



October 1, 2020

On January 24, 2020 (the “**Effective Date**”), Ovintiv Canada ULC, formerly known as Encana Corporation (“**Encana**”), and Ovintiv Inc. (“**Ovintiv**”) completed a corporate reorganization (the “**Reorganization**”) as more fully described in the Proxy Statement/Prospectus filed with the U.S. Securities and Exchange Commission on December 11, 2019 (the “**Prospectus**”), which included, among other things, the following transactions: (i) a share consolidation of common shares of Encana (“**Encana Common Shares**”) on the basis of one post-consolidation share for each five pre-consolidation shares, (ii) the exchange by shareholders of Encana (other than dissenting shareholders) of their Encana Common Shares for shares of common stock, par value US\$0.01 per share (“**Common Stock**”) of Ovintiv on a one-for-one basis (the “**Share Exchange**”), and (iii) the conversion of Ovintiv from a Canadian corporation to a Delaware corporation (the “**U.S. Domestication**”).

As discussed in further detail in the Prospectus and subject to the discussion therein, the share consolidation was intended to qualify as a recapitalization under Section 368(a)(1)(E) of the United States Internal Revenue Code of 1986, as amended (the “**Code**”) and/or a tax deferred exchange under Section 1036(a) of the Code, the Share Exchange was intended to qualify as a reorganization within the meaning of Section 368(a)(1) of the Code, and the U.S. Domestication was intended to qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Code.

**In connection with the Reorganization (and as described in greater detail below), certain U.S. Holders (as defined below) may wish to consider making an election referred to as the “all earnings and profits” election. In order to make this election, a holder must comply with strict conditions, as noted below. The information contained in this summary is intended to assist U.S. Holders in determining the “all earnings and profits” amount relating to such holder’s shares of Common Stock of Ovintiv. This summary is not intended, and should not be construed, as tax or legal advice. Stockholders should consult their own tax advisors regarding all tax compliance matters relating to the determination and reporting of the “all earnings and profits” amount, having regard to such stockholder’s particular circumstances.**

For purposes of this discussion and as described in the Prospectus, a “**U.S. Holder**” means a beneficial owner of Encana Common Shares or, after the completion of the Reorganization, shares of Common Stock of Ovintiv received in the Reorganization, that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (i) is subject to the primary supervision of a U.S. court and all substantial decisions of which are subject to the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (ii) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

Each U.S. Holder is encouraged to read this summary carefully. This summary and the accompanying schedules are the only information sources for U.S. Holders to determine the “all earnings and profits” attributable to their shares of Common Stock of Ovintiv.

**U.S. HOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING WHETHER TO MAKE THE “ALL EARNINGS AND PROFITS” ELECTION DESCRIBED IN THIS SUMMARY AND, IF THE ELECTION IS DETERMINED TO BE ADVISABLE, HOW TO SATISFY THE APPLICABLE REQUIREMENTS IN THE TREASURY REGULATIONS FOR MAKING THIS ELECTION.**

In general, the “all earnings and profits” attributable to shares of Common Stock of Ovintiv held by a U.S. Holder depends on Encana’s accumulated earnings and profits (as determined under U.S. federal income tax principles) from the date that such Encana Common Shares were acquired by such U.S. Holder through the Effective Date. The table provided in this summary under the heading “Annual Earnings and Profits by Tax Year” is designed to facilitate each U.S. Holder’s determination of the amount of earnings and profits attributable to such holder’s shares of Common Stock of Ovintiv based on the date that the Encana Common Shares were acquired by such holder.

The determination of Encana's earnings and profits, as reported in the table under the heading “Annual Earning and Profits by Tax Year”, is a complex determination and may be impacted by numerous factors. Accordingly, there can be no assurance that the IRS will agree with Ovintiv's determination of such earnings and profits. If the IRS does not agree with such earnings and profits calculations, the earnings and profits of Encana may be greater than reported. In such case, a U.S. Holder that makes an “all earnings and profits” election or a 10% U.S. Holder could have a positive (or a more positive than anticipated) “all earnings and profits amount” in respect of such U.S. Holder’s shares of Common Stock of Ovintiv and thereby recognize greater taxable income.

Please submit questions to [investor.relations@ovintiv.com](mailto:investor.relations@ovintiv.com).

## Overview

Assuming the U.S. Domestication qualifies as a reorganization under Section 368(a)(1)(F) of the Code, stockholders of Ovintiv are deemed, for U.S. federal income tax purposes, to exchange each share of Ovintiv (as a Canadian corporation) for a share of Common Stock of Ovintiv (as a Delaware corporation) pursuant to Section 367 of the Code. Ovintiv stockholders that are U.S. Holders (as defined in the Prospectus) will be subject to Section 367 of the Code in connection with the U.S. Domestication and the impact on a U.S. Holder is expected to be as follows:

*U.S. Holders that held, as of the Effective Date, shares of Common Stock of Ovintiv with an aggregate fair market value of less than US\$50,000.*

A U.S. Holder who, at the Effective Date, owned shares of Common Stock of Ovintiv with an aggregate fair market value of less than US\$50,000 should not be required to recognize any gain or loss under Section 367(b) of the Code in connection with the U.S. Domestication, and generally should not be required to include any part of the “all earnings and profits amount” in income.

*U.S. Holders that held, as of the Effective Date, shares of Common Stock of Ovintiv that have an aggregate fair market value of US\$50,000 or more (but that were not a 10% U.S. Holder as of the Effective Date).*

A U.S. Holder that owned, as of the Effective Date, shares of Common Stock of Ovintiv with a fair market value of US\$50,000 or more (but who did not beneficially own (directly, indirectly or by attribution) 10% or more of Encana as of the Effective Date (a “**10% U.S. Holder**”)) at the time of the U.S. Domestication should, unless such holder validly makes the “all earnings and profits” election described below, be required to recognize gain, but not loss, with respect to their shares of Common Stock of Ovintiv in connection with the U.S. Domestication. In such case, the amount of gain (if any) such U.S. Holder is required to recognize is equal to the difference between the fair market value of shares of Common Stock of Ovintiv (as a Delaware corporation) deemed to be received and such holder’s adjusted tax basis in their shares of Ovintiv (as a Canadian corporation) deemed to be surrendered in exchange therefor pursuant to the U.S. Domestication.

In lieu of recognizing such taxable gain, if any, a U.S. Holder that validly makes the “all earnings and profits” election will be required to include in income, as a deemed dividend, the “all earnings and profits amount” (as defined under applicable Treasury Regulations) that is attributable, under U.S. tax principles, to such holder’s shares of Common Stock of Ovintiv.

If a U.S. Holder makes the “all earnings and profits” election, the election must comply with strict conditions for making this election under applicable Treasury Regulations and generally must include, among other things (i) a statement that the U.S. Domestication is a Section 367(b) exchange, (ii) a complete description of the U.S. Domestication, (iii) a description of any stock,

securities or other consideration transferred or received in the U.S. Domestication, (iv) a statement describing the amounts required to be taken into account for U.S. federal income tax purposes, (v) a statement that the U.S. Holder is making the election that includes (A) a copy of the information that the U.S. Holder received from Ovintiv establishing and substantiating the U.S. Holder's all earnings and profits amount with respect to the U.S. Holder's shares, and (B) a representation that the U.S. Holder has notified Ovintiv that the U.S. Holder is making the election, and (vi) certain other information required to be furnished with the U.S. Holder's tax return or otherwise furnished pursuant to the Code or the Treasury Regulations thereunder. In addition, the election must be attached by the U.S. Holder to its timely filed U.S. federal income tax return for the year of the U.S. Domestication (so, for a U.S. Holder with a calendar taxable year, the election must be attached to such holder's 2020 tax return). In addition, in order to make a valid "all earnings and profits" election, the electing holder must send notice of making the election to Ovintiv no later than the date such tax return is filed.

U.S. Holders electing to make the "all earnings and profits" election should send notice of this election to [investor.relations@ovintiv.com](mailto:investor.relations@ovintiv.com). This notice should include the following statement: "Pursuant to the notification requirement in Section 367(b) of the Internal Revenue Code, [Name of electing stockholder] has elected to recognize the "all earnings and profits" amount."

#### *10% U.S. Holders*

A U.S. Holder who was a 10% U.S. Holder on the Effective Date is subject to special rules that generally require such 10% U.S. Holder to include in income, as a deemed dividend, the "all earnings and profits amount" attributable to the shares of Common Stock of Ovintiv owned by such U.S. Holder. In addition, a 10% U.S. Holder is also required under applicable Treasury Regulations to file a notice with certain prescribed information on a timely filed federal tax return for the holder's taxable year in which the U.S. Domestication occurred. **10% U.S. Holders are strongly urged to consult their own tax advisors regarding the "all earnings and profits" inclusion, compliance with certain reporting obligations that such 10% U.S. Holder has in connection with the "all earnings and profits" inclusion and any special rules that may apply to such holders.**

## Annual Earnings and Profits by Tax Year

The following schedule summarizes Ovintiv's estimates of Encana's earnings and profits for the tax years starting with the formation of Encana, through the business combination of two predecessor companies, in 2002 up to the U.S. Domestication transaction occurring on January 24, 2020. **The information contained in this chart is intended to assist U.S. Holders in determining the "all earnings and profits" amount attributable to their shares of Common Stock of Ovintiv and should not be construed as tax or legal advice to any specific stockholders.**

	A	B	= A / B	= A / B x 5
Tax Year	Annual Earnings and Profits Positive/(Negative) US\$ <sup>1,2</sup>	Weighted Average Number of Encana Common Shares Outstanding	Annual Earnings and Profits per Encana Common Share <sup>3</sup> US\$ <sup>1</sup>	Annual Earnings and Profits per Share of Common Stock of Ovintiv <sup>4</sup> US\$ <sup>1</sup>
Pre-2002	Contact Ovintiv	Contact Ovintiv	Contact Ovintiv	Contact Ovintiv
2002	\$314,444,077	835,562,818 <sup>5</sup>	\$0.38	\$1.88
2003	\$105,087,063	948,110,248 <sup>5</sup>	\$0.11	\$0.55
2004	\$902,914,450	920,826,945 <sup>5</sup>	\$0.98	\$4.90
2005	\$992,581,059	868,284,598 <sup>5</sup>	\$1.14	\$5.72
2006	\$535,575,365	819,919,521	\$0.65	\$3.27
2007	\$567,095,403	756,791,970	\$0.75	\$3.75
2008	\$3,869,713,953	750,060,806	\$5.16	\$25.80
2009	\$1,955,940,335	750,988,849	\$2.60	\$13.02
2010	(\$387,369,383)	739,703,297	(\$0.52)	(\$2.62)
2011	(\$1,228,993,397)	736,321,530	(\$1.67)	(\$8.35)
2012	\$2,590,644,786	736,327,987	\$3.52	\$17.59
2013	(\$769,691,711)	737,723,144	(\$1.04)	(\$5.22)
2014	\$2,083,298,992	741,040,155	\$2.81	\$14.06
2015	(\$1,139,266,920)	822,125,916	(\$1.39)	(\$6.93)
2016	\$1,214,903,978	882,630,701	\$1.38	\$6.88
2017	(\$1,198,874,446)	973,090,809	(\$1.23)	(\$6.16)
2018	(\$138,404,398)	959,760,034	(\$0.14)	(\$0.72)
2019	(\$623,713,047)	1,306,069,998	(\$0.48)	(\$2.39)
2020 <sup>6</sup>	(\$34,481,747)	1,299,107,124 <sup>7</sup>	(\$0.03)	(\$0.13)

<sup>1</sup> Annual earnings and profits computed in Canadian dollars have been translated into U.S. dollars using the average exchange rate for the period.

<sup>2</sup> Annual earnings and profits for periods prior to November 30, 2009 have been adjusted to reflect the spin-off of Cenovus Energy Inc.

<sup>3</sup> Annual earnings and profits per Encana Common Share prior to the one-for-five share consolidation.

<sup>4</sup> Annual earnings and profits per share of Common Stock of Ovintiv reflects the effect of the one-for-five share consolidation of Encana Common Shares.

<sup>5</sup> Adjusted for May 12, 2005 2-for-1 stock split.

<sup>6</sup> For the period ended January 24, 2020.

<sup>7</sup> Net of Encana Common Shares held by dissenting shareholders.