

**DELIVERING
VALUE
NOW**

When I accepted the role of Encana's President & CEO in June of 2013, I did so based upon my belief that this company had all of the ingredients to be successful and to sustainably grow shareholder value over the long term. It was evident that Encana had a strong asset base and a history of innovation and industry-leading efficiencies, all driven by a team of talented people. My initial impression and belief has only been strengthened with time and with the launch of our new strategy last November, a strategy motivated by a vision of making Encana the leading North American Resource Play company.

As we exited 2013, we had already made significant progress implementing our new strategy. We have focused our capital on key liquids rich plays which we expect will diversify our portfolio and generate higher returns. We have restructured our organization to support our strategy, and we have broadly aligned our capital program with our cash flow. It's important to note that in a year of significant change we largely met or exceeded all of our operating and financial targets while spending considerably less capital than originally forecast. With our new strategy firmly in place, we are well positioned to deliver results and sustainably grow shareholder value.

Our operational focus in 2014 will continue to be on driving efficiency in everything we do. Our capital program is focused on five core growth areas where we intend to deliver significant year-over-year improvements in capital efficiency, and complete appraisal activities in two exciting new areas. We are also focused on driving efficiency

improvement into our base producing areas as these assets provide substantial cash flow to our business. We deeply believe that relentlessly driving efficiency into everything we do is a key component to sustainably growing shareholder value.

Financially, disciplined capital allocation will be instrumental in achieving higher returns, growing our liquids production and capturing new opportunities. Through our disciplined focus on investing our capital in our best opportunities, we expect our cash flow to grow at roughly three times the rate of production from now through to 2017. We exited 2013 with a strong balance sheet and we intend to maintain this strength through a disciplined and focused approach to capital allocation.

2014 is shaping up to be an exciting year for Encana. Our new strategy and organizational structure are in place, we have a clear plan to grow value based off of disciplined capital allocation to grow our liquids production and through driving efficiency, and we believe that we are unlocking value through the planned initial public offering (IPO) of our royalty business. With the plans we have in place, our success is largely within our own control. Just as importantly this company has the expertise, skills and portfolio to get back to winning. I believe the future of Encana is bright.



DOUG SUTTLES
PRESIDENT & CEO

**LOOKING
BACK.
LOOKING
AHEAD.**

The past year was a time of significant change for Encana and the start of an exciting new era. Two major events characterized 2013 and will shape our course in 2014 and the years to come: the naming of Doug Suttles as President & CEO and the announcement of our new corporate strategy.

During the past year, I was appointed Chairman of the Board after David P. O'Brien retired as Board Chair after serving with distinction for more than 10 years. Mr. O'Brien's accomplishments over his distinguished career are numerous, including his pivotal role in the formation of our company. I would like to thank Mr. O'Brien for his invaluable leadership and for his many contributions to Encana.

As Chairman of the Board, my focus is to continue our steadfast commitment to strong governance and corporate responsibility, while leading the Board of Directors in ensuring that Encana builds value for its shareholders. The Board of Directors supports the goals and deliverables outlined in the strategy announced by Doug Suttles on November 5, 2013 which was the culmination of a deep level of research and analysis undertaken by Doug and his team and it is a vision fully endorsed by the Board of Directors as the way forward to grow profitability and to maximize shareholder value over the long term.

In closing, I would like to thank the Board of Directors for their leadership during the past year. I also extend my thanks to Encana's Executive Leadership Team, employees and contractors for their hard work over what was a time of considerable change. Their efforts have ensured that the company is well positioned for success in 2014 and beyond.

On behalf of the Board of Directors,



CLAYTON WOITAS
CHAIRMAN OF THE BOARD