

FORM 51-102F3

MATERIAL CHANGE REPORT

**Item 1 Name and Address of Company**

Encana Corporation (“**Encana**”)  
4400, 500 Centre Street S.E., P.O. Box 2850  
Calgary, Alberta, Canada T2P 2S5

**Item 2 Date of Material Change**

October 31, 2018.

**Item 3 News Release**

A news release reporting the material change was disseminated through the services of Globe Newswire and filed on SEDAR and EDGAR prior to markets opening on November 1, 2018.

**Item 4 Summary of Material Change**

Encana entered into a definitive Agreement and Plan of Merger dated October 31, 2018 (the “**Merger Agreement**”) with Newfield Exploration Company (“**Newfield**”) and Neapolitan Merger Corp., an indirect, wholly-owned subsidiary of Encana (“**Merger Sub**”), pursuant to which Merger Sub will merge with and into Newfield (the “**Merger**”), with Newfield surviving the Merger as a wholly-owned subsidiary of Encana.

The Merger Agreement provides that, subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the “**Effective Time**”), each outstanding share of capital stock, par value US\$0.01 per share, of Newfield (each, a “**Newfield Share**”) shall automatically be converted into the right to receive 2.6719 common shares of Encana (each, an “**Encana Share**”), as well as cash in lieu of any fractional Encana Shares that would otherwise have been issued.

In addition, Encana will assume approximately US\$2.2 billion of Newfield net debt. Encana also announced an intention to increase its quarterly dividend by 25% and expand its normal course issuer bid program to make approximately US\$1.5 billion of purchases of Encana Shares for cancellation, in each case following completion of the Merger and subject to final approval by the Encana Board of Directors.

The full text of the Merger Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov) under Encana’s profile.

**Item 5.1 Full Description of Material Change**

On October 31, 2018, Encana entered into the Merger Agreement with Newfield and Merger Sub, pursuant to which Merger Sub will merge with and into Newfield, with Newfield surviving the Merger as a wholly-owned subsidiary of Encana.

The Merger Agreement provides that, subject to the terms and conditions of the Merger Agreement, at the Effective Time of, each outstanding Newfield Share shall automatically be converted into the right to receive 2.6719 Encana Shares, as well as cash in lieu of any fractional Encana Shares that would otherwise have been issued.

Encana anticipates issuing approximately 547.5 million Encana Shares as consideration to holders of Newfield Shares (“**Newfield Shareholders**”) pursuant to the Merger such that, upon completion of the Merger, existing holders of Encana Shares (“**Encana Shareholders**”) and Newfield Shareholders will own approximately 63.5% and 36.5% of Encana, respectively. In addition, Encana will assume approximately US\$2.2 billion of Newfield net debt. Encana has also agreed to add two of the current directors of Newfield (to be mutually agreed upon by Encana and Newfield) to Encana's Board of Directors upon closing of the Merger.

The Board of Directors of Encana unanimously determined that the terms of the Merger Agreement and the transactions contemplated thereby, including the Merger and the issuance of the Encana Shares pursuant to the Merger Agreement, are in the best interests of Encana, and unanimously resolved to recommend that the Encana Shareholders approve the issuance of the Encana Shares pursuant to the Merger at an upcoming special meeting of Encana Shareholders to be called to consider the issuance of the Encana Shares pursuant to the Merger (the “**Encana Meeting**”).

The Board of Directors of Newfield unanimously determined that the terms of the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable, fair and in the best interests of Newfield and the Newfield Shareholders, and unanimously resolved to recommend that the Newfield Shareholders approve the adoption of the Merger Agreement at an upcoming special meeting of Newfield Shareholders to be called to consider the Merger (the “**Newfield Meeting**”).

The Merger will require approval by the affirmative vote of the holders of at least sixty-six and two-thirds percent ( $66\frac{2}{3}\%$ ) of the issued and outstanding shares of Newfield Shares entitled to vote at the Newfield Meeting. The Merger will also require approval by the affirmative vote of a majority of votes cast by the Encana Shareholders at the Encana Meeting.

The Merger Agreement provides for the implementation of the Merger by means of a merger pursuant to the General Corporation Law of the State of Delaware. The Merger Agreement contains customary representations and warranties and non-solicitation covenants of each of Newfield and Encana, and provides each of Encana and Newfield with the right to match competing offers that may arise prior to the respective shareholder approvals being obtained. The Merger Agreement also contains customary covenants of each of Newfield and Encana relating to, among other things, the operation of their respective businesses prior to the closing of the Merger and using commercially reasonable efforts to satisfy the conditions precedent to the Merger.

Pursuant to the Merger Agreement, a termination fee of US\$150 million will be payable by Newfield to Encana in certain circumstances, including if Newfield enters into an agreement with respect to a Superior Proposal (as defined in the Merger Agreement) or if the Board of Directors of Newfield withdraws (or change, amend, modify or qualify in a manner adverse to Encana) its recommendation with respect to the Merger. The Merger Agreement also provides that a termination fee of US\$300 million will be payable by Encana to Newfield in certain circumstances, including if Encana enters into an agreement with respect to a Superior Proposal (as defined in the Merger Agreement) or if the Board of Directors of Encana withdraws (or change, amend, modify or qualify in a manner adverse to Newfield) its recommendation with respect to the issuance of Encana Shares pursuant to the Merger.

In addition to the approval of the Newfield Shareholders and the Encana Shareholders described above, the Merger will be subject to the expiration of applicable waiting periods under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 approval, the approval of the Toronto Stock Exchange and the New York Stock Exchange for the listing of the Encana Shares issuable pursuant to the Merger, and the satisfaction of customary conditions for a transaction of this nature.

A joint proxy statement of Encana and Newfield, that will also constitute a prospectus of Encana regarding the Merger, is expected to be mailed to Newfield Securityholders and Encana Shareholders to seek the required approvals of the Newfield Shareholders and Encana Shareholders, at the Newfield Meeting and the Encana Meeting, respectively.

Encana also announced an intention to increase its quarterly dividend by 25% and expand its normal course issuer bid program to make approximately US\$1.5 billion of purchases of Encana Shares for cancellation, in each case following completion of the Merger and subject to final approval by the Encana Board of Directors.

The completion of the Merger will provide Encana with approximately 360,000 net acres in the STACK/SCOOP play in the Anadarko Basin of Oklahoma. Combined net production of Encana and Newfield for the third quarter of 2018 was approximately 577,000 BOE/d, including liquids net production of approximately 300,000 barrels per day.

**Item 5.2 Disclosure For Restructuring Transactions**

Not applicable.

**Item 6 Reliance of Section 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officers**

For more information, please contact:

Joanne L. Alexander  
Executive Vice-President & General Counsel  
(403) 645-2000

**Item 9 Date of Report**

November 2, 2018

**ADVISORY REGARDING FORWARD-LOOKING STATEMENTS**

This material change report contains certain statements that constitute “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 (collectively, “FLS”) including, but not limited to: the closing of the Merger and the timing thereof; the post-Merger ownership percentage in Encana of Encana's existing and Newfield's shareholders; the expectation that the closing conditions, including shareholder approvals and regulatory approvals, will be satisfied; anticipated benefits from the transaction; Encana's intent to raise its dividend and increase its purchases under its normal course issuer bid following closing of the Merger; and anticipated production and commodity mix of the combined company.

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 results to differ materially from those expressed or implied. These assumptions include: assumptions contained in Encana's corporate guidance and five-year plan; Encana's and Newfield's ability to satisfy closing conditions and obtain the required regulatory and shareholder approvals; enforceability of transaction agreements; and 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, benefits achieved and general industry expectations.

Risks and uncertainties that may affect these business outcomes include: integration of Encana and Newfield and the ability to recognize the anticipated benefits from the combination of Encana and Newfield ability to obtain required shareholder and regulatory approvals for the transaction, timing thereof and risk that such regulatory approvals may result in the imposition of conditions that could adversely affect the expected benefits of the transaction; risk that the conditions to the transaction are not satisfied on a timely basis or at all and the failure of the transaction to close for any other reason; risks relating to the value of the Encana Shares to be issued in connection with the transaction; disruption to Encana's and Newfield's respective businesses that could result from the announcement of the transaction; variability and discretion of Encana's Board of Directors to declare and pay dividends, if any; variability in the amount, number of Encana Shares and timing of purchases, if any, pursuant to Encana's normal course issuer bid; commodity price volatility; counterparty and credit risk; impact of a downgrade in a credit rating, including to refinance debt required to be repaid because of a downgrade, and its impact on access to sources of liquidity; risks inherent in Encana's corporate guidance and five-year plan; failure to achieve cost and efficiency initiatives; and other risks and uncertainties impacting Encana's business, as described in its most recent Annual Report on Form 10-K and as described from time to time in Encana's other periodic filings as filed on SEDAR and EDGAR.

Although Encana believes the expectations represented by such FLS are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the assumptions, risks and uncertainties referenced above are not exhaustive. FLS are made as of the date of this material change report and, except as required by law, Encana undertakes no obligation to update publicly or revise any FLS. FLS contained in this material change report are expressly qualified by these cautionary statements.

#### **ADVISORY REGARDING OIL AND GAS INFORMATION**

The conversion of natural gas volumes to barrels of oil equivalent (BOE) is on the basis of six thousand cubic feet to one barrel. BOE is based on a generic energy equivalency conversion method primarily applicable at the burner tip and does not represent economic value equivalency at the wellhead. Readers are cautioned that BOE may be misleading, particularly if used in isolation.