term borrowings have been determined based on market information where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company at period end.

The Cenovus Notes are carried at amortized cost using the effective interest method of amortization. The estimated fair values of the notes have been determined based on market information where available, or by discounting future payments of interest and principal at estimated interest rates expected to be available to the Company at period end.

The fair value of financial assets and liabilities were as follows:

	As at September 30, 2009		As at December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Held-for-Trading:				
Cash and cash equivalents	\$ 1,376	\$ 1,376	\$ 383	\$ 383
Restricted cash (See Note 4)	3,619	3,619	-	-
Risk management assets *	617	617	3,052	3,052
Loans and Receivables:				
Accounts receivable and accrued revenues	1,596	1,596	1,568	1,568
Partnership contribution receivable *	2,914	2,914	3,147	3,147
Financial Liabilities				
Held-for-Trading:				
Risk management liabilities *	\$ 102	\$ 102	\$ 50	\$ 50
Other Financial Liabilities:				
Accounts payable and accrued liabilities	2,947	2,947	2,871	2,871
Long-term debt *	8,163	8,868	9,005	8,242
Cenovus notes (See Note 4)	3,468	3,651	-	-
Partnership contribution payable *	2,935	2,935	3,163	3,163

* Including current portion.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

17. Financial Instruments and Risk Management (continued)

B) Risk Management Assets and Liabilities

Net Risk Management Position

	As at September 30, 2009	As at December 31, 2008
Risk Management		
Current asset	\$ 586	\$ 2,818
Long-term asset	31	234
	617	3,052
Risk Management		
Current liability	12	43
Long-term liability	90	7
	102	50
Net Risk Management Asset (Liability)	\$ 515	\$ 3,002

Summary of Unrealized Risk Management Positions

	As at September 30, 2009			As at December 31, 2008		
	Risk Management			Risk Management		
	Asset	Liability	Net	Asset	Liability	Net
Commodity Prices						
Natural gas	\$ 590	\$ 90	\$ 500	\$ 2,941	\$ 10	\$ 2,931
Crude oil	27	6	21	92	40	52
Power	-	6	(6)	19	-	19
Total Fair Value	\$ 617	\$ 102	\$ 515	\$ 3,052	\$ 50	\$ 3,002

Net Fair Value Methodologies Used to Calculate Unrealized Risk Management Positions

	As at September 30, 2009	As at December 31, 2008
Prices actively quoted	\$ 465	\$ 2,055
Prices sourced from observable data or market corroboration	50	947
Total Fair Value	\$ 515	\$ 3,002

Prices actively quoted refers to the fair value of contracts valued using quoted prices in an active market. Prices sourced from observable data or market corroboration refers to the fair value of contracts valued in part using active quotes and in part using observable, market-corroborated data.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

17. Financial Instruments and Risk Management (continued)

B) Risk Management Assets and Liabilities (continued)

Net Fair Value of Commodity Price Positions at September 30, 2009

	Notional Volumes	Term	Average Price	Fair Value
Natural Gas Contracts				
Fixed Price Contracts				
NYMEX Fixed Price	1,983 MMcf/d	2009	7.24 US\$/Mcf	\$ 453
NYMEX Fixed Price	1,721 MMcf/d	2010	6.07 US\$/Mcf	(8)
NYMEX Fixed Price	108 MMcf/d	2011	6.73 US\$/Mcf	(3)
Purchased Options				
NYMEX Call	(61) MMcf/d	2009	11.67 US\$/Mcf	(3)
NYMEX Put	209 MMcf/d	2009	9.10 US\$/Mcf	95
Basis Contracts				
Canada	80 MMcf/d	2009		-
United States	427 MMcf/d	2009		(14)
Canada and United States *		2010-2013		(33)
				487
Other Financial Positions **				2
Total Unrealized Gain on Financial Contracts				489
Premiums Paid on Unexpired Options				11
Natural Gas Fair Value Position				\$ 500

* EnCana has entered into swaps to protect against widening natural gas price differentials between production areas, including Canada, the U.S. Rockies and Texas, and various sales points. These basis swaps are priced using both fixed prices and basis prices determined as a percentage of NYMEX.

** Other financial positions are part of the ongoing operations of the Company's proprietary production management.

	Notional Volumes	Term	Average Price	Fair Value
Crude Oil Contracts				
Fixed Price Contracts				
WTI NYMEX Fixed Price	27,000 bbls/d	2010	76.89 US\$/bbl	\$ 24
Other Financial Positions *				(3)
Crude Oil Fair Value Position				\$ 21

* Other financial positions are part of the ongoing operations of the Company's proprietary production and condensate management and its share of downstream crude supply positions.

	Fair Value
Power Purchase Contracts	
Power Fair Value Position	\$ (6)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

17. Financial Instruments and Risk Management (continued)

B) Risk Management Assets and Liabilities (continued)

Earnings Impact of Realized and Unrealized Gains (Losses) on Risk Management Positions

	Realized Gain (Loss)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues, Net of Royalties	\$ 1,362	\$ (389)	\$ 3,776	\$ (955)
Operating Expenses and Other	(4)	(2)	(33)	(2)
Gain (Loss) on Risk Management	\$ 1,358	\$ (391)	\$ 3,743	\$ (957)

	Unrealized Gain (Loss)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues, Net of Royalties	\$ (1,373)	\$ 3,057	\$ (2,354)	\$ 1,633
Operating Expenses and Other	(11)	(7)	(37)	6
Gain (Loss) on Risk Management	\$ (1,384)	\$ 3,050	\$ (2,391)	\$ 1,639

Reconciliation of Unrealized Risk Management Positions from January 1 to September 30, 2009

	2009		2008
	Fair Value	Total Unrealized Gain (Loss)	Total Unrealized Gain (Loss)
Fair Value of Contracts, Beginning of Year	\$ 2,892		
Change in Fair Value of Contracts in Place at Beginning of Year and Contracts Entered into During the Period	1,352	\$ 1,352	\$ 682
Foreign Exchange Gain (Loss) on Canadian Dollar Contracts	3	-	-
Fair Value of Contracts Realized During the Period	(3,743)	(3,743)	957
Fair Value of Contracts Outstanding	\$ 504	\$ (2,391)	\$ 1,639
Premiums Paid on Unexpired Options	11		
Fair Value of Contracts and Premiums Paid, End of Period	\$ 515		

Commodity Price Sensitivities

The following table summarizes the sensitivity of the fair value of the Company's risk management positions to fluctuations in commodity prices, with all other variables held constant. The Company has used a 10 percent variability to assess the potential impact of commodity price changes. Fluctuations in commodity prices could have resulted in unrealized gains (losses) impacting net earnings as at September 30, 2009 as follows:

	10% Price Increase	10% Price Decrease
Natural gas price	\$ (497)	\$ 497
Crude oil price	(79)	79
Power price	10	(10)

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

17. Financial Instruments and Risk Management (continued)

C) Risks Associated with Financial Assets and Liabilities

The Company is exposed to financial risks arising from its financial assets and liabilities. Financial risks include market risks (such as commodity prices, foreign exchange and interest rates), credit risk and liquidity risk. The fair value or future cash flows of financial assets or liabilities may fluctuate due to movement in market prices and the exposure to credit and liquidity risks.

Commodity Price Risk

Commodity price risk arises from the effect that fluctuations of future commodity prices may have on the fair value or future cash flows of financial assets and liabilities. To partially mitigate exposure to commodity price risk, the Company has entered into various financial derivative instruments. The use of these derivative instruments is governed under formal policies and is subject to limits established by the Board of Directors. The Company's policy is to not use derivative financial instruments for speculative purposes.

Natural Gas - To partially mitigate the natural gas commodity price risk, the Company has entered into option contracts and swaps, which fix the NYMEX prices. To help protect against widening natural gas price differentials in various production areas, EnCana has entered into swaps to manage the price differentials between these production areas and various sales points.

Crude Oil - The Company has partially mitigated its commodity price risk on crude oil and condensate supply with swaps which fix WTI NYMEX prices.

Power - The Company has in place two Canadian dollar denominated derivative contracts, which commenced January 1, 2007 for a period of 11 years, to manage its electricity consumption costs.

Credit Risk

Credit risk arises from the potential that the Company may incur a loss if a counterparty to a financial instrument fails to meet its obligation in accordance with agreed terms. This credit risk exposure is mitigated through the use of Board-approved credit policies governing the Company's credit portfolio and with credit practices that limit transactions according to counterparties' credit quality. Any foreign currency agreements entered into are with major financial institutions in Canada and the United States or with counterparties having investment grade credit ratings. A substantial portion of the Company's accounts receivable are with customers in the oil and gas industry and are subject to normal industry credit risks. As at September 30, 2009, approximately 93 percent of EnCana's accounts receivable and financial derivative credit exposures are with investment grade counterparties.

At September 30, 2009, EnCana had four counterparties whose net settlement position individually account for more than 10 percent of the fair value of the outstanding in-the-money net financial instrument contracts by counterparty. The maximum credit risk exposure associated with accounts receivable and accrued revenues, risk management assets and the partnership contribution receivable is the total carrying value.

Liquidity Risk

Liquidity risk is the risk the Company will encounter difficulties in meeting a demand to fund its financial liabilities as they come due. The Company manages its liquidity risk through cash and debt management. As disclosed in Note 14, EnCana targets a Debt to Capitalization ratio of less than 40 percent and a Debt to Adjusted EBITDA of less than 2.0 times to steward the Company's overall debt position.

In managing liquidity risk, the Company has access to a wide range of funding at competitive rates through commercial paper, capital markets and banks. As at September 30, 2009, excluding the Cenovus credit facilities as disclosed in Note 4, EnCana had available unused committed bank credit facilities in the amount of \$4.3 billion and unused capacity under shelf prospectuses, the availability of which is dependent on market conditions, for \$5.4 billion. The Company believes it has sufficient funding through the use of these facilities to meet foreseeable borrowing requirements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

17. Financial Instruments and Risk Management (continued)

C) Risks Associated with Financial Assets and Liabilities (continued)

EnCana maintains investment grade credit ratings on its senior unsecured debt. Following the proposed corporate reorganization announcement on September 10, 2009 (See Note 4), S&P maintained the rating of "A-" and placed the Company on "CreditWatch" with negative implications. Moody's affirmed the rating of "Baa2" with a "Stable" outlook and DBRS maintained the rating of "A (low)" which is "Under Review with Developing Implications". DBRS placed the rating "Under Review" following the May 11, 2008 announcement of the proposed Arrangement.

The timing of cash outflows relating to financial liabilities are outlined in the table below:

	Less Than 1 Year	1 - 3 Years	4 - 5 Years	Thereafter	Total
Accounts Payable and Accrued Liabilities	\$ 2,947	\$ -	\$ -	\$ -	\$ 2,947
Risk Management Liabilities	12	89	1	-	102
Long-Term Debt *	685	1,866	2,710	9,904	15,165
Cenovus Notes *	141	409	1,209	5,517	7,276
Partnership Contribution Payable *	489	978	978	1,222	3,667

* Principal and interest, including current portion.

Included in EnCana's total long-term debt obligations of \$15,165 million at September 30, 2009, excluding the Cenovus Notes, are \$423 million in principal obligations related to Commercial Paper and LIBOR loans. These amounts are fully supported and Management expects that they will continue to be supported by revolving credit and term loan facilities that have no repayment requirements within the next year. The revolving credit and term loan facilities, excluding the Cenovus credit facilities as described in Note 4, are fully revolving for a period of up to five years. Based on the current maturity dates of the credit facilities, these amounts are included in cash outflows for the period disclosed as 4 - 5 Years. Further information on Long-term Debt is contained in Note 11.

Foreign Exchange Risk

Foreign exchange risk arises from changes in foreign exchange rates that may affect the fair value or future cash flows of the Company's financial assets or liabilities. As EnCana operates primarily in North America, fluctuations in the exchange rate between the U.S./Canadian dollar can have a significant effect on the Company's reported results. EnCana's functional currency is Canadian dollars, however, the Company reports its results in U.S. dollars as most of its revenue is closely tied to the U.S. dollar and to facilitate a more direct comparison to other North American oil and gas companies. As the effects of foreign exchange fluctuations are embedded in the Company's results, the total effect of foreign exchange fluctuations are not separately identifiable.

To mitigate the exposure to the fluctuating U.S./Canadian exchange rate, EnCana maintains a mix of both U.S. dollar and Canadian dollar debt.

As disclosed in Note 8, EnCana's foreign exchange (gain) loss primarily includes unrealized foreign exchange gains and losses on the translation of U.S. dollar debt issued from Canada and the translation of the U.S. dollar partnership contribution receivable issued from Canada. At September 30, 2009, excluding the Cenovus Notes, EnCana had \$5,600 million in U.S. dollar debt issued from Canada (\$5,350 million at December 31, 2008) and \$2,914 million related to the U.S. dollar partnership contribution receivable (\$3,147 million at December 31, 2008). A \$0.01 change in the U.S. to Canadian dollar exchange rate would have resulted in a \$25 million change in foreign exchange (gain) loss at September 30, 2009 (2008 - \$20 million), excluding the Cenovus Notes.

Interest Rate Risk

Interest rate risk arises from changes in market interest rates that may affect the fair value or future cash flows from the Company's financial assets or liabilities. The Company partially mitigates its exposure to interest rate changes by maintaining a mix of both fixed and floating rate debt.

At September 30, 2009, the increase or decrease in net earnings for each one percent change in interest rates on floating rate debt amounts to approximately \$3 million (2008 - \$15 million).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in \$ millions unless otherwise specified)

18. Contingencies

Legal Proceedings

The Company is involved in various legal claims associated with the normal course of operations. The Company believes it has made adequate provision for such legal claims.

Discontinued Merchant Energy Operations

During the period between 2003 and 2005, EnCana and its indirect wholly owned U.S. marketing subsidiary, WD Energy Services Inc. ("WD"), along with other energy companies, were named as defendants in several lawsuits, some of which were class action lawsuits, relating to sales of natural gas from 1999 to 2002. The lawsuits allege that the defendants engaged in a conspiracy with unnamed competitors in the natural gas markets in California in violation of U.S. and California anti-trust and unfair competition laws. All but one of these lawsuits has been settled prior to 2009, without admitting any liability in the lawsuits.

The remaining lawsuit was commenced by E. & J. Gallo Winery ("Gallo"). The Company and WD have conditionally agreed to settle this lawsuit pending the successful negotiation and execution of a Settlement Agreement. Subsequent to September 30, 2009, the Settlement Agreement was fully executed, without admitting any liability in the lawsuit.

19. Reclassification

Certain information provided for prior periods has been reclassified to conform to the presentation adopted in 2009.