

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 is a Non-GAAP financial measure. 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. Cash flow before balance sheet changes is also used by certain securities analysts as a measure of Devon's financial results.

RECONCILIATION TO GAAP INFORMATION

(in millions)	Year Ended		Quarter Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Net Cash Provided By Operating Activities (GAAP)	\$ 4,737	\$ 9,408	\$ 1,445	\$ 1,227
Changes in assets and liabilities - continuing operations	(140)	212	(74)	496
Changes in assets and liabilities - discontinued operations	90	(6)	15	13
Cash flow before balance sheet changes (Non-GAAP)	\$ 4,687	\$ 9,614	\$ 1,386	\$ 1,736

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 and cash equivalents 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)	December 31,	
	2009	2008
Total debt (GAAP)	\$ 7,279	\$ 5,841
Adjustments:		
Cash and cash equivalents (including cash from discontinued operations)	1,011	384
Net debt (Non-GAAP)	\$ 6,268	\$ 5,457
Total debt	\$ 7,279	\$ 5,841
Stockholders' equity	15,570	17,060
Total capitalization (GAAP)	\$ 22,849	\$ 22,901
Net debt	\$ 6,268	\$ 5,457
Stockholders' equity	15,570	17,060
Adjusted capitalization (Non-GAAP)	\$ 21,838	\$ 22,517

DEVON ENERGY CORPORATION
FINANCIAL AND OPERATIONAL INFORMATION

Drill-bit capital is defined as costs incurred less proved acquisition costs, unproved acquisition costs resulting from business combinations and other significant similar transactions. Drill-bit capital is a non-GAAP measure. Devon believes drill-bit capital is relevant because it provides additional insight into costs associated with current year drilling, facilities and unproved acreage acquisitions unrelated to business combinations and other significant similar transactions. It should be noted that the actual costs of reserves added through Devon's drilling program will differ, sometimes significantly, from the direct comparison of capital spent and reserves added in any given period due to the timing of capital expenditures and reserve bookings. Certain securities analysts also use this methodology to measure Devon's performance.

RECONCILIATION TO GAAP INFORMATION

(in millions)

	Total		North America Onshore	
	Year Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Costs Incurred (GAAP)	\$ 4,087	\$ 9,466	\$ 3,279	\$ 8,092
Less:				
Proved acquisition costs	35	822	35	822
Drill-bit capital (Non-GAAP)	\$ 4,052	\$ 8,644	\$ 3,244	\$ 7,270
	U.S. Onshore		Canada	
	Year Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Costs Incurred (GAAP)	\$ 2,202	\$ 6,436	\$ 1,077	\$ 1,656
Less:				
Proved acquisition costs	17	822	18	-
Drill-bit capital (Non-GAAP)	\$ 2,185	\$ 5,614	\$ 1,059	\$ 1,656
	U.S. Offshore			
	Year Ended December 31,			
	2009	2008		
Costs Incurred (GAAP)	\$ 808	\$ 1,374		
Less:				
Proved acquisition costs	-	-		
Drill-bit capital (Non-GAAP)	\$ 808	\$ 1,374		