

## APPENDIX: NON-GAAP FINANCIAL MEASURES

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)	Year Ended	
	December 31, 2007	
Costs Incurred (GAAP)	\$	6,101
Less:		
Proved acquisition costs		10
Unproved portion of Chief acquisition		(13)
Accrued asset retirement costs		365
Plus: Actual retirement expenditures		73
Drill-bit capital (Non-GAAP)	\$	5,812

RECONCILIATION TO GAAP INFORMATION (in millions)	Estimated Range for Year Ended			
	December 31, 2008			
	Low		High	
Costs Incurred (GAAP) <sup>(1) (2)</sup>	\$	10,100	to	\$ 10,300
Less:				
Proved property acquisitions <sup>(1) (3)</sup>	\$	1,000	\$	1,000
Accrued asset retirement costs		40	to	50
Plus: Actual retirement expenditures		40	to	50
Drill-bit capital (Non-GAAP) <sup>(1) (4)</sup>	\$	9,100	to	\$ 9,300

(1) Assumes successful completion of pending acquisitions.

(2) \$0.7 billion is attributable to asset exchange with Chevron and did not require the use of cash.

(3) \$0.5 billion is attributable to asset exchange with Chevron and did not require the use of cash.

(4) \$0.2 billion is attributable to asset exchange with Chevron and did not require the use of cash.

## NON-GAAP FINANCIAL MEASURES

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)

	September 30,		Pro Forma
	2008	2007	September 30, <sup>(1)</sup> 2008
Total debt (GAAP)	\$ 4,837	\$ 7,949	\$ 5,363
Adjustments:			
Cash and short-term investments	1,194	1,733	600
Net Debt (Non-GAAP)	\$ 3,643	\$ 6,216	\$ 4,763
Total debt	\$ 4,837	\$ 7,949	\$ 5,363
Stockholders' equity	25,290	20,832	25,154
Total Capitalization (GAAP)	\$ 30,127	\$ 28,781	\$ 30,517
Net debt	\$ 3,643	\$ 6,216	\$ 4,763
Stockholders' equity	25,290	20,832	25,154
Adjusted Capitalization (Non-GAAP)	\$ 28,933	\$ 27,048	\$ 29,917

(1) Assumes \$1.4 billion of pending acquisitions were consummated as of September 30, 2008.