

DEVON ENERGY CORPORATION
FINANCIAL AND OPERATIONAL INFORMATION

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,	
	2008	2007	2008	2007
Net Cash Provided By Operating Activities (GAAP)	\$ 9,408	\$ 6,651	\$ 1,227	\$ 1,542
Changes in assets and liabilities - continuing operations	149	596	540	633
Changes in assets and liabilities - discontinued operations	57	71	(31)	94
Cash flow before balance sheet changes (Non-GAAP)	\$ 9,614	\$ 7,318	\$ 1,736	\$ 2,269

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 short-term investments. Devon believes that because cash and short-term investments can be used to repay indebtedness, netting cash and short-term investments against debt provides a clearer picture of the future demands on cash to repay debt.

RECONCILIATION TO GAAP INFORMATION

(in millions)	December 31,	
	2008	2007
Total debt (GAAP)	\$ 5,841	\$ 7,928
Adjustments:		
Cash and short-term investments	379	1,736
Net debt (Non-GAAP)	\$ 5,462	\$ 6,192
Total debt	\$ 5,841	\$ 7,928
Stockholders' equity	17,060	22,006
Total capitalization (GAAP)	\$ 22,901	\$ 29,934
Net debt	\$ 5,462	\$ 6,192
Stockholders' equity	17,060	22,006
Adjusted capitalization (Non-GAAP)	\$ 22,522	\$ 28,198

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, and the net difference of accrued future asset retirement costs less actual cash retirement expenditures. 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		Total U.S.	
	Year Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
Costs Incurred (GAAP)	\$ 10,050	\$ 6,101	\$ 7,810	\$ 4,270
Less:				
Proved acquisition costs	822	10	822	3
Unproved portion of Chief acquisition	-	(13)	-	(13)
Accrued asset retirement costs	297	365	177	223
Plus: Actual retirement expenditures	81	73	56	48
Drill-bit capital (Non-GAAP)	\$ 9,012	\$ 5,812	\$ 6,867	\$ 4,105
	U.S. Onshore		U.S. Offshore	
	Year Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
Costs Incurred (GAAP)	\$ 6,436	\$ 3,458	\$ 1,374	\$ 812
Less:				
Proved acquisition costs	822	3	-	-
Unproved portion of Chief acquisition	-	(13)	-	-
Accrued asset retirement costs	102	96	75	127
Plus: Actual retirement expenditures	11	10	45	38
Drill-bit capital (Non-GAAP)	\$ 5,523	\$ 3,382	\$ 1,344	\$ 723
	Canada		International	
	Year Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
Costs Incurred (GAAP)	\$ 1,656	\$ 1,365	\$ 584	\$ 466
Less:				
Proved acquisition costs	-	7	-	-
Accrued asset retirement costs	102	129	18	13
Plus: Actual retirement expenditures	25	25	-	-
Drill-bit capital (Non-GAAP)	\$ 1,579	\$ 1,254	\$ 566	\$ 453