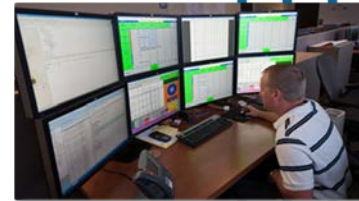


The Art of Integration... Personally and Professionally

Vineeta Maguire

Vice President Supply Management Services,
Encana

May 30th , 2016





A moment to appreciate

The Art of Integration

"Each person carries within their core the birthright of creative freedom, which, when organized and **orchestrated**, is the most awesome force on earth."

Author: Bryant McGill



- “Each player is highly skilled, and each person contributes the best of their unique talent.”
- "There's not an orchestra in the world that doesn't have weaknesses. None of us can play everything well. The repertoire is just too big."

Have you been told....

- Work hard
- Follow your dreams
- Know what you want to do
- Be brave
- Be strong
- Be smart
- You have to be good at ...

That's all good... BUT HOW?

WHAT DO YOU WANT TO BE..DO..?

Think about what kind of life you want

...

Not just what job you want to have

The type of life I want:

- Independence
- Choices
- Freedom
- Comfort
- Security
- Fun
- Family
- Friends
- Ability to give back

What I look for in a job:

- Have a career
- Challenge
- Growth
- Working with people
- Always learning
- Making something better
- People who believe in me
- Balance – prioritize what is important

How do you shape your Career – What lessons from the past can you apply today?

Leading a Supply Chain Organization is where I really learned to **Build**, **Leverage** AND **Integrate** all experiences to add business value

Training Rotation in Production, Reservoir and Facilities Engineering



Field Operations



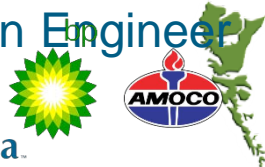
Production/Completions Engineering



Reservoir Engineering



Development/Exploitation Engineer



Asset Lead



Canadian Operations

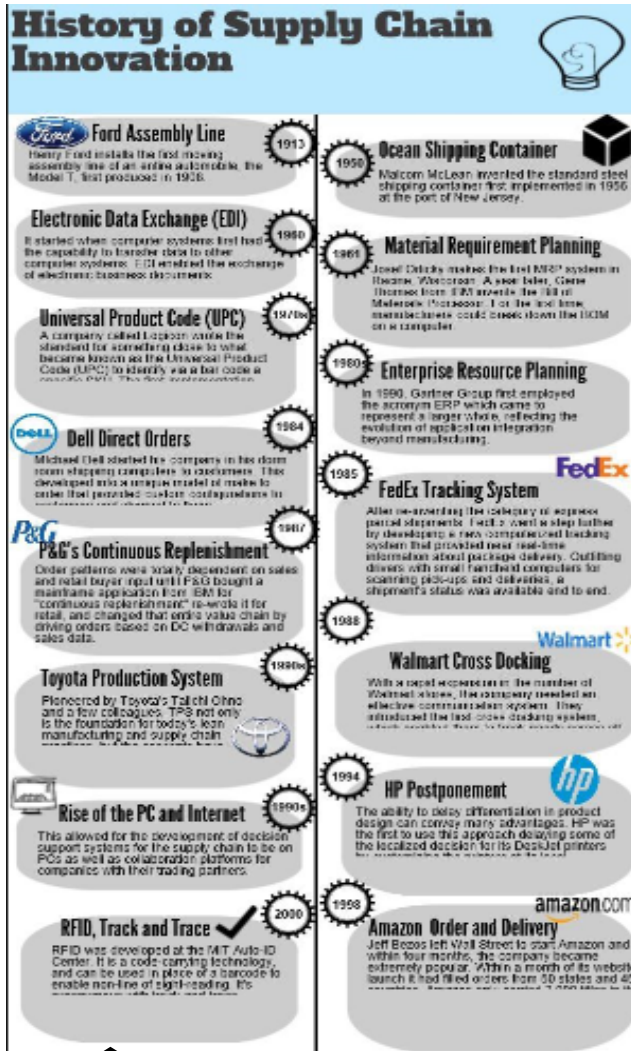


North American Supply Management



Supply Chain Innovation

Leveraging what we already know...



How quickly do we innovate... How quickly can we adopt



2016+

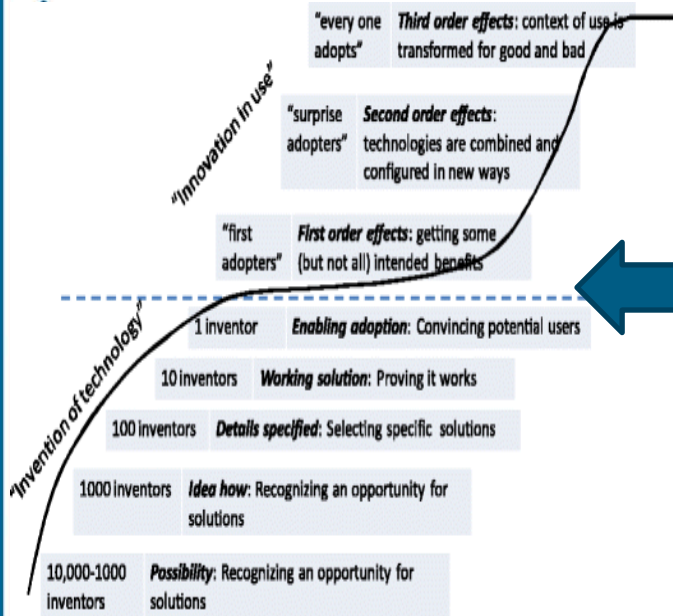
Integration

The Art of Career Integration

“ we do well at what we focus on”

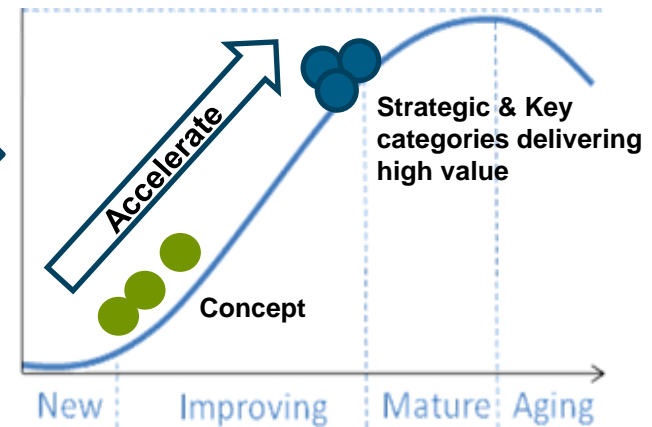
Focus on creating Urgency and Alignment to integrate.....

Technology Invention & Adoption Curve



Integrated Team

Supply Management Innovation & Adoption



Supply Management

To be truly Integrated, Supply Management must not only innovate, but execute at the speed that their business partners require

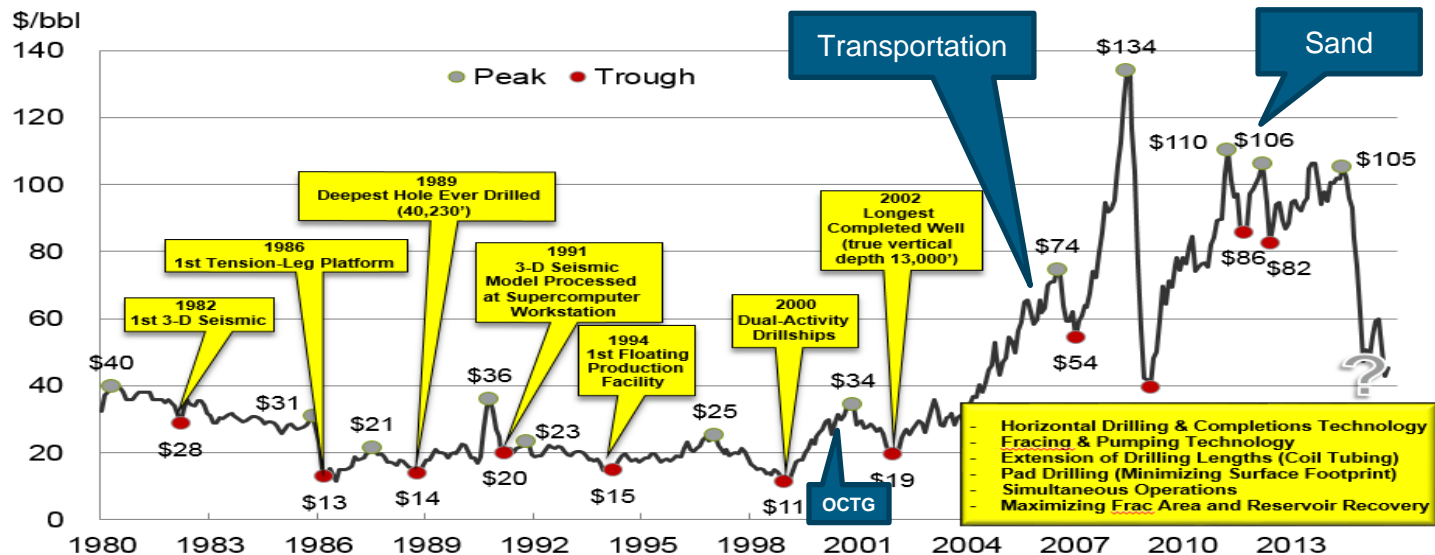
- Art of Integration
 - Leveraging Urgency ...
VALUE
 - Decrease cycle time from innovation to adoption
 - Create sustainability
- Path to Execution
 - Case study on Encana Desks

**SMS at Encana creates best value by
Optimizing Schedules, Managing Risk, and Reducing Costs...
HOW WE DO THIS IS WHAT DEFINES SUCCESS**

WTI Crude Price History

1980 -Present

Historical peaks and troughs of oil prices, provide opportunities to drive efficiencies and lower costs



Source: Encana Fundamentals. BP. CME. Economagic. EIA

A Historical Perspective on Significant Oil Price Fluctuations and Drivers

Major Oil Corrections Since 1980				
Date	Event	% Change in Oil Price	Length of Oil Price Decline (in trading days)	% Increase in Oil Price 1 Year Post-Low
1986	Saudi Market Share War	-67.2%	82	79.0%
1988	Oil Glut	-43.7%	295	58.4%
1991	Global Recession / End of Gulf War	-57.2%	90	5.4%
1998	Asian Crisis	-59.6%	484	134.5%
2001	Global Recession	-53.1%	290	46.2%
2008	Great Recession	-78.4%	119	134.8%
Average		-59.9%	227	76.4%
Current		-57.2%	141	?

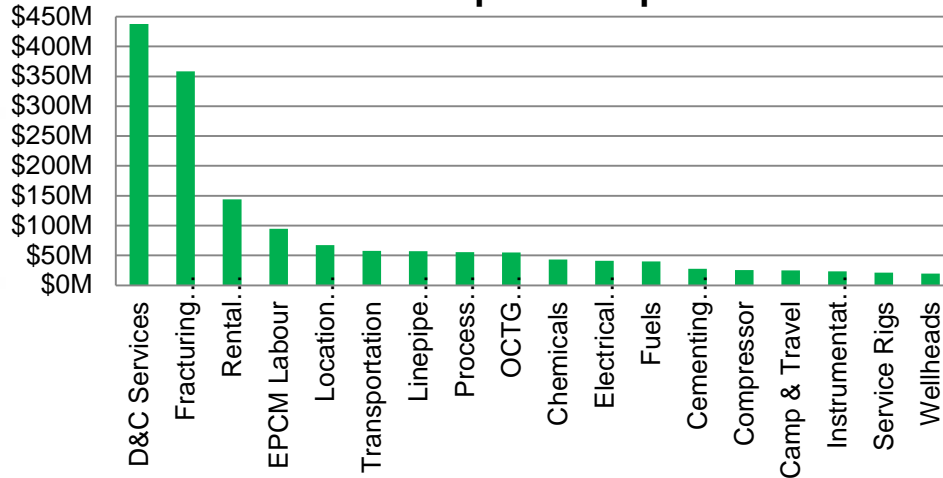
Crude prices have experienced several periods of declines with the peak to trough taking roughly 6 to 15 months followed by a price recovery

Source: Encana Fundamentals, BP, CME, Economagic, EIA

Art of Integration...speeding up the cycle time....The Supply Management Process

Idea assessment: Data Analyses + Ranking + Evaluation

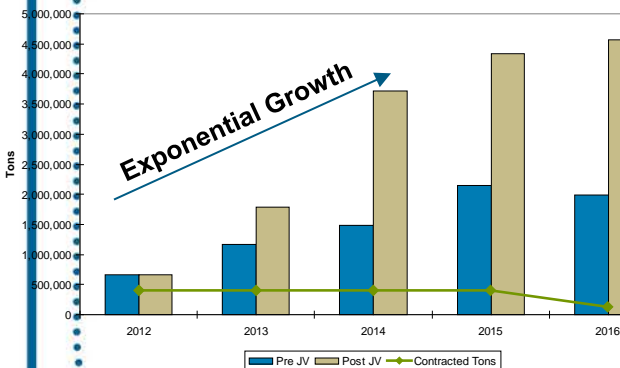
2016 Estimated Spend - Top 80%



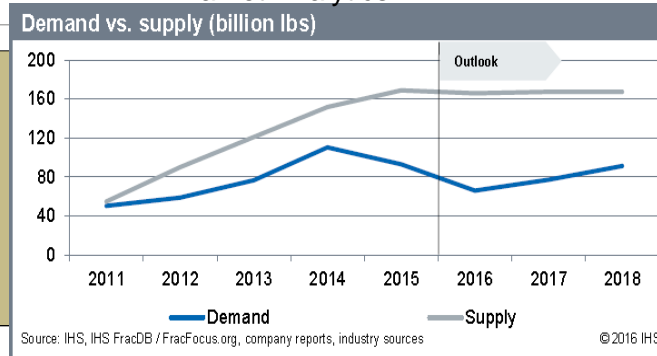
Idea Generator



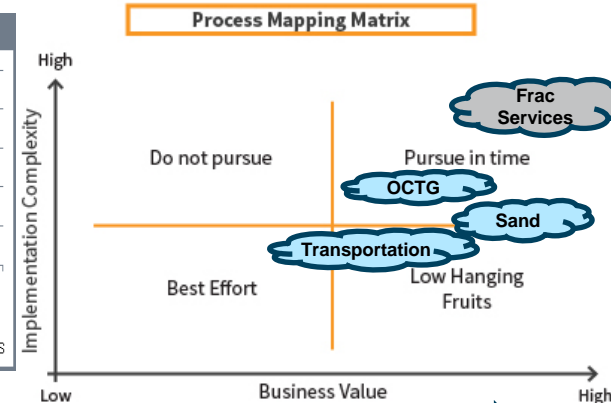
Internal Demand



Market Analytics



Project Ranking



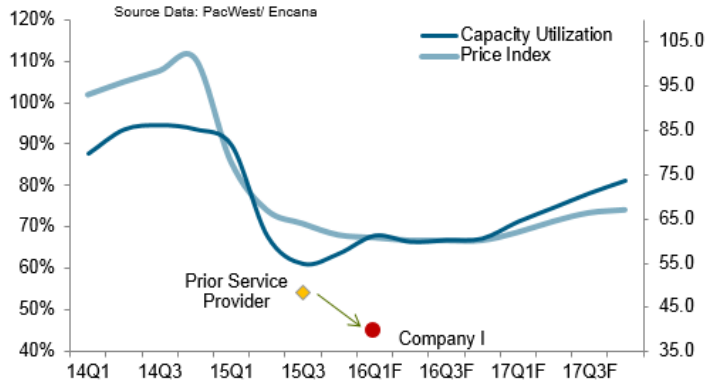
Need

Urgency

Opportunity

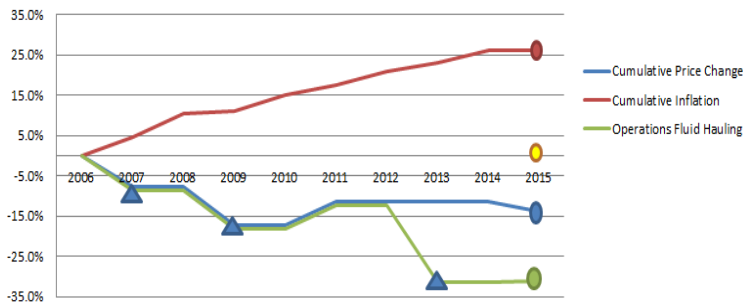
Case Studies of Innovation to Adoption Cycle times

Sand Management Innovation & Adoption at Encana

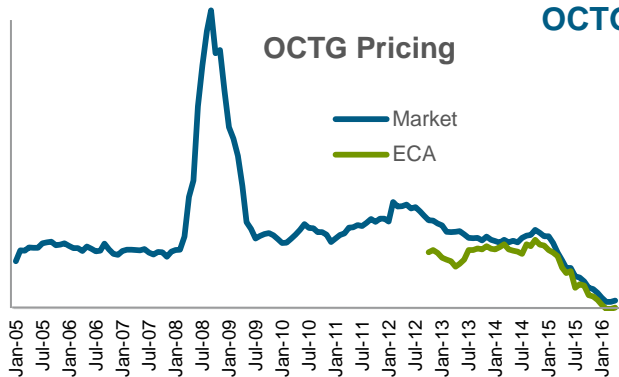


Logistics Management Innovation & Adoption at Encana

SMS Logistics
Average Hourly Transport Cost vs Cost Driver Inflation
2007-2015



OCTG Management Innovation & Adoption at Encana



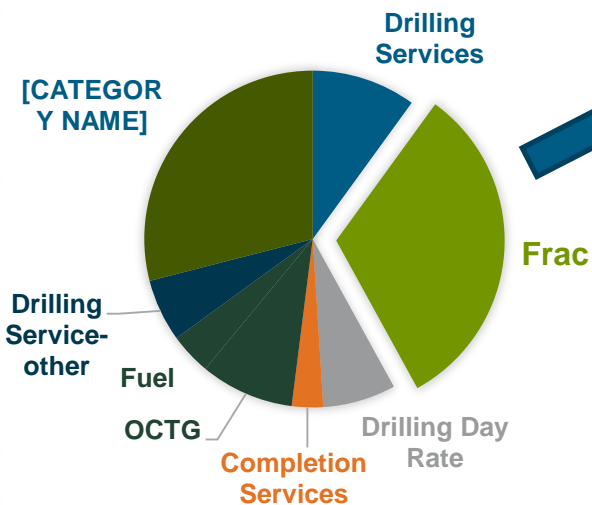
Art of Integration

Case Study – De-Bundling the Frac ticket

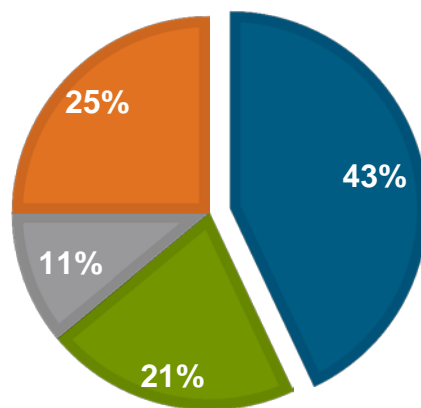


Take a deeper dive to simplify the opportunity

MAJOR D&C CATEGORIES

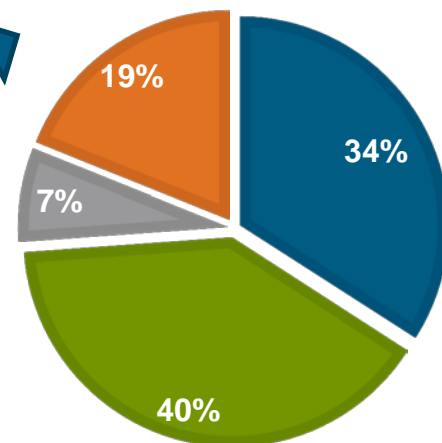


FRAC



- Propant
- Chemicals
- Fuel
- Pumpig Service

PROPPANT



- Sand
- Freight
- Transload
- Trucking

2006

2015 +

Tactical "Purchasing"

Category Management

Strategic Sourcing

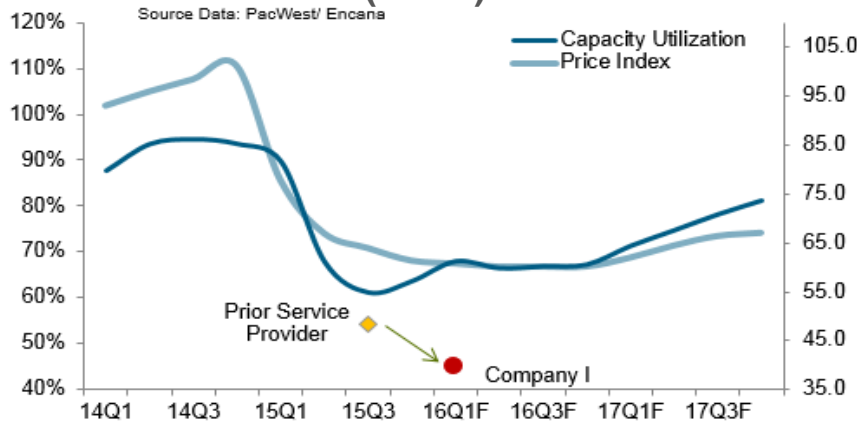
We know what to manage - now how?

Art of Integration

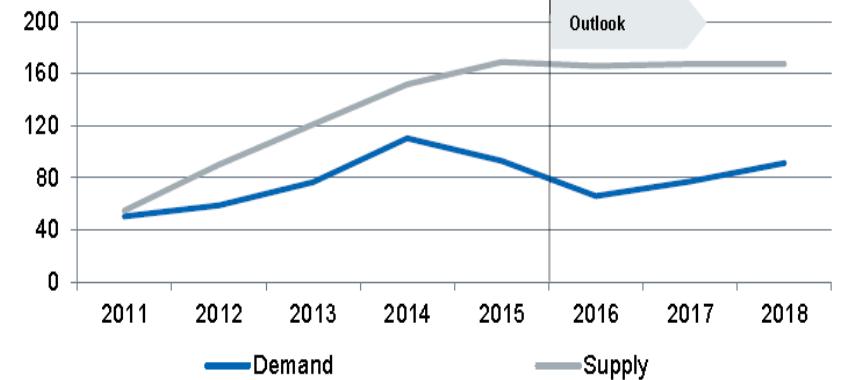
ECA Sand Management

Understanding and managing the key Frac ticket drivers has resulted in 44% sand savings

Frac Market (Index)



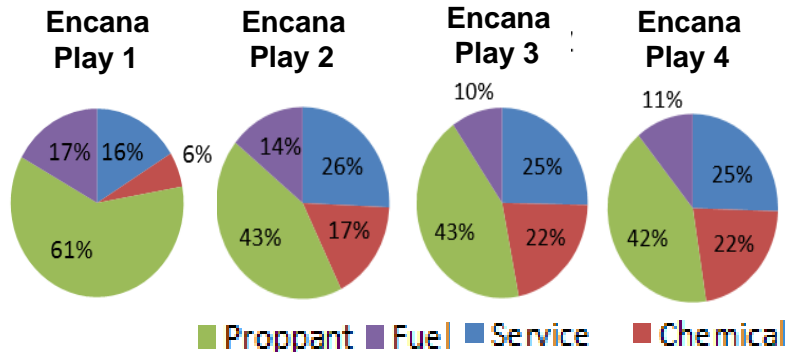
Sand Demand vs Supply (Billion lb's)



Source: IHS, IHS FracDB / FracFocus.org, company reports, industry sources

© 2016 IHS

Frac ticket: Applying learnings across our plays

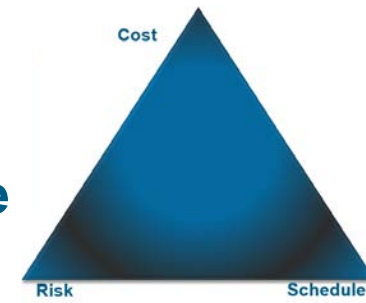


Outcome of Managing Sand

	2015 vs 2016 Q1 Reductions (%)
Play 1	24%
Play 2	44%
Play 3	31%
Play 4	33%

Art of Integration

Building a Sand Foundation – keep it simple



- Understand Supply Chain
 - Determine what will be internally managed

MINE SUPPLY → **RAIL** → **TERMINAL** → **TRUCKING** → **STORAGE**



Mine Contract

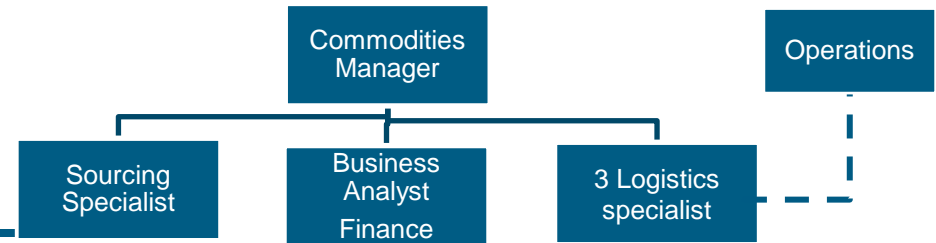
Terminal Contract

Logistics contract & ECA management

Wellsite contract & ECA management

- Build the team – Alignment
 - Targeting specific competencies

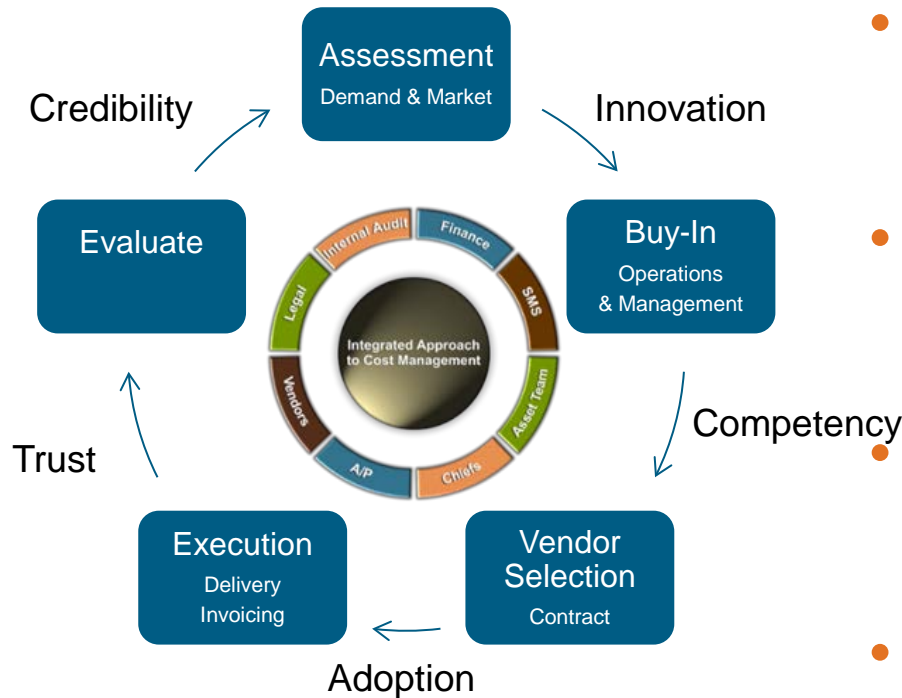
Most teams stop here



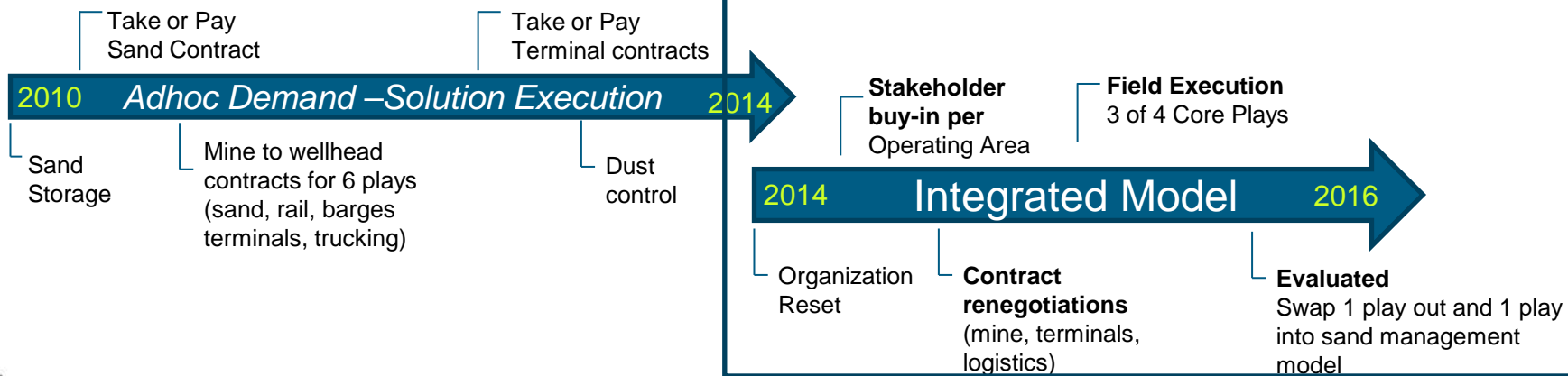
- Integrated Execution
 - Onboarding stakeholders

Art of Integration

Implementing Encana Sand Team



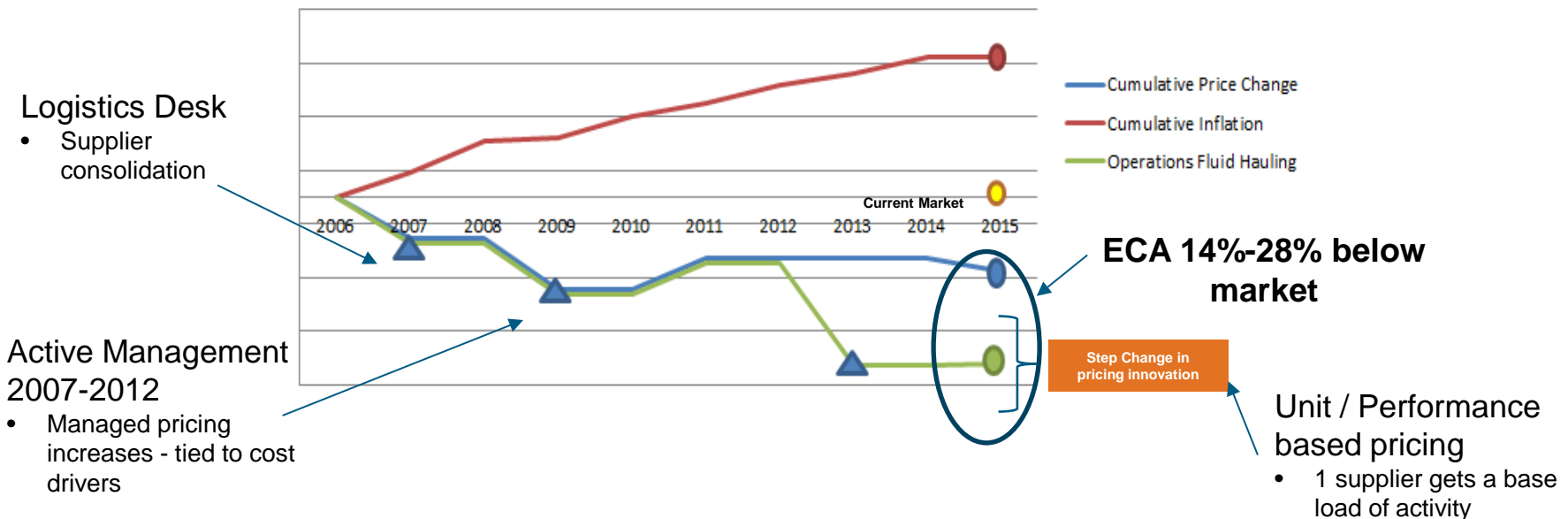
- Fully integrated Supply team
 - Business, technical, operations
- Internal Support at all levels
 - Defined goals
- Flexible to changing market
 - Model adaptable to our plays
- Willing to hit the Reset Button



SMS Logistics – Canadian Cost Savings Drivers

Encana maintains competitive pricing, however the cycle time from innovation to full adoption was still slow, ~8 years

SMS Logistics
Average Hourly Transport Cost vs Cost Driver Inflation
2007-2015

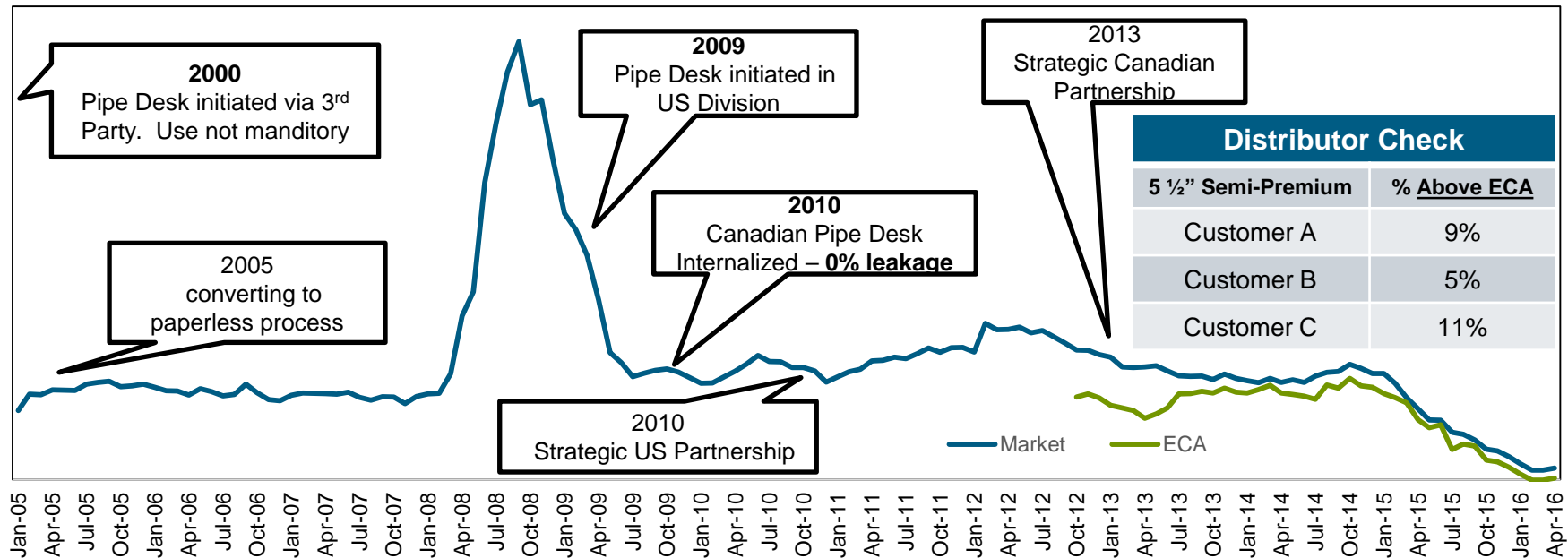


Pricing performance is better than market due to: Leveraging centralized negotiations, category management and how vendors are awarded contracts

2016 Competitive Pricing –OCTG Market Analyses

Encana maintains competitive pricing, however the cycle time from innovation to full adoption was slow, 10 years to internalize desk into Encana and eliminate spend leakage.

Market Analysis Using External Market Data



Market data confirms ECA's low cost supply, supported by distributor data and unsolicited bids

Leadership – the role of everyone in supply chain



- “Conductors and leaders inspire the maximum result by inspiring and empowering the team....”



Hugh Ballou
Conductor &
Coach

- “They are alert to circumstances and make adjustments and changes needed as the program progresses to ensure an optimal result.”
- “The orchestra’s job is to listen to each other”
- “Every event that will happen is notated, with clearly defined roles and parts”

What is Next for Supply Chain... AND YOU?

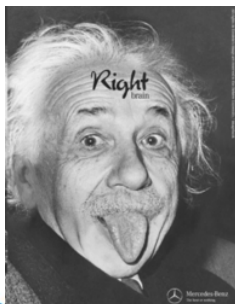
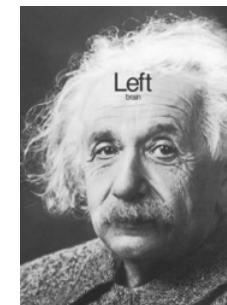
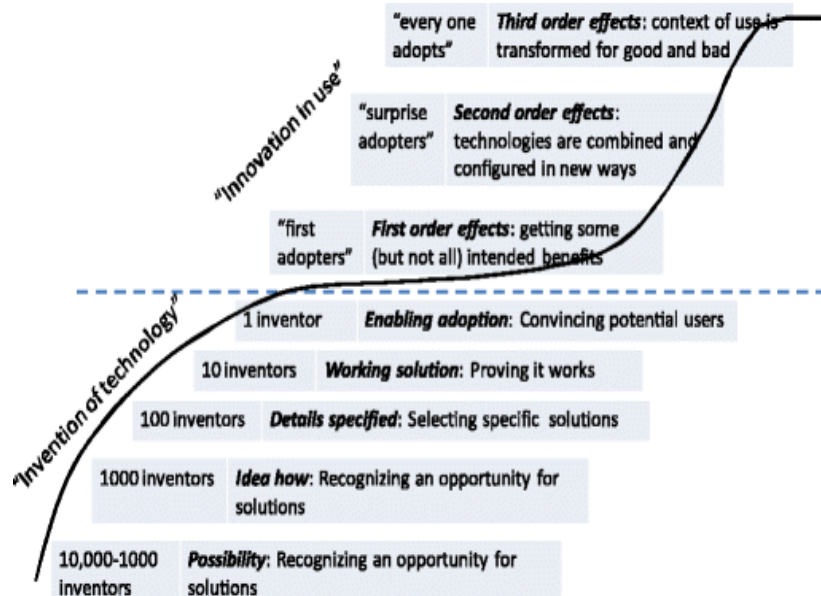
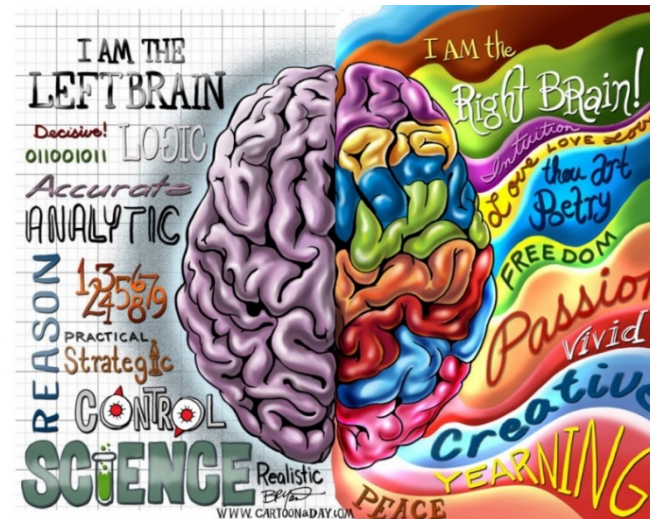
...Imagine the possibilities!

Adopt



Innovate

Real Integration: The power of using all our skills



FUTURE ORIENTED INFORMATION

This presentation contains certain forward-looking statements or information (collectively, "FLS") within the meaning of applicable securities legislation. FLS include:

- Estimated supply management spend, including OCTG spend
- Centralized logistics management and the expected cost savings
- Internal demand
- Sand management and the anticipated outcomes

Readers are cautioned against unduly relying on FLS which, by their nature, involve numerous assumptions, risks and uncertainties that may cause such statements not to occur, or for results to differ materially from those expressed or implied. These assumptions include:

- data contained in key modeling statistics
- results from innovations
- expectation that counterparties will fulfill their obligations under gathering, midstream and marketing agreements
- access to transportation and processing facilities where Encana operates
- effectiveness of Encana's resource play hub model to drive productivity and efficiencies
- expectations and projections made in light of, and generally consistent with, Encana's historical experience and its perception of historical trends, including with respect to the pace of technological development, the benefits achieved and general industry expectations

Risks and uncertainties that may affect these business outcomes include: risks inherent to closing announced divestitures on a timely basis or at all and adjustments that may reduce the expected proceeds and value to Encana; commodity price volatility; timing and costs of well, facilities and pipeline construction; ability to secure adequate product transportation and potential pipeline curtailments; business interruption and casualty losses or unexpected technical difficulties; counterparty and credit risk; fluctuations in currency and interest rates; risk and effect of a downgrade in credit rating, including below an investment-grade credit rating, and its impact on access to capital markets and other sources of liquidity; variability and discretion of Encana's Board to declare and pay dividends, if any; the ability to generate sufficient cash flow to meet Encana's obligations; failure to achieve anticipated results from cost and efficiency initiatives; risks inherent in marketing operations; risks associated with technology; Encana's ability to acquire or find additional reserves; imprecision of reserves estimates and estimates of recoverable quantities of natural gas and liquids from resource plays and other sources not currently classified as proved, probable or possible reserves or economic contingent resources, including future net revenue estimates; changes in or interpretation of royalty, tax, environmental, accounting and other laws; risks associated with past and future divestitures of certain assets or other transactions or receive amounts contemplated under the transaction agreements (such transactions may include third-party capital investments, farm-outs or partnerships, which Encana may refer to from time to time as "partnerships" or "joint ventures" and the funds received in respect thereof which Encana may refer to from time to time as "proceeds", "deferred purchase price" and/or "carry capital", regardless of the legal form) as a result of various conditions not being met; and other risks and uncertainties impacting Encana's business, as described in its most recent MD&A, financial statements, Annual Information Form and Form 40-F, as filed on SEDAR and EDGAR.

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