

## 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 service debt. 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,	
	2008	2007	2008	2007
Net Cash Provided By Operating Activities (GAAP)	\$ 2,995	\$ 1,760	\$ 8,181	\$ 5,109
Changes in assets and liabilities - continuing operations	(393)	65	(391)	(37)
Changes in assets and liabilities - discontinued operations	27	(59)	88	(23)
Cash flow before balance sheet changes (Non-GAAP)	\$ 2,629	\$ 1,766	\$ 7,878	\$ 5,049
Less:				
Capital expenditures	2,364	1,618	6,351	4,624
Free cash flow (Non-GAAP)	\$ 265	\$ 148	\$ 1,527	\$ 425

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,	
	2008	2007
Total debt (GAAP)	\$ 4,837	\$ 7,949
Adjustments:		
Cash and short-term investments	1,194	1,733
Net Debt (Non-GAAP)	\$ 3,643	\$ 6,216
Total debt	\$ 4,837	\$ 7,949
Stockholders' equity	25,290	20,832
Total Capitalization (GAAP)	\$ 30,127	\$ 28,781
Net debt	\$ 3,643	\$ 6,216
Stockholders' equity	25,290	20,832
Adjusted Capitalization (Non-GAAP)	\$ 28,933	\$ 27,048