

## NON-GAAP FINANCIAL MEASURES

The United States Securities and Exchange Commission has adopted disclosure requirements for public companies such as Devon concerning Non-GAAP financial measures. (GAAP refers to generally accepted accounting principles.) The company must reconcile the Non-GAAP financial measure to related GAAP information.

Cash flow before balance sheet changes and free cash flow are Non-GAAP financial measures. Devon believes cash flow before balance sheet changes is relevant because it is a measure of cash available to fund the company's capital expenditures, dividends and to service its debt. Devon believes free cash flow is relevant because it is a measure of cash available to pay dividends, service debt or buyback stock. Cash flow before balance sheet changes and free cash flow are used by certain securities analysts as a measure of Devon's financial results.

### RECONCILIATION TO GAAP INFORMATION

(in millions)	Quarter Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net Cash Provided By Operating Activities (GAAP)	\$ 1,215	\$ 2,995	\$ 3,292	\$ 8,181
Changes in assets and liabilities - continuing operations	(13)	(393)	14	(391)
Changes in assets and liabilities - discontinued operations	2	27	(5)	88
Cash flow before balance sheet changes (Non-GAAP)	\$ 1,204	\$ 2,629	\$ 3,301	\$ 7,878
Less:				
Capital expenditures	1,036	2,364	3,637	6,351
Free cash flow (Non-GAAP)	\$ 168	\$ 265	\$ (336)	\$ 1,527

Devon believes that using net debt for the calculation of "net debt to adjusted capitalization" provides a better measure than using debt. Devon defines net debt as debt less cash and cash equivalents. Devon believes that because cash can be used to repay indebtedness, netting cash and cash equivalents against debt provides a clearer picture of the future demands on cash to repay debt.

### RECONCILIATION TO GAAP INFORMATION

(in millions)	September 30,	
	2009	2008
Total debt (GAAP)	\$ 7,393	\$ 4,837
Adjustments:		
Cash and cash equivalents	905	1,194
Net Debt (Non-GAAP)	\$ 6,488	\$ 3,643
Total debt	\$ 7,393	\$ 4,837
Stockholders' equity	14,653	25,290
Total Capitalization (GAAP)	\$ 22,046	\$ 30,127
Net debt	\$ 6,488	\$ 3,643
Stockholders' equity	14,653	25,290
Adjusted Capitalization (Non-GAAP)	\$ 21,141	\$ 28,933