On October 15, 2008, EnCana announced the proposed Arrangement would be delayed until the global debt and equity markets regain stability. Meanwhile, the Company remains focused on being a leading producer of unconventional natural gas and in-situ oil as well as participating in the downstream refining and marketing of petroleum products. Additional details on the Arrangement are available in the 2008 news releases dated May 11, October 15, October 23 and December 11 on the Company's website at www.encana.com.

EnCana's operating divisions, post-Arrangement, would include Canadian Foothills and USA. Cenovus' operating divisions, post-Arrangement, would include Canadian Plains and Integrated Oil.

EnCana'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 natural gas liquids ("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 markets substantially all of the Company's upstream production to third-party customers. Transactions between segments are based on market values and eliminated on consolidation. Segmented financial information is presented on an after eliminations basis.

EnCana has updated its segmented reporting to present the upstream Canadian and United States cost centres and Downstream Refining as separate reportable segments. This results 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 the new 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 production and crude oil development and production assets located in eastern Alberta and Saskatchewan.
- **Canadian Foothills** Division includes natural gas development and production assets located in western Alberta and British Columbia as well as the Company's Canadian offshore assets.
- **USA** Division includes the 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 in-situ recovery methods. Integrated Oil – Canada is composed of EnCana's interests in the FCCL Oil Sands Partnership jointly owned with ConocoPhillips, the Athabasca natural gas assets and other bitumen interests.

2008 Overview

In 2008 compared to 2007, EnCana:

- Increased Cash Flow by 11 percent to $9,386 million;
- Increased Operating Earnings by 7 percent to $4,405 million;
- Reported a 50 percent increase in Net Earnings to $5,944 million primarily due to after-tax unrealized mark-to-market hedging gains of $1,818 million in 2008 compared to losses of $811 million in 2007;
- Reported Free Cash Flow of $2,306 million which is slightly lower compared to 2007;