

NON-GAAP FINANCIAL MEASURES

Drill-bit capital is defined as costs incurred less proved acquisition costs. 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)	North America Onshore				
	Year Ended December 31,				
	2010e	2009	2008	2007	2006
Costs Incurred (GAAP)	\$ 4,900	\$ 3,279	8,092	4,823	6,410
Less:					
Proved acquisition costs	-	35	822	10	1,089
Drill-bit capital (Non-GAAP)	\$ 4,900	\$ 3,244	7,270	4,813	5,321
Reserves (MMBoe)					
Reserve additions less acquisitions and price revisions	330	492	557	362	392