Interim Consolidated Financial Statements

(unaudited)

For the period ended December 31, 2003

EnCana Corporation

U.S. DOLLARS

EnCana Corporation

CONSOLIDATED STATEMENT OF EARNINGS

(unaudited) (US$ millions, except per share amounts)		December 31 Three Months Ended 2003	2002 (restated - Note 2)	Year Ended 2003	2002 (restated - Note 2)
REVENUES, NET OF ROYALTIES	*(Note 4)*	**$ 2,850**	$ 2,116	**$ 10,216**	$ 6,276
EXPENSES	*(Note 4)*				
Production and mineral taxes		**58**	41	**189**	119
Transportation and selling		**170**	121	**545**	364
Operating		**337**	258	**1,297**	813
Purchased product		**1,049**	720	**3,455**	2,200
Depreciation, depletion and amortization		**725**	452	**2,222**	1,304
Administrative		**52**	48	**173**	119
Interest, net		**85**	119	**287**	290
Accretion of asset retirement obligation	*(Note 9)*	**4**	4	**19**	13
Foreign exchange (gain) loss	*(Note 6)*	**(165)**	3	**(601)**	(14)
Stock-based compensation	*(Note 2)*	**6**	-	**18**	-
Gain on corporate disposition		**-**	(33)	**-**	(33)
		2,321	1,733	**7,604**	5,175
NET EARNINGS BEFORE INCOME TAX		**529**	383	**2,612**	1,101
Income tax expense	*(Note 7)*	**103**	135	**445**	366
NET EARNINGS FROM CONTINUING OPERATIONS		**426**	248	**2,167**	735
NET EARNINGS FROM DISCONTINUED OPERATIONS	*(Note 5)*	**-**	34	**193**	77
NET EARNINGS		**$ 426**	$ 282	**$ 2,360**	$ 812
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	*(Note 11)*				
Basic		**$ 0.92**	$ 0.52	**$ 4.57**	$ 1.76
Diluted		**$ 0.91**	$ 0.51	**$ 4.52**	$ 1.74
NET EARNINGS PER COMMON SHARE	*(Note 11)*				
Basic		**$ 0.92**	$ 0.59	**$ 4.98**	$ 1.94
Diluted		**$ 0.91**	$ 0.58	**$ 4.92**	$ 1.92

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(unaudited) (US$ millions)		Year Ended December 31 2003	2002 (restated - Note 2)
RETAINED EARNINGS, BEGINNING OF YEAR			
As previously reported		**$ 3,457**	$ 2,787
Retroactive adjustment for changes in accounting policies	*(Note 2)*	**66**	32
As restated		**3,523**	2,819
Net Earnings		**2,360**	812
Dividends on Common Shares		**(139)**	(108)
Charges for Normal Course Issuer Bid	*(Note 10)*	**(468)**	-
RETAINED EARNINGS, END OF YEAR		**$ 5,276**	$ 3,523

See accompanying Notes to Consolidated Financial Statements.

EnCana Corporation

CONSOLIDATED BALANCE SHEET

(unaudited) (US$ millions)		**As at December 31, 2003**	As at December 31, 2002
			(restated - Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 148**	$ 116
Accounts receivable and accrued revenues		**1,367**	1,258
Inventories		**573**	281
Assets of discontinued operations	*(Note 5)*	**-**	2,155
		2,088	3,810
Property, Plant and Equipment, net	*(Note 4)*	**19,545**	14,247
Investments and Other Assets		**566**	292
Goodwill		**1,911**	1,563
	(Note 4)	**$ 24,110**	$ 19,912
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 1,579**	$ 1,445
Income tax payable		**65**	13
Current portion of long-term debt	*(Note 8)*	**287**	134
Liabilities of discontinued operations	*(Note 5)*	**-**	1,100
		1,931	2,692
Long-Term Debt	*(Note 8)*	**6,088**	5,051
Other Liabilities		**21**	54
Asset Retirement Obligation	*(Note 9)*	**430**	309
Future Income Taxes		**4,362**	3,088
		12,832	11,194
Shareholders' Equity			
Share capital	*(Note 10)*	**5,305**	5,511
Share options, net		**55**	84
Paid in surplus		**18**	51
Retained earnings		**5,276**	3,523
Foreign currency translation adjustment		**624**	(451)
		11,278	8,718
		$ 24,110	$ 19,912

See accompanying Notes to Consolidated Financial Statements.

EnCana Corporation

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) (US$ millions)		Three Months Ended December 31 2003	2002 *(restated - Note 2)*	Year Ended December 31 2003	2002 *(restated - Note 2)*
OPERATING ACTIVITIES					
Net earnings from continuing operations		**$ 426**	$ 248	**$ 2,167**	$ 735
Depreciation, depletion and amortization		**725**	452	**2,222**	1,304
Future income taxes	*(Note 7)*	**176**	242	**501**	404
Unrealized foreign exchange (gain)		**(141)**	(8)	**(545)**	(23)
Accretion of asset retirement obligation		**4**	4	**19**	13
Other		**27**	(64)	**56**	(166)
Cash flow from continuing operations		**1,217**	874	**4,420**	2,267
Cash flow from discontinued operations		**37**	61	**39**	152
Cash flow		**1,254**	935	**4,459**	2,419
Net change in other assets and liabilities		**(2)**	(1)	**(84)**	(17)
Net change in non-cash working capital from continuing operations		**(301)**	(346)	**(81)**	(853)
Net change in non-cash working capital from discontinued operations		**(37)**	17	**17**	64
		914	605	**4,311**	1,613
INVESTING ACTIVITIES					
Capital expenditures	*(Note 4)*	**(1,677)**	(900)	**(5,115)**	(3,021)
Proceeds on disposal of property, plant and equipment		**282**	121	**301**	363
Corporate (acquisitions) and dispositions	*(Note 3)*	**14**	60	**(193)**	60
Business combination with Alberta Energy Company Ltd.		**-**	-	**-**	(80)
Equity investments		**(3)**	-	**(161)**	-
Net change in investments and other		**5**	32	**(63)**	43
Net change in non-cash working capital from continuing operations		**29**	293	**(83)**	186
Discontinued operations	*(Note 5)*	**-**	(59)	**1,585**	(146)
		(1,350)	(453)	**(3,729)**	(2,595)
FINANCING ACTIVITIES					
Issuance of long-term debt		**526**	760	**1,609**	1,506
Repayment of long-term debt		**-**	(1,297)	**(963)**	(1,206)
Issuance of common shares	*(Note 10)*	**19**	27	**114**	88
Purchase of common shares	*(Note 10)*	**(186)**	-	**(868)**	-
Dividends on common shares		**(36)**	(30)	**(139)**	(108)
Other		**(8)**	(36)	**(13)**	(53)
Net change in non-cash working capital from continuing operations		**22**	1	**2**	(7)
Discontinued operations		**-**	277	**(282)**	271
		337	(298)	**(540)**	491
DEDUCT: FOREIGN EXCHANGE LOSS (GAIN) ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY		**1**	-	**10**	(2)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(100)**	(146)	**32**	(489)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**248**	262	**116**	605
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 148**	$ 116	**$ 148**	$ 116

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

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, except as noted below. 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. CHANGE IN ACCOUNTING POLICIES AND PRACTICES

Reporting Currency

The Company has adopted the United States dollar as its reporting currency since most of its revenue is closely tied to the U.S. dollar and to facilitate a more direct comparison to other North American upstream exploration and development companies. The Company uses the current rate method for foreign currency translations. All prior periods have been restated to reflect the United States dollar as the reporting currency.

Preferred Securities

The Company has retroactively adopted the amendments made to the Canadian Institute of Chartered Accountants ("CICA") Handbook section 3860, “Financial Instruments - Disclosure and Presentation”. As a result, the preferred securities issued by the Company are now recorded as a liability and included in long-term debt. The effect on the Company’s Consolidated Statement of Earnings was to increase net earnings by $6 million (2002 - $2 million decrease). The effect to the Company’s Consolidated Balance Sheet is to increase current portion of long-term debt by $97 million, increase long-term debt by $321 million and decrease shareholders' equity by $418 million (2002 - $369 million increase to long-term debt; $289 million decrease to preferred securities of subsidiary; $80 million decrease to shareholders' equity).

Asset Retirement Obligations

The Company has retroactively early adopted the Canadian accounting standard outlined in CICA Handbook section 3110, "Asset Retirement Obligations". This new section requires liability recognition for retirement obligations associated with tangible long-lived assets, such as producing well sites, offshore production platforms and natural gas processing plants. The obligations included within the scope of this section are those for which a company faces a legal obligation for settlement or has made promissory estoppel. The initial measurement of the asset retirement obligation is at fair value, defined as “the price that an entity would have to pay a willing third party of comparable credit standing to assume the liability in a current transaction other than in a forced or liquidation sale.”

The asset retirement cost, equal to the fair value of the retirement obligation, is capitalized as part of the cost of the related long-lived asset and allocated to expense on a basis consistent with depreciation, depletion and amortization.

The Company previously estimated costs of dismantlement, removal, site reclamation, and other similar activities and recorded them into earnings on a unit-of production basis over the remaining life of the proved reserves and accumulated a liability on the Consolidated Balance Sheet. Upon adoption, all prior periods have been restated for the change in accounting policy. The change results in an increase in net earnings of $36 million for the year ended December 31, 2003 (2002 - $34 million increase). The effect of this change on the December 31, 2003 Consolidated Balance Sheet is an increase in property, plant and equipment of $142 million (2002 - $94 million increase), no change in the assets of discontinued operations (2002 - $11 million decrease), an increase in liabilities of $22 million (2002 - $16 million), an increase to retained earnings of $102 million (2002 - $66 million) and an increase in foreign currency translation adjustment of $18 million (2002 - $1 million).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

2. CHANGE IN ACCOUNTING POLICIES AND PRACTICES (continued)

Stock-based Compensation

The Company has early adopted the Canadian accounting standard as outlined in CICA Handbook section 3870, "Stock-based Compensation and Other Stock-based Payments". As allowed by section 3870, this policy has been adopted prospectively, meaning all prior years have not been restated.

The adoption of the new accounting standard for stock-based compensation resulted in the Company recognizing an expense of $18 million in 2003.

Full Cost Accounting

The Company has early adopted CICA Accounting Guideline AcG - 16, “Oil and Gas Accounting - Full Cost”. The new guideline modifies how the ceiling test is performed and requires cost centers be tested for recoverability using undiscounted future cash flows from proved reserves which are determined by using forward indexed prices. When the carrying amount of a cost center is not recoverable, the cost center would be written down to its fair value. Fair value is estimated using accepted present value techniques which incorporate risks and other uncertainties when determining expected cash flows. There is no impact on the Company’s reported financial results as a result of applying the new Accounting Guideline AcG - 16.

Summary of Changes in Accounting Policies and Practices

	2003			2002		
(US$ millions)	As Reported	Change	**As Restated**	As Reported	Change	As Restated
Consolidated Balance Sheet						
Assets						
Assets of discontinued operations	$ -	$ -	**$ -**	$ 2,166	$ (11)	$ 2,155
Property, plant and equipment, net	19,403	142	**19,545**	14,153	94	14,247
Liabilities						
Liabilities of discontinued operations	$ -	$ -	**$ -**	$ 1,113	$ (13)	$ 1,100
Current portion of long-term debt	190	97	**287**	134	-	134
Long-term debt	5,767	321	**6,088**	4,682	369	5,051
Preferred securities of subsidiary	-	-	**-**	289	(289)	-
Other liabilities & asset retirement obiligation	473	(22)	**451**	357	6	363
Future income taxes	4,318	44	**4,362**	3,065	23	3,088
Shareholders' Equity						
Preferred securities	$ 418	$ (418)	**$ -**	$ 80	$ (80)	$ -
Paid in surplus	-	18	**18**	51	-	51
Retained earnings	5,192	84	**5,276**	3,457	66	3,523
Foreign currency translation adjustment	606	18	**624**	(452)	1	(451)
Consolidated Statement of Earnings						
Net Earnings	$ 2,336	$ 24	**$ 2,360**	$ 780	$ 32	$ 812
Net Earnings per Common Share - Diluted	$ 4.88	$ 0.04	**$ 4.92**	$ 1.84	$ 0.08	$ 1.92

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

3. CORPORATE (ACQUISITIONS) AND DISPOSITIONS

On January 31, 2003, the Company acquired the Ecuadorian interests of Vintage Petroleum Inc. ("Vintage") for net cash consideration of $116 million.

On July 18, 2003, the Company acquired the common shares of Savannah Energy Inc. ("Savannah") for net cash consideration of $91 million. Savannah's operations are in Texas, USA.

These purchases were accounted for using the purchase method with the results reflected in the consolidated results of EnCana from the dates of acquisition. These acquisitions were accounted for as follows:

(US$ millions)	Vintage	Savannah
Working Capital	$ 1	$ 1
Property, Plant and Equipment, net	126	110
Future Income Taxes	(11)	(20)
	$ 116	$ 91

Other dispositions of discontinued operations are disclosed in Note 5.

4. SEGMENTED INFORMATION

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

- Upstream includes the Company’s exploration for, and development and production of, natural gas, natural gas liquids and crude oil and other related activities. The Company's Upstream operations are primarily located in Canada, the United States, the United Kingdom and Ecuador. International new ventures exploration is mainly focused on opportunities in Africa, South America and the Middle East.

- Midstream & Marketing includes natural gas storage operations, natural gas liquids processing and power generation operations, as well as marketing activities. These marketing activities include the sale and delivery of produced product and the purchasing of third party product primarily for the optimization of midstream assets, as well as the optimization of transportation arrangements not fully utilized for the Company's own production.

Midstream & Marketing purchases all of the Company's North American production. Transactions between business segments are based on market values and eliminated on consolidation. The tables in this note present financial information on an after eliminations basis.

In 2003, the Company redefined its business segments to those described above. All prior periods have been restated to conform to the current presentation.

Operations that have been discontinued are disclosed in Note 5.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

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

	Upstream		Midstream & Marketing	
(US$ millions)	**2003**	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ 1,676**	$ 1,264	**$ 1,174**	$ 845
Expenses				
Production and mineral taxes	**58**	41	**-**	-
Transportation and selling	**159**	100	**11**	21
Operating	**254**	194	**83**	64
Purchased product	**-**	-	**1,049**	720
Depreciation, depletion and amortization	**689**	429	**27**	10
Segment Income	**$ 516**	$ 500	**$ 4**	$ 30

	Corporate		Consolidated	
	2003	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ -**	$ 7	**$ 2,850**	$ 2,116
Expenses				
Production and mineral taxes	**-**	-	**58**	41
Transportation and selling	**-**	-	**170**	121
Operating	**-**	-	**337**	258
Purchased product	**-**	-	**1,049**	720
Depreciation, depletion and amortization	**9**	13	**725**	452
Segment Income	**$ (9)**	$ (6)	**511**	524
Administrative			**52**	48
Interest, net			**85**	119
Accretion of asset retirement obligation			**4**	4
Foreign exchange (gain) loss			**(165)**	3
Stock-based compensation			**6**	-
Gain on corporate disposition			**-**	(33)
			(18)	141
Net Earnings Before Income Tax			**529**	383
Income tax expense			**103**	135
Net Earnings from Continuing Operations			**$ 426**	$ 248

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

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

Upstream

	North America					
	Produced Gas and NGLs					
	Canada		United States		Crude Oil	
(US$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues, net of royalties	**$ 892**	$ 695	**$ 298**	$ 204	**$ 239**	$ 235
Expenses						
Production and mineral taxes	**19**	12	**27**	17	**4**	7
Transportation and selling	**81**	57	**30**	22	**21**	13
Operating	**84**	83	**17**	10	**76**	57
Depreciation, depletion and amortization	**297**	199	**82**	83	**125**	68
Segment Income	**$ 411**	$ 344	**$ 142**	$ 72	**$ 13**	$ 90

	Ecuador		U.K. North Sea		Other		Total Upstream	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
Revenues								
Revenues, net of royalties	**$ 169**	$ 79	**$ 45**	$ 22	**$ 33**	$ 29	**$ 1,676**	$ 1,264
Expenses								
Production and mineral taxes	**8**	5	**-**	-	**-**	-	**58**	41
Transportation and selling	**21**	6	**6**	2	**-**	-	**159**	100
Operating	**33**	18	**8**	4	**36**	22	**254**	194
Depreciation, depletion and amortization	**72**	24	**21**	11	**92**	44	**689**	429
Segment Income	**$ 35**	$ 26	**$ 10**	$ 5	**$ (95)**	$ (37)	**$ 516**	$ 500

Midstream & Marketing

	Midstream		Marketing *		Total Midstream & Marketing	
(US$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues	**$ 435**	$ 193	**$ 739**	$ 652	**$ 1,174**	$ 845
Expenses						
Transportation and selling	**-**	-	**11**	21	**11**	21
Operating	**73**	59	**10**	5	**83**	64
Purchased product	**339**	90	**710**	630	**1,049**	720
Depreciation, depletion and amortization	**22**	3	**5**	7	**27**	10
Segment Income	**$ 1**	$ 41	**$ 3**	$ (11)	**$ 4**	$ 30

* Includes transportation cost optimization 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.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Results of Operations (For the year ended December 31)

(US$ millions)	Upstream		Midstream & Marketing	
	2003	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ 6,327**	$ 3,674	**$ 3,887**	$ 2,594
Expenses				
Production and mineral taxes	**189**	119	**-**	-
Transportation and selling	**490**	277	**55**	87
Operating	**973**	626	**324**	187
Purchased product	**-**	-	**3,455**	2,200
Depreciation, depletion and amortization	**2,133**	1,233	**48**	36
Segment Income	**$ 2,542**	$ 1,419	**$ 5**	$ 84

	Corporate		Consolidated	
	2003	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ 2**	$ 8	**$ 10,216**	$ 6,276
Expenses				
Production and mineral taxes	**-**	-	**189**	119
Transportation and selling	**-**	-	**545**	364
Operating	**-**	-	**1,297**	813
Purchased product	**-**	-	**3,455**	2,200
Depreciation, depletion and amortization	**41**	35	**2,222**	1,304
Segment Income	**$ (39)**	$ (27)	**2,508**	1,476
Administrative			**173**	119
Interest, net			**287**	290
Accretion of asset retirement obligation			**19**	13
Foreign exchange (gain) loss			**(601)**	(14)
Stock-based compensation			**18**	-
Gain on corporate disposition			**-**	(33)
			(104)	375
Net Earnings Before Income Tax			**2,612**	1,101
Income tax expense			**445**	366
Net Earnings from Continuing Operations			**$ 2,167**	$ 735

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Geographic and Product Information (For the year ended December 31)

Upstream

	North America					
	Produced Gas and NGLs					
	Canada		United States		Crude Oil	
(US$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues, net of royalties	**$ 3,523**	$ 1,971	**$ 1,143**	$ 454	**$ 951**	$ 825
Expenses						
Production and mineral taxes	**52**	50	**108**	35	**4**	20
Transportation and selling	**274**	151	**86**	59	**69**	35
Operating	**342**	255	**60**	35	**300**	201
Depreciation, depletion and amortization	**1,075**	625	**293**	202	**436**	237
Segment Income	**$ 1,780**	$ 890	**$ 596**	$ 123	**$ 142**	$ 332

	Ecuador		U.K. North Sea		Other		Total Upstream	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
Revenues								
Revenues, net of royalties	**$ 412**	$ 245	**$ 118**	$ 103	**$ 180**	$ 76	**$ 6,327**	$ 3,674
Expenses								
Production and mineral taxes	**25**	14	**-**	-	**-**	-	**189**	119
Transportation and selling	**45**	21	**16**	11	**-**	-	**490**	277
Operating	**83**	53	**18**	11	**170**	71	**973**	626
Depreciation, depletion and amortization	**159**	79	**74**	39	**96**	51	**2,133**	1,233
Segment Income	**$ 100**	$ 78	**$ 10**	$ 42	**$ (86)**	$ (46)	**$ 2,542**	$ 1,419

Midstream & Marketing

	Midstream		Marketing *		Total Midstream & Marketing	
(US$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues	**$ 1,084**	$ 440	**$ 2,803**	$ 2,154	**$ 3,887**	$ 2,594
Expenses						
Transportation and selling	**-**	-	**55**	87	**55**	87
Operating	**261**	174	**63**	13	**324**	187
Purchased product	**762**	169	**2,693**	2,031	**3,455**	2,200
Depreciation, depletion and amortization	**40**	24	**8**	12	**48**	36
Segment Income	**$ 21**	$ 73	**$ (16)**	$ 11	**$ 5**	$ 84

* Includes transportation cost optimization 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.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Capital Expenditures

	Three Months Ended December 31		Year Ended December 31	
(US$ millions)	**2003**	2002	**2003**	2002
Upstream				
Canada	**$ 911**	$ 490	**$ 3,198**	$ 1,388
United States	**342**	211	**968**	1,176
Ecuador	**93**	61	**265**	168
United Kingdom	**178**	17	**223**	82
Other Countries	**15**	75	**78**	117
	1,539	854	**4,732**	2,931
Midstream & Marketing	**69**	22	**276**	47
Corporate	**69**	24	**107**	43
Total	**$ 1,677**	$ 900	**$ 5,115**	$ 3,021

Property, Plant and Equipment and Total Assets

	Property, Plant and Equipment As at December 31,		Total Assets As at December 31,	
(US$ millions)	**2003**	2002	**2003**	2002
Upstream	**$ 18,532**	$ 13,656	**$ 21,742**	$ 16,042
Midstream & Marketing	**784**	470	**1,879**	1,403
Corporate	**229**	121	**489**	312
Assets of Discontinued Operations			**-**	2,155
Total	**$ 19,545**	$ 14,247	**$ 24,110**	$ 19,912

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. DISCONTINUED OPERATIONS

On February 28, 2003, the Company completed the sale of its 10 percent working interest in the Syncrude Joint Venture ("Syncrude") to Canadian Oil Sands Limited for net cash consideration of C$1,026 million (US$690 million). The Company also granted Canadian Oil Sands Limited an option to purchase its remaining 3.75 percent working interest in Syncrude and a gross-overriding royalty interest. On July 10, 2003, the Company completed the sale of the remaining interest in Syncrude for net cash consideration of C$427 million (US$309 million). This transaction completed the Company's disposition of its interest in Syncrude and, as a result, these operations have been accounted for as discontinued operations. There was no gain or loss on this sale.

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. 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 C$1.6 billion (US$1 billion), including assumption of related long-term debt by the purchaser, and recorded an after-tax gain on sale of C$263 million (US$169 million).

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.

The following tables present the effect of the discontinued operations on the Consolidated Financial Statements:

Consolidated Statement of Earnings — For the three months ended December 31

(US$ millions)	Syncrude 2003	Syncrude 2002	Merchant Energy 2003	Merchant Energy 2002	Midstream - Pipelines 2003	Midstream - Pipelines 2002	Total 2003	Total 2002
Revenues, Net of Royalties	$ -	$ 85	$ -	$ (6)	$ -	$ 40	$ -	$ 119
Expenses								
Transportation and selling	-	1	-	-	-	-	-	1
Operating	-	33	-	-	-	16	-	49
Purchased product	-	-	-	(6)	-	-	-	(6)
Depreciation, depletion and amortization	-	6	-	(1)	-	3	-	8
Administrative	-	-	-	1	-	-	-	1
Interest, net	-	1	-	-	-	5	-	6
Loss on discontinuance	-	-	-	4	-	-	-	4
	-	41	-	(2)	-	24	-	63
Net Earnings (Loss) Before Income Tax	-	44	-	(4)	-	16	-	56
Income tax expense (recovery)	-	17	-	(1)	-	6	-	22
Net Earnings (Loss) from Discontinued Operations	$ -	$ 27	$ -	$ (3)	$ -	$ 10	$ -	$ 34

Consolidated Statement of Earnings — For the year ended December 31

(US$ millions)	Syncrude * 2003	Syncrude * 2002	Merchant Energy 2003	Merchant Energy 2002	Midstream - Pipelines * 2003	Midstream - Pipelines * 2002	Total 2003	Total 2002
Revenues, Net of Royalties	$ 87	$ 232	$ -	$ 922	$ -	$ 135	$ 87	$ 1,289
Expenses								
Transportation and selling	2	3	-	-	-	-	2	3
Operating	46	105	-	-	-	50	46	155
Purchased product	-	-	-	931	-	-	-	931
Depreciation, depletion and amortization	7	16	-	-	-	18	7	34
Administrative	-	-	-	22	-	-	-	22
Interest, net	-	1	-	-	-	19	-	20
Foreign exchange (gain)	-	-	-	-	-	(3)	-	(3)
(Gain) loss on discontinuance		-	-	19	(220)	-	(220)	19
	55	125	-	972	(220)	84	(165)	1,181
Net Earnings (Loss) Before Income Tax	32	107	-	(50)	220	51	252	108
Income tax expense (recovery)	8	28	-	(17)	51	20	59	31
Net Earnings (Loss) from Discontinued Operations	$ 24	$ 79	$ -	$ (33)	$ 169	$ 31	$ 193	$ 77

* Reflects only nine months of earnings for 2002 as EnCana did not, at that time, own the operations which have been discontinued.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

5. DISCONTINUED OPERATIONS (continued)

Consolidated Balance Sheet	As at December 31							
	Syncrude		Merchant Energy		Midstream - Pipelines		Total	
(US$ millions)	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Assets								
Cash and cash equivalents	**$ -**	$ 18	**$ -**	$ -	**$ -**	$ 43	**$ -**	$ 61
Accounts receivable and accrued revenues	**-**	41	**-**	-	**-**	20	**-**	61
Inventories	**-**	9	**-**	-	**-**	1	**-**	10
	-	68	**-**	-	**-**	64	**-**	132
Property, plant and equipment, net	**-**	884	**-**	-	**-**	517	**-**	1,401
Investments and other assets	**-**	-	**-**	-	**-**	237	**-**	237
Goodwill	**-**	264	**-**	-	**-**	121	**-**	385
	-	1,216	**-**	-	**-**	939	**-**	2,155
Liabilities								
Accounts payable and accrued liabilities	**-**	68	**-**	3	**-**	25	**-**	96
Income tax payable	**-**	(4)	**-**	-	**-**	11	**-**	7
Short-term debt	**-**	277	**-**	-	**-**	-	**-**	277
Current portion of long-term debt	**-**	-	**-**	-	**-**	15	**-**	15
	-	341	**-**	3	**-**	51	**-**	395
Long-term debt	**-**	-	**-**	-	**-**	365	**-**	365
Future income taxes	**-**	236	**-**	-	**-**	104	**-**	340
	-	577	**-**	3	**-**	520	**-**	1,100
Net Assets of Discontinued Operations	**$ -**	$ 639	**$ -**	$ (3)	**$ -**	$ 419	**$ -**	$ 1,055

6. FOREIGN EXCHANGE (GAIN) LOSS

	Three Months Ended December 31		Year Ended December 31	
(US$ millions)	**2003**	2002	**2003**	2002
Unrealized Foreign Exchange (Gain) on Translation of U.S. Dollar Debt Issued in Canada	**$ (141)**	$ (8)	**$ (545)**	$ (23)
Other Foreign Exchange (Gain) Loss	**(24)**	11	**(56)**	9
	$ (165)	$ 3	**$ (601)**	$ (14)

7. INCOME TAXES

	Three Months Ended December 31		Year Ended December 31	
(US$ millions)	**2003**	2002	**2003**	2002
Provision for Income Taxes				
Current				
Canada	**$ (118)**	$ (108)	**$ (136)**	$ (26)
United States	**29**	-	**39**	(31)
Ecuador	**18**	8	**39**	17
United Kingdom	**(3)**	(8)	**-**	-
Other Countries	**1**	1	**2**	2
	(73)	(107)	**(56)**	(38)
Future	**173**	245	**860**	424
Future tax rate reductions *	**3**	(3)	**(359)**	(20)
	$ 103	$ 135	**$ 445**	$ 366

* During the second quarter of 2003, both the Canadian federal and Alberta governments substantively enacted income tax rate reductions previously announced. The reduced rates were passed into law during the fourth quarter of 2003.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

8. LONG-TERM DEBT

(US$ millions)	**As at December 31, 2003**	As at December 31, 2002
Canadian Dollar Denominated Debt		
Revolving credit and term loan borrowings	**$ 1,425**	$ 879
Unsecured notes and debentures	**1,335**	1,155
Preferred securities	**252**	206
	3,012	2,240
U.S. Dollar Denominated Debt		
Revolving credit and term loan borrowings	**417**	441
Unsecured notes and debentures	**2,713**	2,284
Preferred securities	**150**	150
	3,280	2,875
Increase in Value of Debt Acquired *	**83**	70
Current Portion of Long-Term Debt	**(287)**	(134)
	$ 6,088	$ 5,051

* 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 28 years.

9. 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 properties:

	As at December 31,	
(US$ millions)	**2003**	2002
Asset Retirement Obligation, Beginning of Year	**$ 309**	$ 163
Liabilities Incurred	**64**	146
Liabilities Settled	**(23)**	(13)
Accretion Expense	**19**	13
Other	**61**	-
Asset Retirement Obligation, End of Year	**$ 430**	$ 309

The total undiscounted amount of estimated cash flows required to settle the obligation is $3,223 million (2002 - $2,516 million), which has been discounted using a credit-adjusted risk free rate of 5.9 percent. Most of these obligations are not expected to be paid for several years, or decades, in the future and will be funded from general company resources at the time of removal.

10. SHARE CAPITAL

	December 31, 2003		December 31, 2002	
(millions)	**Number**	**Amount**	Number	Amount
Common Shares Outstanding, Beginning of Year	**478.9**	**$ 5,511**	254.9	$ 142
Shares Issued to AEC Shareholders	**-**	**-**	218.5	5,281
Shares Issued under Option Plans	**5.5**	**114**	5.5	88
Shares Repurchased	**(23.8)**	**(320)**	-	-
Common Shares Outstanding, End of Year	**460.6**	**$ 5,305**	478.9	$ 5,511

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

10. SHARE CAPITAL (continued)

During the quarter, the Company purchased, for cancellation, 5,215,000 Common Shares (Year-to-date - 23,839,400 Common Shares) for total consideration of approximately C$244 million (US$186 million) (Year-to-date - C$1,184 million; US$868 million). Of the C$1,184 million (US$868 million) paid this year, C$437 million (US$320 million) was charged to share capital, C$102 million (US$80 million) was charged to paid in surplus and C$645 million (US$468 million) was charged to retained earnings.

The Company has stock-based compensation plans that allow employees and directors 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 successor and/or related company replacement plans expire ten years after the grant date.

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

	Stock Options *(millions)*	**Weighted Average Exercise Price *(C$)***
Outstanding, Beginning of Year	**29.6**	**39.74**
Granted under EnCana Plans	**6.4**	**47.97**
Exercised	**(5.5)**	**29.11**
Forfeited	**(1.7)**	**41.18**
Outstanding, End of Year	**28.8**	**43.13**
Exercisable, End of Year	**15.6**	**38.92**

	Outstanding Options			**Exercisable Options**	
Range of Exercise Price (C$)	Number of Options Outstanding *(millions)*	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *(C$)*	Number of Options Outstanding *(millions)*	Weighted Average Exercise Price *(C$)*
13.50 to 19.99	1.5	0.9	18.86	1.5	18.86
20.00 to 24.99	1.3	1.5	22.38	1.3	22.38
25.00 to 29.99	2.2	1.5	26.49	2.2	26.49
30.00 to 43.99	1.3	2.2	38.89	1.2	38.52
44.00 to 53.00	22.5	3.7	47.93	9.4	47.63
	28.8	2.8	43.13	15.6	38.92

As described in Note 2, the Company recorded stock-based compensation expense in the Consolidated Statement of Earnings for stock options granted in 2003 to employees and directors using the fair-value method. Compensation expense has not been recorded in the Consolidated Statement of Earnings related to stock options granted prior to 2003. If the Company had applied the fair-value method to options granted in prior years, pro forma Net Earnings and Net Earnings per Common Share in 2003 would have been $2,326 million; $4.91 per common share - basic; $4.85 per common share - diluted (2002 - $761 million; $1.82 per common share - basic; $1.80 per common share - diluted).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

10. SHARE CAPITAL (continued)

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:

	Year Ended December 31	
	2003	2002
Weighted Average Fair Value of Options Granted (C$)	**$ 12.21**	$ 13.31
Risk Free Interest Rate	**3.87%**	4.29%
Expected Lives (years)	**3.00**	3.00
Expected Volatility	**0.33**	0.35
Annual Dividend per Share (C$)	**$ 0.40**	$ 0.40

11. PER SHARE AMOUNTS

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

	Three Months Ended					Year Ended	
	March 31	June 30	September 30	December 31		December 31	
(millions)	2003	2003	2003	**2003**	2002	**2003**	2002
Weighted Average Common Shares Outstanding - Basic	479.9	480.6	473.4	**462.3**	477.9	**474.1**	417.8
Effect of Dilutive Securities	4.4	3.8	4.5	**3.6**	4.7	**5.6**	4.8
Weighted Average Common Shares Outstanding - Diluted	484.3	484.4	477.9	**465.9**	482.6	**479.7**	422.6

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

(US$ millions)	**As at December 31, 2003**
Commodity Price Risk	
Natural gas	**$ 57**
Crude oil	**(279)**
Gas storage optimization	**(25)**
Power	**4**
Foreign Currency Risk	**7**
Interest Rate Risk	**44**
	$ (192)

Information with respect to power, 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 December 31, 2003.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in US$ millions unless otherwise specified)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Natural Gas

At December 31, 2003, the Company's gas risk management activities had an unrecognized gain of $57 million. The contracts were as follows:

	Notional Volumes *(MMcf/d)*	Physical/ Financial	Term	Price		Unrecognized Gain/(Loss) *(US$ millions)*
Fixed Price Contracts						
Sales Contracts						
Fixed AECO price	453	Financial	2004	6.20	C$/mcf	$ 5
NYMEX Fixed price	732	Financial	2004	5.13	US$/mcf	(86)
Chicago Fixed price	40	Financial	2004	5.41	US$/mcf	(1)
AECO Collars	71	Financial	2004	5.34-7.52	C$/mcf	2
NYMEX Collars	50	Physical	2004	2.46-4.90	US$/mcf	(16)
NYMEX Collars	50	Physical	2005	2.46-4.90	US$/mcf	(13)
NYMEX Collars	46	Physical	2006-2007	2.46-4.90	US$/mcf	(20)
Basis Contracts						
Sales Contracts						
Fixed NYMEX to AECO basis	343	Financial	2004	(0.54)	US$/mcf	22
Fixed NYMEX to Rockies basis	255	Financial	2004	(0.48)	US$/mcf	18
Fixed NYMEX to Rockies basis	413	Physical	2004	(0.50)	US$/mcf	26
Fixed NYMEX to San Juan basis	60	Financial	2004	(0.63)	US$/mcf	1
Fixed NYMEX to San Juan basis	50	Physical	2004	(0.64)	US$/mcf	1
Fixed Rockies to CIG basis	38	Financial	2004	(0.10)	US$/mcf	-
Fixed NYMEX to AECO basis	877	Financial	2005	(0.66)	US$/mcf	6
Fixed NYMEX to Rockies basis	283	Financial	2005	(0.49)	US$/mcf	16
Fixed NYMEX to Rockies basis	393	Physical	2005	(0.47)	US$/mcf	26
Fixed NYMEX to San Juan basis	75	Financial	2005	(0.63)	US$/mcf	(1)
Fixed NYMEX to San Juan basis	50	Physical	2005	(0.64)	US$/mcf	(1)
Fixed Rockies to CIG basis	50	Financial	2005	(0.10)	US$/mcf	1
Fixed NYMEX to AECO basis	402	Financial	2006-2008	(0.65)	US$/mcf	24
Fixed NYMEX to Rockies basis	175	Financial	2006-2008	(0.57)	US$/mcf	13
Fixed NYMEX to Rockies basis	207	Physical	2006-2007	(0.49)	US$/mcf	22
Fixed NYMEX to San Juan basis	62	Financial	2006	(0.62)	US$/mcf	(1)
Fixed NYMEX to San Juan basis	42	Physical	2006	(0.64)	US$/mcf	(1)
Fixed Rockies to CIG basis	31	Financial	2006-2007	(0.10)	US$/mcf	-
Purchase Contracts						
Fixed NYMEX to AECO basis	47	Financial	2004	(0.80)	US$/mcf	(3)
						40
Gas Marketing Financial Positions [1]						(2)
Gas Marketing Physical Positions [1]						19
						$ 57

[1] The gas marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Crude Oil

As at December 31, 2003, the Company's oil risk management activities had an unrecognized loss of $279 million. The contracts were as follows:

	Notional Volumes *(bbl/d)*	Term	Average Price *(US$/bbl)*	Unrecognized Gain/(Loss) *(US$ millions)*
Fixed WTI NYMEX Price	62,500	2004	23.13	$ (162)
Collars on WTI NYMEX	62,500	2004	20.00-25.69	(115)
3-way Put Spread	10,000	2005	20.00/25.00/28.77	(3)
				(280)
Crude Oil Marketing Financial Positions [1]				(2)
Crude Oil Marketing Physical Positions [1]				3
				$ (279)

[1] The crude oil marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

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 9 months to manage the price volatility of the corresponding physical transactions and inventories.

As at December 31, 2003, the unrecognized loss on gas storage optimization risk management activities was $25 million, which was as follows:

	Notional Volumes *(bcf)*	Price *(US$/mcf)*	Unrecognized Gain/(Loss) *(US$ millions)*
Financial Instruments			
Purchases	286.7	5.63	$ 109
Sales	312.4	5.69	(132)
			(23)
Physical Contracts			(2)
			$ (25)

At December 31, 2003, the unrecognized loss on physical contracts of $2 million was more than offset by unrealized gains on physical inventory in storage.

13. RECLASSIFICATION

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

Interim Consolidated Financial Statements

(unaudited)

For the period ended December 31, 2003

EnCana Corporation

CANADIAN DOLLARS

Notice to Reader

These unaudited Interim Consolidated Financial Statements for the period ended December 31, 2003 have been provided for this transition period as EnCana moves to U.S. dollar reporting.

Interim Report
For the period ended December 31, 2003

EnCana Corporation

CONSOLIDATED STATEMENT OF EARNINGS

(unaudited) (C$ millions, except per share amounts)		December 31 Three Months Ended 2003	2002	Year Ended 2003	2002
			(restated - Note 2)		*(restated - Note 2)*
REVENUES, NET OF ROYALTIES	*(Note 4)*	**$ 3,751**	$ 3,322	**$ 14,316**	$ 9,831
EXPENSES	*(Note 4)*				
Production and mineral taxes		**77**	64	**264**	185
Transportation and selling		**223**	190	**760**	570
Operating		**443**	405	**1,815**	1,274
Purchased product		**1,381**	1,131	**4,839**	3,448
Depreciation, depletion and amortization		**954**	710	**3,090**	2,042
Administrative		**69**	76	**241**	187
Interest, net		**112**	187	**401**	453
Accretion of asset retirement obligation	*(Note 9)*	**5**	7	**27**	21
Foreign exchange (gain) loss	*(Note 6)*	**(191)**	4	**(785)**	(23)
Stock-based compensation	*(Note 2)*	**8**	-	**24**	-
Gain on corporate disposition		**-**	(51)	**-**	(51)
		3,081	2,723	**10,676**	8,106
NET EARNINGS BEFORE INCOME TAX		**670**	599	**3,640**	1,725
Income tax expense	*(Note 7)*	**136**	212	**664**	573
NET EARNINGS FROM CONTINUING OPERATIONS		**534**	387	**2,976**	1,152
NET EARNINGS FROM DISCONTINUED OPERATIONS	*(Note 5)*	**-**	56	**298**	123
NET EARNINGS		**$ 534**	$ 443	**$ 3,274**	$ 1,275
NET EARNINGS FROM CONTINUING OPERATIONS PER COMMON SHARE	*(Note 11)*				
Basic		**$ 1.16**	$ 0.81	**$ 6.28**	$ 2.76
Diluted		**$ 1.15**	$ 0.80	**$ 6.20**	$ 2.73
NET EARNINGS PER COMMON SHARE	*(Note 11)*				
Basic		**$ 1.16**	$ 0.93	**$ 6.91**	$ 3.05
Diluted		**$ 1.15**	$ 0.92	**$ 6.83**	$ 3.02

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(unaudited) (C$ millions)		Year Ended December 31 2003	2002
			(restated - Note 2)
RETAINED EARNINGS, BEGINNING OF YEAR			
As previously reported		**$ 4,684**	$ 3,630
Retroactive adjustment for changes in accounting policies	*(Note 2)*	**103**	49
As restated		**4,787**	3,679
Net Earnings		**3,274**	1,275
Dividends on Common Shares		**(190)**	(167)
Charges for Normal Course Issuer Bid	*(Note 10)*	**(645)**	-
RETAINED EARNINGS, END OF YEAR		**$ 7,226**	$ 4,787

See accompanying Notes to Consolidated Financial Statements.

PREPARED IN C$

EnCana Corporation

CONSOLIDATED BALANCE SHEET

(unaudited) (C$ millions)		**As at December 31, 2003**	As at December 31, 2002
			(restated - Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 191**	$ 183
Accounts receivable and accrued revenues		**1,766**	1,987
Inventories		**740**	443
Assets of discontinued operations	*(Note 5)*	**-**	3,404
		2,697	6,017
Property, Plant and Equipment, net	*(Note 4)*	**25,259**	22,504
Investments and Other Assets		**732**	462
Goodwill		**2,469**	2,469
	(Note 4)	**$ 31,157**	$ 31,452
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 2,040**	$ 2,282
Income tax payable		**84**	20
Current portion of long-term debt	*(Note 8)*	**372**	212
Liabilities of discontinued operations	*(Note 5)*	**-**	1,738
		2,496	4,252
Long-Term Debt	*(Note 8)*	**7,866**	7,978
Other Liabilities		**27**	86
Asset Retirement Obligation	*(Note 9)*	**556**	488
Future Income Taxes		**5,637**	4,877
		16,582	17,681
Shareholders' Equity			
Share capital	*(Note 10)*	**8,456**	8,732
Share options, net		**92**	133
Paid in surplus		**24**	61
Retained earnings		**7,226**	4,787
Foreign currency translation adjustment		**(1,223)**	58
		14,575	13,771
		$ 31,157	$ 31,452

See accompanying Notes to Consolidated Financial Statements.

PREPARED IN C$

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited) (C$ millions)		Three Months Ended December 31 **2003**	Three Months Ended December 31 2002 *(restated - Note 2)*	Year Ended December 31 **2003**	Year Ended December 31 2002 *(restated - Note 2)*
OPERATING ACTIVITIES					
Net earnings from continuing operations		**$ 534**	$ 387	**$ 2,976**	$ 1,152
Depreciation, depletion and amortization		**954**	710	**3,090**	2,042
Future income taxes	*(Note 7)*	**232**	379	**735**	632
Unrealized foreign exchange (gain)		**(159)**	(13)	**(704)**	(37)
Accretion of asset retirement obligation		**5**	7	**27**	21
Other		**37**	(101)	**84**	(250)
Cash flow from continuing operations		**1,603**	1,369	**6,208**	3,560
Cash flow from discontinued operations		**49**	95	**54**	237
Cash flow		**1,652**	1,464	**6,262**	3,797
Net change in other assets and liabilities		**(2)**	(2)	**(117)**	(27)
Net change in non-cash working capital from continuing operations		**(406)**	(544)	**(161)**	(1,351)
Net change in non-cash working capital from discontinued operations		**(49)**	26	**29**	99
		1,195	944	**6,013**	2,518
INVESTING ACTIVITIES					
Capital expenditures	*(Note 4)*	**(2,220)**	(1,413)	**(7,100)**	(4,724)
Proceeds on disposal of property, plant and equipment		**375**	190	**402**	566
Corporate (acquisitions) and dispositions	*(Note 3)*	**18**	93	**(289)**	93
Business combination with Alberta Energy Company Ltd.		**-**	-	**-**	(128)
Equity investments		**(4)**	-	**(226)**	-
Net change in investments and other		**7**	50	**(89)**	67
Net change in non-cash working capital from continuing operations		**38**	460	**(135)**	293
Discontinued operations	*(Note 5)*	**-**	(93)	**2,372**	(229)
		(1,786)	(713)	**(5,065)**	(4,062)
FINANCING ACTIVITIES					
Issuance of long-term debt		**696**	1,189	**2,197**	2,354
Repayment of long-term debt		**-**	(2,026)	**(1,445)**	(1,886)
Issuance of common shares	*(Note 10)*	**25**	43	**161**	139
Purchase of common shares	*(Note 10)*	**(244)**	-	**(1,184)**	-
Dividends on common shares		**(47)**	(47)	**(190)**	(167)
Other		**(9)**	(57)	**(16)**	(82)
Net change in non-cash working capital from continuing operations		**29**	1	**-**	(12)
Discontinued operations		**-**	434	**(438)**	425
		450	(463)	**(915)**	771
DEDUCT: FOREIGN EXCHANGE LOSS ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY		**3**	-	**25**	7
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(144)**	(232)	**8**	(780)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**335**	415	**183**	963
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 191**	$ 183	**$ 191**	$ 183

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

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, except as noted below. 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. CHANGE IN ACCOUNTING POLICIES AND PRACTICES

Preferred Securities

The Company has retroactively adopted the amendments made to Canadian Institute of Chartered Accountants ("CICA") Handbook section 3860, “Financial Instruments - Disclosure and Presentation”. As a result, all of the preferred securities issued by the Company are now recorded as a liability and included in long-term debt. The effect on the Company’s Consolidated Statement of Earnings was to increase net earnings by $9 million (2002 - $3 million decrease). The effect to the Company’s Consolidated Balance Sheet is to increase current portion of long-term debt by $126 million, increase long-term debt by $415 million and decrease shareholders' equity by $541 million (2002 - $583 million increase to long-term debt; $457 million decrease to preferred securities of subsidiary; $126 million decrease to shareholders' equity).

Asset Retirement Obligations

The Company has retroactively early adopted the Canadian accounting standard outlined in CICA Handbook section 3110, "Asset Retirement Obligations". This new section requires liability recognition for retirement obligations associated with tangible long-lived assets, such as producing well sites, offshore production platforms and natural gas processing plants. The obligations included within the scope of this section are those for which a company faces a legal obligation for settlement or has made promissory estoppel. The initial measurement of the asset retirement obligation is at fair value, defined as “the price that an entity would have to pay a willing third party of comparable credit standing to assume the liability in a current transaction other than in a forced or liquidation sale.”

The asset retirement cost, equal to the fair value of the retirement obligation, is capitalized as part of the cost of the related long-lived asset and allocated to expense on a basis consistent with depreciation, depletion and amortization.

The Company previously estimated costs of dismantlement, removal, site reclamation, and other similar activities and recorded them into earnings on a unit-of production basis over the remaining life of the proved reserves and accumulated a liability on the Consolidated Balance Sheet. Upon adoption, all prior periods have been restated for the change in accounting policy. The change results in an increase in net earnings of $50 million for the year ended December 31, 2003 (2002 - $54 million increase). The effect of this change on the December 31, 2003 Consolidated Balance Sheet is an increase in property, plant and equipment of $183 million (2002 - $148 million increase), no change in the assets of discontinued operations (2002 - $18 million decrease), an increase in liabilities of $30 million (2002 - $27 million) and an increase to retained earnings of $153 million (2002 - $103 million).

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

2. CHANGE IN ACCOUNTING POLICIES AND PRACTICES (continued)

Stock-based Compensation

The Company has early adopted the Canadian accounting standard as outlined in CICA Handbook section 3870, "Stock-based Compensation and Other Stock-based Payments". As allowed by section 3870, this policy has been adopted prospectively, meaning all prior years have not been restated.

The adoption of the new accounting standard for stock-based compensation resulted in the Company recognizing an expense of $24 million in 2003.

Full Cost Accounting

The Company has early adopted CICA Accounting Guideline AcG - 16, “Oil and Gas Accounting - Full Cost”. The new guideline modifies how the ceiling test is performed and requires cost centers be tested for recoverability using undiscounted future cash flows from proved reserves which are determined by using forward indexed prices. When the carrying amount of a cost center is not recoverable, the cost center would be written down to its fair value. Fair value is estimated using accepted present value techniques which incorporate risks and other uncertainties when determining expected cash flows. There is no impact on the Company’s reported financial results as a result of applying the new Accounting Guideline AcG - 16.

Summary of Changes in Accounting Policies and Practices

	2003			2002		
(C$ millions)	As Reported	Change	**As Restated**	As Reported	Change	As Restated
Consolidated Balance Sheet						
Assets						
Assets of discontinued operations	$ -	$ -	**$ -**	$ 3,422	$ (18)	$ 3,404
Property, plant and equipment, net	25,076	183	**25,259**	22,356	148	22,504
Liabilities						
Liabilities of discontinued operations	$ -	$ -	**$ -**	$ 1,758	$ (20)	$ 1,738
Current portion of long-term debt	246	126	**372**	212	-	212
Long-term debt	7,451	415	**7,866**	7,395	583	7,978
Preferred securities of subsidiary	-	-	**-**	457	(457)	-
Other liabilities & asset retirement obiligation	611	(28)	**583**	564	10	574
Future income taxes	5,579	58	**5,637**	4,840	37	4,877
Shareholders' Equity						
Preferred securities	$ 541	$ (541)	**$ -**	$ 126	$ (126)	$ -
Paid in surplus	-	24	**24**	61	-	61
Retained earnings	7,097	129	**7,226**	4,684	103	4,787
Consolidated Statement of Earnings						
Net Earnings	$ 3,239	$ 35	**$ 3,274**	$ 1,224	$ 51	$ 1,275
Net Earnings per Common Share - Diluted	$ 6.78	$ 0.05	**$ 6.83**	$ 2.89	$ 0.13	$ 3.02

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

3. CORPORATE (ACQUISITIONS) AND DISPOSITIONS

On January 31, 2003, the Company acquired the Ecuadorian interests of Vintage Petroleum Inc. ("Vintage") for net cash consideration of $179 million (US$116 million).

On July 18, 2003, the Company acquired the common shares of Savannah Energy Inc. ("Savannah") for net cash consideration of $128 million (US$91 million). Savannah's operations are in Texas, USA.

These purchases were accounted for using the purchase method with the results reflected in the consolidated results of EnCana from the dates of acquisition. These acquisitions were accounted for as follows:

(C$ millions)	Vintage	Savannah
Working Capital	$ 2	$ 1
Property, Plant and Equipment, net	194	155
Future Income Taxes	(17)	(28)
	$ 179	$ 128

Other dispositions of discontinued operations are disclosed in Note 5.

4. SEGMENTED INFORMATION

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

- Upstream includes the Company's exploration for, and development and production of, natural gas, natural gas liquids and crude oil and other related activities. The Company's Upstream operations are primarily located in Canada, the United States, the United Kingdom and Ecuador. International new ventures exploration is mainly focused on opportunities in Africa, South America and the Middle East.

- Midstream & Marketing includes natural gas storage operations, natural gas liquids processing and power generation operations, as well as marketing activities. These marketing activities include the sale and delivery of produced product and the purchasing of third party product primarily for the optimization of midstream assets, as well as the optimization of transportation arrangements not fully utilized for the Company's own production.

Midstream & Marketing purchases all of the Company's North American production. Transactions between business segments are based on market values and eliminated on consolidation. The tables in this note present financial information on an after eliminations basis.

In 2003, the Company redefined its business segments to those described above. All prior periods have been restated to conform to the current presentation.

Operations that have been discontinued are disclosed in Note 5.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

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

	Upstream		Midstream & Marketing	
(C$ millions)	**2003**	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ 2,206**	$ 1,984	**$ 1,545**	$ 1,327
Expenses				
Production and mineral taxes	**77**	64	**-**	-
Transportation and selling	**209**	157	**14**	33
Operating	**334**	304	**109**	101
Purchased product	**-**	-	**1,381**	1,131
Depreciation, depletion and amortization	**906**	673	**36**	16
Segment Income	**$ 680**	$ 786	**$ 5**	$ 46

	Corporate		Consolidated	
	2003	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ -**	$ 11	**$ 3,751**	$ 3,322
Expenses				
Production and mineral taxes	**-**	-	**77**	64
Transportation and selling	**-**	-	**223**	190
Operating	**-**	-	**443**	405
Purchased product	**-**	-	**1,381**	1,131
Depreciation, depletion and amortization	**12**	21	**954**	710
Segment Income	**$ (12)**	$ (10)	**673**	822
Administrative			**69**	76
Interest, net			**112**	187
Accretion of asset retirement obligation			**5**	7
Foreign exchange (gain) loss			**(191)**	4
Stock-based compensation			**8**	-
Gain on corporate disposition			**-**	(51)
			3	223
Net Earnings Before Income Tax			**670**	599
Income tax expense			**136**	212
Net Earnings from Continuing Operations			**$ 534**	$ 387

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

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

Upstream

	North America					
	Produced Gas and NGLs					
	Canada		United States		Crude Oil	
(C$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues, net of royalties	**$ 1,174**	$ 1,091	**$ 392**	$ 320	**$ 315**	$ 370
Expenses						
Production and mineral taxes	**25**	19	**36**	27	**5**	10
Transportation and selling	**107**	89	**40**	34	**27**	20
Operating	**110**	130	**23**	16	**100**	89
Depreciation, depletion and amortization	**390**	312	**108**	130	**164**	107
Segment Income	**$ 542**	$ 541	**$ 185**	$ 113	**$ 19**	$ 144

	Ecuador		U.K. North Sea		Other		Total Upstream	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
Revenues								
Revenues, net of royalties	**$ 222**	$ 124	**$ 59**	$ 34	**$ 44**	$ 45	**$ 2,206**	$ 1,984
Expenses								
Production and mineral taxes	**11**	8	**-**	-	**-**	-	**77**	64
Transportation and selling	**27**	10	**8**	4	**-**	-	**209**	157
Operating	**43**	28	**11**	7	**47**	34	**334**	304
Depreciation, depletion and amortization	**95**	37	**28**	17	**121**	70	**906**	673
Segment Income	**$ 46**	$ 41	**$ 12**	$ 6	**$ (124)**	$ (59)	**$ 680**	$ 786

Midstream & Marketing

	Midstream		Marketing *		Total Midstream & Marketing	
(C$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues	**$ 573**	$ 303	**$ 972**	$ 1,024	**$ 1,545**	$ 1,327
Expenses						
Transportation and selling	**-**	-	**14**	33	**14**	33
Operating	**96**	93	**13**	8	**109**	101
Purchased product	**446**	142	**935**	989	**1,381**	1,131
Depreciation, depletion and amortization	**29**	5	**7**	11	**36**	16
Segment Income	**$ 2**	$ 63	**$ 3**	$ (17)	**$ 5**	$ 46

* Includes transportation cost optimization 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.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Results of Operations (For the year ended December 31)

	Upstream		Midstream & Marketing	
(C$ millions)	**2003**	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ 8,866**	$ 5,755	**$ 5,446**	$ 4,062
Expenses				
Production and mineral taxes	**264**	185	**-**	-
Transportation and selling	**683**	434	**77**	136
Operating	**1,360**	980	**455**	294
Purchased product	**-**	-	**4,839**	3,448
Depreciation, depletion and amortization	**2,967**	1,930	**66**	57
Segment Income	**$ 3,592**	$ 2,226	**$ 9**	$ 127

	Corporate		Consolidated	
	2003	2002	**2003**	2002
Revenues				
Revenues, net of royalties	**$ 4**	$ 14	**$ 14,316**	$ 9,831
Expenses				
Production and mineral taxes	**-**	-	**264**	185
Transportation and selling	**-**	-	**760**	570
Operating	**-**	-	**1,815**	1,274
Purchased product	**-**	-	**4,839**	3,448
Depreciation, depletion and amortization	**57**	55	**3,090**	2,042
Segment Income	**$ (53)**	$ (41)	**3,548**	2,312
Administrative			**241**	187
Interest, net			**401**	453
Accretion of asset retirement obligation			**27**	21
Foreign exchange (gain) loss			**(785)**	(23)
Stock-based compensation			**24**	-
Gain on corporate disposition			**-**	(51)
			(92)	587
Net Earnings Before Income Tax			**3,640**	1,725
Income tax expense			**664**	573
Net Earnings from Continuing Operations			**$ 2,976**	$ 1,152

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Geographic and Product Information (For the year ended December 31)

Upstream

	North America					
	Produced Gas and NGLs					
	Canada		United States		Crude Oil	
(C$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues, net of royalties	**$ 4,945**	$ 3,089	**$ 1,604**	$ 711	**$ 1,331**	$ 1,294
Expenses						
Production and mineral taxes	**70**	78	**151**	55	**7**	31
Transportation and selling	**384**	235	**119**	91	**96**	55
Operating	**480**	398	**85**	54	**420**	315
Depreciation, depletion and amortization	**1,501**	977	**409**	315	**608**	372
Segment Income	**$ 2,510**	$ 1,401	**$ 840**	$ 196	**$ 200**	$ 521

	Ecuador		U.K. North Sea		Other		Total Upstream	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002
Revenues								
Revenues, net of royalties	**$ 570**	$ 382	**$ 164**	$ 160	**$ 252**	$ 119	**$ 8,866**	$ 5,755
Expenses								
Production and mineral taxes	**36**	21	**-**	-	**-**	-	**264**	185
Transportation and selling	**60**	34	**24**	19	**-**	-	**683**	434
Operating	**113**	83	**24**	18	**238**	112	**1,360**	980
Depreciation, depletion and amortization	**218**	123	**103**	63	**128**	80	**2,967**	1,930
Segment Income	**$ 143**	$ 121	**$ 13**	$ 60	**$ (114)**	$ (73)	**$ 3,592**	$ 2,226

Midstream & Marketing

	Midstream		Marketing *		Total Midstream & Marketing	
(C$ millions)	**2003**	2002	**2003**	2002	**2003**	2002
Revenues						
Revenues	**$ 1,513**	$ 689	**$ 3,933**	$ 3,373	**$ 5,446**	$ 4,062
Expenses						
Transportation and selling	**-**	-	**77**	136	**77**	136
Operating	**368**	274	**87**	20	**455**	294
Purchased product	**1,059**	265	**3,780**	3,183	**4,839**	3,448
Depreciation, depletion and amortization	**56**	38	**10**	19	**66**	57
Segment Income	**$ 30**	$ 112	**$ (21)**	$ 15	**$ 9**	$ 127

* Includes transportation cost optimization 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.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

4. SEGMENTED INFORMATION (continued)

Capital Expenditures

(C$ millions)	Three Months Ended December 31 **2003**	2002	Year Ended December 31 **2003**	2002
Upstream				
Canada	**$ 1,199**	$ 769	**$ 4,449**	$ 2,175
United States	**454**	331	**1,339**	1,831
Ecuador	**123**	97	**370**	265
United Kingdom	**238**	27	**302**	130
Other Countries	**20**	118	**109**	184
	2,034	1,342	**6,569**	4,585
Midstream & Marketing	**91**	34	**381**	73
Corporate	**95**	37	**150**	66
Total	**$ 2,220**	$ 1,413	**$ 7,100**	$ 4,724

Property, Plant and Equipment and Total Assets

	Property, Plant and Equipment		Total Assets	
	As at		As at	
(C$ millions)	**December 31, 2003**	December 31, 2002	**December 31, 2003**	December 31, 2002
Upstream	**$ 23,950**	$ 21,570	**$ 28,097**	$ 25,340
Midstream & Marketing	**1,014**	742	**2,428**	2,216
Corporate	**295**	192	**632**	492
Assets of Discontinued Operations			**-**	3,404
Total	**$ 25,259**	$ 22,504	**$ 31,157**	$ 31,452

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

5. DISCONTINUED OPERATIONS

On February 28, 2003, the Company completed the sale of its 10 percent working interest in the Syncrude Joint Venture ("Syncrude") to Canadian Oil Sands Limited for net cash consideration of $1,026 million. The Company also granted Canadian Oil Sands Limited an option to purchase its remaining 3.75 percent working interest in Syncrude and a gross-overriding royalty interest. On July 10, 2003, the Company completed the sale of the remaining interest in Syncrude for net cash consideration of $427 million. This transaction completed the Company's disposition of its interest in Syncrude and, as a result, these operations have been accounted for as discontinued operations. There was no gain or loss on this sale.

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. 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 by the purchaser, and recorded an after-tax gain on sale of $263 million.

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.

The following tables present the effect of the discontinued operations on the Consolidated Financial Statements:

Consolidated Statement of Earnings	For the three months ended December 31							
	Syncrude		Merchant Energy		Midstream - Pipelines		Total	
(C$ millions)	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Revenues, Net of Royalties	**$ -**	$ 134	**$ -**	$ (9)	**$ -**	$ 63	**$ -**	$ 188
Expenses								
Transportation and selling	**-**	1	**-**	-	**-**	-	**-**	1
Operating	**-**	52	**-**	-	**-**	25	**-**	77
Purchased product	**-**	-	**-**	(10)	**-**	-	**-**	(10)
Depreciation, depletion and amortization	**-**	9	**-**	(1)	**-**	4	**-**	12
Administrative	**-**	-	**-**	1	**-**	-	**-**	1
Interest, net	**-**	2	**-**	-	**-**	8	**-**	10
Loss on discontinuance	**-**	-	**-**	6	**-**	-	**-**	6
	-	64	**-**	(4)	**-**	37	**-**	97
Net Earnings (Loss) Before Income Tax	**-**	70	-	(5)	**-**	26	**-**	91
Income tax expense (recovery)	**-**	27	**-**	(2)	**-**	10	**-**	35
Net Earnings (Loss) from Discontinued Operations	**$ -**	$ 43	**$ -**	$ (3)	**$ -**	$ 16	**$ -**	$ 56

Consolidated Statement of Earnings	For the year ended December 31							
	Syncrude *		Merchant Energy		Midstream - Pipelines *		Total	
(C$ millions)	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Revenues, Net of Royalties	**$ 129**	$ 365	**$ -**	$ 1,454	**$ -**	$ 212	**$ 129**	$ 2,031
Expenses								
Transportation and selling	**2**	4	**-**	-	**-**	-	**2**	4
Operating	**69**	164	**-**	-	**-**	78	**69**	242
Purchased product	**-**	-	**-**	1,465	**-**	-	**-**	1,465
Depreciation, depletion and amortization	**10**	26	**-**	-	**-**	27	**10**	53
Administrative	**-**	-	**-**	35	**-**	-	**-**	35
Interest, net	**-**	2	**-**	-	**-**	30	**-**	32
Foreign exchange (gain)	**-**	-	**-**	-	**-**	(3)	**-**	(3)
(Gain) loss on discontinuance	**-**	-	**-**	30	**(343)**	-	**(343)**	30
	81	196	**-**	1,530	**(343)**	132	**(262)**	1,858
Net Earnings (Loss) Before Income Tax	**48**	169	**-**	(76)	**343**	80	**391**	173
Income tax expense (recovery)	**13**	45	**-**	(27)	**80**	32	**93**	50
Net Earnings (Loss) from Discontinued Operations	**$ 35**	$ 124	**$ -**	$ (49)	**$ 263**	$ 48	**$ 298**	$ 123

* Reflects only nine months of earnings for 2002 as EnCana did not, at that time, own the operations which have been discontinued.

Notes to Consolidated Financial Statements *(unaudited)*
(All amounts in C$ millions unless otherwise specified)

5. DISCONTINUED OPERATIONS (continued)

Consolidated Balance Sheet

	As at December 31							
	Syncrude		Merchant Energy		Midstream - Pipelines		Total	
(C$ millions)	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Assets								
Cash and cash equivalents	**$ -**	$ 29	**$ -**	$ -	**$ -**	$ 68	**$ -**	$ 97
Accounts receivable and accrued revenues	**-**	65	**-**	-	**-**	31	**-**	96
Inventories	**-**	15	**-**	-	**-**	1	**-**	16
	-	109	**-**	-	**-**	100	**-**	209
Property, plant and equipment, net	**-**	1,396	**-**	-	**-**	817	**-**	2,213
Investments and other assets	**-**	-	**-**	-	**-**	374	**-**	374
Goodwill	**-**	417	**-**	-	**-**	191	**-**	608
	-	1,922	**-**	-	**-**	1,482	**-**	3,404
Liabilities								
Accounts payable and accrued liabilities	**-**	108	**-**	5	**-**	40	**-**	153
Income tax payable	**-**	(6)	**-**	-	**-**	17	**-**	11
Short-term debt	**-**	438	**-**	-	**-**	-	**-**	438
Current portion of long-term debt	**-**	-	**-**	-	**-**	23	**-**	23
	-	540	**-**	5	**-**	80	**-**	625
Long-term debt	**-**	-	**-**	-	**-**	576	**-**	576
Future income taxes	**-**	373	**-**	-	**-**	164	**-**	537
	-	913	**-**	5	**-**	820	**-**	1,738
Net Assets of Discontinued Operations	**$ -**	$ 1,009	**$ -**	$ (5)	**$ -**	$ 662	**$ -**	$ 1,666

6. FOREIGN EXCHANGE (GAIN) LOSS

	Three Months Ended December 31		Year Ended December 31	
(C$ millions)	**2003**	2002	**2003**	2002
Unrealized Foreign Exchange (Gain) on Translation of U.S. Dollar Debt Issued in Canada	**$ (159)**	$ (13)	**$ (704)**	$ (37)
Other Foreign Exchange (Gain) Loss	**(32)**	17	**(81)**	14
	$ (191)	$ 4	**$ (785)**	$ (23)

7. INCOME TAXES

	Three Months Ended December 31		Year Ended December 31	
(C$ millions)	**2003**	2002	**2003**	2002
Provision for Income Taxes				
Current				
Canada	**$ (155)**	$ (169)	**$ (180)**	$ (40)
United States	**38**	-	**52**	(49)
Ecuador	**24**	13	**54**	27
United Kingdom	**(4)**	(12)	**1**	-
Other Countries	**1**	1	**2**	3
	(96)	(167)	**(71)**	(59)
Future	**228**	384	**1,217**	665
Future tax rate reductions *	**4**	(5)	**(482)**	(33)
	$ 136	$ 212	**$ 664**	$ 573

* During the second quarter of 2003, both the Canadian federal and Alberta governments substantively enacted income tax rate reductions previously announced. The reduced rates were passed into law during the fourth quarter of 2003.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

8. LONG-TERM DEBT

(C$ millions)	**As at December 31, 2003**	As at December 31, 2002
Canadian Dollar Denominated Debt		
Revolving credit and term loan borrowings	**$ 1,842**	$ 1,388
Unsecured notes and debentures	**1,725**	1,825
Preferred securities	**326**	326
	3,893	3,539
U.S. Dollar Denominated Debt		
Revolving credit and term loan borrowings	**539**	696
Unsecured notes and debentures	**3,505**	3,608
Preferred securities	**194**	237
	4,238	4,541
Increase in Value of Debt Acquired *	**107**	110
Current Portion of Long-Term Debt	**(372)**	(212)
	$ 7,866	$ 7,978

* 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 28 years.

9. 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 properties:

	As at December 31,	
(C$ millions)	**2003**	2002
Asset Retirement Obligation, Beginning of Year	**$ 488**	$ 259
Liabilities Incurred	**89**	229
Liabilities Settled	**(32)**	(21)
Accretion Expense	**27**	21
Other	**(16)**	-
Asset Retirement Obligation, End of Year	**$ 556**	$ 488

The total undiscounted amount of estimated cash flows required to settle the obligation is $4,165 million (2002 - $3,975 million), which has been discounted using a credit-adjusted risk free rate of 5.9 percent. Most of these obligations are not expected to be paid for several years, or decades, in the future and will be funded from general company resources at the time of removal.

10. SHARE CAPITAL

	December 31, 2003		December 31, 2002	
(millions)	**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	**5.5**	**161**	5.5	139
Shares Repurchased	**(23.8)**	**(437)**	-	-
Common Shares Outstanding, End of Year	**460.6**	**$ 8,456**	478.9	$ 8,732

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

10. SHARE CAPITAL (continued)

During the quarter, the Company purchased, for cancellation, 5,215,000 Common Shares (Year-to-date - 23,839,400 Common Shares) for total consideration of approximately $244 million (Year-to-date - $1,184 million). Of the $1,184 million paid this year, $437 million was charged to share capital, $102 million was charged to paid in surplus and $645 million was charged to retained earnings.

The Company has stock-based compensation plans that allow employees and directors 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 successor and/or related company replacement plans expire ten years after the grant date.

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

	Stock Options ***(millions)***	**Weighted Average Exercise Price *($)***
Outstanding, Beginning of Year	**29.6**	**39.74**
Granted under EnCana Plans	**6.4**	**47.97**
Exercised	**(5.5)**	**29.11**
Forfeited	**(1.7)**	**41.18**
Outstanding, End of Year	**28.8**	**43.13**
Exercisable, End of Year	**15.6**	**38.92**

	Outstanding Options			**Exercisable Options**	
Range of Exercise Price (C$)	Number of Options Outstanding *(millions)*	Weighted Average Remaining Contractual Life *(years)*	Weighted Average Exercise Price *($)*	Number of Options Outstanding *(millions)*	Weighted Average Exercise Price *($)*
13.50 to 19.99	1.5	0.9	18.86	1.5	18.86
20.00 to 24.99	1.3	1.5	22.38	1.3	22.38
25.00 to 29.99	2.2	1.5	26.49	2.2	26.49
30.00 to 43.99	1.3	2.2	38.89	1.2	38.52
44.00 to 53.00	22.5	3.7	47.93	9.4	47.63
	28.8	2.8	43.13	15.6	38.92

As described in Note 2, the Company recorded stock-based compensation expense in the Consolidated Statement of Earnings for stock options granted in 2003 to employees and directors using the fair-value method. Compensation expense has not been recorded in the Consolidated Statement of Earnings related to stock options granted prior to 2003. If the Company had applied the fair-value method to options granted in prior years, pro forma Net Earnings and Net Earnings per Common Share in 2003 would have been $3,226 million; $6.80 per common share - basic and $6.73 per common share - diluted (2002 - $1,195 million; $2.86 per common share - basic; $2.83 per common share - diluted).

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

10. SHARE CAPITAL (continued)

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:

	Year Ended December 31	
	2003	2002
Weighted Average Fair Value of Options Granted	**$ 12.21**	$ 13.31
Risk Free Interest Rate	**3.87%**	4.29%
Expected Lives (years)	**3.00**	3.00
Expected Volatility	**0.33**	0.35
Annual Dividend per Share	**$ 0.40**	$ 0.40

11. PER SHARE AMOUNTS

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

	Three Months Ended					Year Ended	
	March 31	June 30	September 30	December 31		December 31	
(millions)	2003	2003	2003	**2003**	2002	**2003**	2002
Weighted Average Common Shares Outstanding - Basic	479.9	480.6	473.4	**462.3**	477.9	**474.1**	417.8
Effect of Dilutive Securities	4.4	3.8	4.5	**3.6**	4.7	**5.6**	4.8
Weighted Average Common Shares Outstanding - Diluted	484.3	484.4	477.9	**465.9**	482.6	**479.7**	422.6

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

(C$ millions)	**As at December 31, 2003**
Commodity Price Risk	
Natural gas	**$ 76**
Crude oil	**(361)**
Gas storage optimization	**(32)**
Power	**5**
Foreign Currency Risk	**9**
Interest Rate Risk	**57**
	$ (246)

Information with respect to power, 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 December 31, 2003.

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Natural Gas

At December 31, 2003, the Company's gas risk management activities had an unrecognized gain of $76 million. The contracts were as follows:

	Notional Volumes *(MMcf/d)*	Physical/ Financial	Term	Price		Unrecognized Gain/(Loss) *(C$ millions)*
Fixed Price Contracts						
Sales Contracts						
Fixed AECO price	453	Financial	2004	6.20	C$/mcf	$ 7
NYMEX Fixed price	732	Financial	2004	5.13	US$/mcf	(111)
Chicago Fixed price	40	Financial	2004	5.41	US$/mcf	(1)
AECO Collars	71	Financial	2004	5.34-7.52	C$/mcf	2
NYMEX Collars	50	Physical	2004	2.46-4.90	US$/mcf	(21)
NYMEX Collars	50	Physical	2005	2.46-4.90	US$/mcf	(17)
NYMEX Collars	46	Physical	2006-2007	2.46-4.90	US$/mcf	(26)
Basis Contracts						
Sales Contracts						
Fixed NYMEX to AECO basis	343	Financial	2004	(0.54)	US$/mcf	28
Fixed NYMEX to Rockies basis	255	Financial	2004	(0.48)	US$/mcf	23
Fixed NYMEX to Rockies basis	413	Physical	2004	(0.50)	US$/mcf	34
Fixed NYMEX to San Juan basis	60	Financial	2004	(0.63)	US$/mcf	1
Fixed NYMEX to San Juan basis	50	Physical	2004	(0.64)	US$/mcf	1
Fixed Rockies to CIG basis	38	Financial	2004	(0.10)	US$/mcf	-
Fixed NYMEX to AECO basis	877	Financial	2005	(0.66)	US$/mcf	8
Fixed NYMEX to Rockies basis	283	Financial	2005	(0.49)	US$/mcf	21
Fixed NYMEX to Rockies basis	393	Physical	2005	(0.47)	US$/mcf	34
Fixed NYMEX to San Juan basis	75	Financial	2005	(0.63)	US$/mcf	(1)
Fixed NYMEX to San Juan basis	50	Physical	2005	(0.64)	US$/mcf	(1)
Fixed Rockies to CIG basis	50	Financial	2005	(0.10)	US$/mcf	1
Fixed NYMEX to AECO basis	402	Financial	2006-2008	(0.65)	US$/mcf	31
Fixed NYMEX to Rockies basis	175	Financial	2006-2008	(0.57)	US$/mcf	17
Fixed NYMEX to Rockies basis	207	Physical	2006-2007	(0.49)	US$/mcf	29
Fixed NYMEX to San Juan basis	62	Financial	2006	(0.62)	US$/mcf	(1)
Fixed NYMEX to San Juan basis	42	Physical	2006	(0.64)	US$/mcf	(1)
Fixed Rockies to CIG basis	31	Financial	2006-2007	(0.10)	US$/mcf	-
Purchase Contracts						
Fixed NYMEX to AECO basis	47	Financial	2004	(0.80)	US$/mcf	(4)
						53
Gas Marketing Financial Positions [1]						(2)
Gas Marketing Physical Positions [1]						25
						$ 76

[1] The gas marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

EnCana Corporation

Notes to Consolidated Financial Statements *(unaudited)*

(All amounts in C$ millions unless otherwise specified)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Crude Oil

As at December 31, 2003, the Company's oil risk management activities had an unrecognized loss of $361 million. The contracts were as follows:

	Notional Volumes *(bbl/d)*	Term	Average Price *(US$/bbl)*	Unrecognized Gain/(Loss) *(C$ millions)*
Fixed WTI NYMEX Price	62,500	2004	23.13	$ (209)
Collars on WTI NYMEX	62,500	2004	20.00-25.69	(148)
3-way Put Spread	10,000	2005	20.00/25.00/28.77	(4)
				(361)
Crude Oil Marketing Financial Positions [1]				(3)
Crude Oil Marketing Physical Positions [1]				3
				$ (361)

[1] The crude oil marketing activities are part of the daily ongoing operations of the Company's proprietary production management.

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 9 months to manage the price volatility of the corresponding physical transactions and inventories.

As at December 31, 2003, the unrecognized loss on gas storage optimization risk management activities was $32 million, which was as follows:

	Notional Volumes *(bcf)*	Price *(US$/mcf)*	Unrecognized Gain/(Loss) *(C$ millions)*
Financial Instruments			
Purchases	286.7	5.63	$ 141
Sales	312.4	5.69	(170)
			(29)
Physical Contracts			(3)
			$ (32)

At December 31, 2003, the unrecognized loss on physical contracts of $3 million was more than offset by unrealized gains on physical inventory in storage.

13. RECLASSIFICATION

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