



Discover the Difference



Devon Energy 2008 Summary Annual Report

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Corporate Profile

Devon is the largest U.S.-based independent natural gas and oil producer. Devon's operations are focused primarily in the United States and Canada; however, the company also explores for and produces natural gas and oil in select international areas. Devon also owns natural gas pipelines and processing and treatment facilities in many of its producing areas, making it one of North America's larger processors of natural gas liquids. Devon is included in the S&P 500 Index and trades on the New York Stock Exchange under the ticker symbol DVN.

Volume Acronyms

Bbls / Barrels of oil. One barrel equals 42 U.S. gallons.

MBbls / Thousand barrels

MMBbls / Million barrels

MBbld / Thousand barrels per day

Mcf / A standard measurement unit for volumes of natural gas that equals one thousand cubic feet.

MMcf / Million cubic feet

Bcf / Billion cubic feet

Tcf / Trillion cubic feet

MMcfd / Million cubic feet per day

Boe / A method of equating oil, gas and natural gas liquids. Gas is converted to oil based on its relative energy content at the rate of six Mcf of gas to one barrel of oil. NGLs are converted based upon volume: one barrel of natural gas liquids equals one barrel of oil.

MBoe / Thousand barrels of oil equivalent

MMBoe / Million barrels of oil equivalent

MBoed / Thousand barrels of oil equivalent per day

Devon's 2008 Summary Annual Report, *Discover the Difference*, is a departure in format from our previous annual reports. However, as you turn the pages much of the book should be familiar. You will find a letter to shareholders from Chairman and CEO Larry Nichols, responses to investor questions, articles about significant operating projects and a detailed fold-out section highlighting our oil and gas properties. You also will find consolidated financial statements and five- and 11-year tables of key financial results.

What you will not find in this Summary Annual Report are the more than 70 pages of detailed financial information we have included in the past. We also have reduced the number of pages dedicated to what has become known as corporate social responsibility. Corporate social responsibility covers a broad range of topics concerning Devon's commitment to safety, protecting the environment and being a responsible corporate citizen.

Rather than combining all this information in one lengthy book, we now are providing it in three separate reports: this Summary Annual Report, SEC Form 10-K and this year's Corporate Responsibility Report. This approach reduces printing and distribution costs and allows us to better target information to investors according to their interests.

Each of the three documents is intended to stand alone. However, for a comprehensive look at Devon and to help you discover what we believe are important differences to investors, you may choose to read all three. Form 10-K and the Corporate Responsibility Report are available by contacting Investor Relations or by accessing them from Devon's website at www.devonenergy.com.

Letter to Shareholders

Dear Fellow Shareholders:
2008 was a year of extremes for Devon and for our industry. In July we saw the benchmark WTI oil price climb to \$147 per barrel, its highest level ever. By year end, following the collapse of the credit markets and the resulting impact on the global economy, the price of oil had dropped to near \$40 per barrel, its lowest level since 2004. Natural gas prices followed a similar course.



J. Larry Nichols
Chairman and Chief Executive Officer

This extreme price volatility was reflected in Devon's financial results. In the third quarter of 2008 we reported the highest quarterly earnings in our history at \$2.6 billion. Plummeting product prices in the fourth quarter not only reduced sales revenues but also led to a \$10.4 billion non-cash impairment charge to the book value of our oil and natural gas properties. As a result, Devon reported its largest ever quarterly loss of \$6.8 billion in the fourth quarter.

These events amid deteriorating world economic conditions are a stark reminder of the cyclical nature of our business. Oil and natural gas prices can rise and fall for a multitude of meteorological, political, psychological and economic reasons. Although it is tempting to get caught up in today's

headlines and believe that energy markets will never improve again, our experience tells us otherwise.

Accordingly, our commitment to manage Devon to achieve sustainable long-term success is unchanged. Long-term supply and demand fundamentals for oil and natural gas remain compelling. World economies will recover, and today's over-supplies will be absorbed. We are confident that Devon's financial strength, the durability of our asset base and the abilities of our people will enable us to weather this down cycle and emerge even stronger.

Financial Strength Makes a Difference

Throughout our history, Devon has taken advantage of periods of strong commodity prices to repay debt and strengthen our balance sheet – 2008 was no exception. With record cash flow and the proceeds from divesting our operations in Africa, we funded exploration and production capital of \$8.5 billion, repaid \$2.1 billion of debt and repurchased 6.5 million shares of common stock.

Among the financial transactions we completed in 2008 was an innovative asset trade with Chevron. In exchange for Devon's ownership of 14.2 million shares of Chevron common stock, we received \$280 million in cash and Chevron's 44% working interest in the Drunkard's Wash natural gas field in Utah. The transaction provided additional liquidity and added yet another asset with significant growth potential to our portfolio.

We exited 2008 in a strong financial position with \$379 million of cash on hand and a net debt to adjusted capitalization ratio of only 24%. Just after year-end 2008, in early January, we increased our capacity of unused credit lines to more than \$3 billion. In addition, we have no significant debt maturities until 2011.

Growing Reserves with the Drill Bit

Devon drilled 2,441 wells in 2008 with 98% success, and the results were exceptional. Excluding price-related reserve revisions, we added 584 million oil-equivalent barrels of proved reserves with the drill bit. That was more than double the 238 million equivalent barrels we produced in 2008. Measured by the associated capital, we added these proved reserves at very competitive finding and development costs.

No area contributed more to Devon's 2008 reserve additions than the Barnett Shale in north Texas. We drilled 659 Barnett Shale wells in 2008, including our 2,000th horizontal well, and added 1.6 trillion cubic feet of natural gas-equivalent reserves with the drill bit. Production from the Barnett also continued its upward trajectory. We increased year-over-year net production 31% compared with 2007 and exited the year producing nearly 1.2 billion cubic feet of gas equivalent per day from our Barnett Shale wells.

In east Texas, the success of our horizontal drilling programs drove production to record levels in two key areas during 2008. In the Carthage area, we grew net production 12% to more than 300 million cubic feet of gas per day, and in the Groesbeck area we increased production 41% to more than 100 million cubic feet per day. In Oklahoma, we drove our net Woodford Shale production up 165% to 64 million cubic feet of gas equivalent per day. In the Rocky Mountains, our ongoing development

of the Big George coal in the company's Powder River Basin natural gas project drove production to an all-time high of 100 million cubic feet equivalent per day.

In Canada, we steadily ramped up production throughout 2008 from our 100%-owned Jackfish project. Jackfish production is expected to reach 35,000 barrels of oil per day in 2009 and produce at that rate for more than 20 years. In early September we obtained regulatory approval and began site preparation for Jackfish 2, a second 35,000 barrel a day project. We expect to have Jackfish 2 operational in 2011.

Also during 2008, we moved forward with all four of our Lower Tertiary discoveries in the deepwater Gulf of Mexico. We continued our development project at Cascade where we expect first production in mid-2010. We drilled successful appraisal wells at Jack, St. Malo and Kaskida, and we expect to select a final joint-development concept for Jack and St. Malo in late 2009 or early 2010.

Operational success in North America also has enabled us to reduce our investments in the international arena. We first announced plans to exit Africa in 2007, and in 2008 we finalized the sales of all our African producing properties. Strong oil prices and a robust market for high-quality international properties helped generate after-tax sales proceeds of more than \$2 billion.

Also in 2008, we redeployed these sales proceeds in emerging growth plays in North America. Among those opportunities is the 1.4 million net-acre position we have built in four new unconventional natural gas plays. This includes 153,000 net acres in Canada's Horn River Shale, 570,000 net acres in the Haynesville Shale, 112,000 net acres in the Cana-Woodford Shale in Oklahoma and 575,000 net acres in the Cody natural gas play in Montana. These four plays have an aggregate estimated net risked resource potential to Devon of more than 25 trillion cubic feet of gas equivalent.

Responding with Caution

While 2008 was marked by record oil and gas prices and activity levels, we are dealing with a very different reality in 2009. Oil and natural gas prices have fallen dramatically. We have responded by cutting our 2009 exploration and development capital budget by more than half. This will allow us to preserve our strong balance sheet, yet continue to fund longer-term projects such as the Jackfish 2 oil development in Canada, our four significant Lower Tertiary discoveries in the deepwater Gulf of Mexico and our high-impact exploration program offshore Brazil. These projects will add production in 2010 and beyond when we expect the markets for oil and natural gas to be stronger.

In the near term, we believe it is prudent to reduce development drilling on our shorter cycle-time projects in North America. Rather, we will preserve liquidity and maintain our operational capacity so we can respond aggressively when economic conditions rebound. With over 27,000 undrilled locations representing many years of drilling inventory and growth potential, Devon is poised to maintain its position as a leading U.S.-based independent oil and gas producer.

A Culture of Success

Responsible for Devon's success are some of the most talented people in our industry. Among their greatest accomplishments is the collaborative culture our employees have all helped to create. Ours is a culture where people exhibit integrity, strive for excellence and have energetic perseverance in the face of obstacles. These attributes were so clearly demonstrated before and after Hurricane Ike struck the Houston area in early September.

In addition to caring for the needs of their own homes and families in the wake of the storm, our employees along the coast saw quickly to the safety and preservation of Devon's oil and gas assets. Following Hurricane Ike, employees donated their time and more than \$36,000 to help fellow employees impacted by the storm. It is this can-do spirit that landed Devon on *FORTUNE* magazine's "100 Best Companies to Work For" list for the second consecutive year.

When I look to the coming years I have every reason to be optimistic about Devon's future. In addition to our talented and dedicated staff, we have an unmatched portfolio of oil and gas

properties and one of the strongest balance sheets among our peers. As a result of the current economic climate, the oil and natural gas industry is dramatically reducing activity levels. This is setting the stage for a strong recovery in oil and gas prices. And when that time comes, Devon will be positioned to prosper.



J. Larry Nichols
Chairman and Chief Executive Officer
March 20, 2009

A Tribute to John W. Nichols

by Larry Nichols

The Devon family was deeply saddened by the passing of my father and company co-founder, John W. Nichols, in August. Dad was an innovator with a bold entrepreneurial spirit. The oil and gas industry was his passion, and there are many things for which he will be remembered.

In 1950, Dad and three partners began a small oil and gas company named Blackwood & Nichols. From this base he formed the first public oil and gas drilling fund ever registered with the Securities and Exchange Commission. His partnership concept was adopted by many others and became an important funding vehicle for the oil and gas industry. Early investors in the Blackwood & Nichols drilling funds that Dad created were participants in developing natural gas in New Mexico's San Juan Basin. This later became known as the Northeast Blanco Unit, a field that is still producing nearly 60 years later with Devon as operator.

My father's pioneering spirit continued in 1971, when he asked me to join him in the creation of Devon Energy Corporation. Starting with just four employees and no oil and gas assets, we strategically grew Devon through both good and bad times in the industry. In 1988, we took Devon public. Dad was chairman of the board of directors from 1971 until he was named chairman emeritus in 1999.

He received numerous awards and honors throughout his career. Most notable was his induction into the Oklahoma Hall of Fame in 1987. In 2003, the University of Oklahoma honored him with the inaugural Oklahoma Trailblazer Award for outstanding leadership in the energy industry. *Oil and Gas Investor* magazine listed him in 1999 among the "100 Most Influential People of the Petroleum Industry in the Twentieth Century."

Today, the company my father co-founded shares many of his attributes – optimism about the future, creativity in solving problems, resourcefulness in exploiting opportunities and above all else, honesty in dealing with everyone. Dad will be truly missed, but his legacy lives on at Devon today.



John W. Nichols, Chairman Emeritus
1914 – 2008

Five-Year Highlights

YEAR ENDED DECEMBER 31,	2004	2005	2006	2007	2008	LAST YEAR ⁽³⁾ CHANGE
Financial Data (Millions, except per share data)						
Total revenues ⁽¹⁾	\$ 8,549	10,027	9,767	11,362	15,211	34%
Total expenses and other income, net ⁽¹⁾⁽²⁾⁽⁴⁾	5,490	5,649	6,197	7,138	19,244	170%
Earnings (loss) before income taxes ⁽¹⁾	3,059	4,378	3,570	4,224	(4,033)	(195%)
Total income tax expense (benefit) ⁽¹⁾	970	1,481	936	1,078	(954)	(188%)
Earnings (loss) from continuing operations ⁽¹⁾	2,089	2,897	2,634	3,146	(3,079)	(198%)
Earnings from discontinued operations	97	33	212	460	931	102%
Net earnings (loss)	2,186	2,930	2,846	3,606	(2,148)	(160%)
Preferred stock dividends	10	10	10	10	5	(50%)
Net earnings (loss) applicable to common stockholders	\$ 2,176	2,920	2,836	3,596	(2,153)	(160%)
Net earnings (loss) per share:						
Basic	\$ 4.51	6.38	6.42	8.08	(4.85)	(160%)
Diluted	\$ 4.38	6.26	6.34	8.00	(4.85)	(161%)
Weighted average common shares outstanding:						
Basic	482	458	442	445	444	(0%)
Diluted	499	470	448	450	444	(1%)
Net cash provided by operating activities	\$ 4,816	5,612	5,993	6,651	9,408	41%
Cash dividends per common share	\$ 0.20	0.30	0.45	0.56	0.64	14%
Closing common share price	\$ 39.03	62.54	67.08	88.91	65.71	(26%)

DECEMBER 31,	2004	2005	2006	2007	2008	LAST YEAR CHANGE
Total assets	\$ 30,025	30,273	35,063	41,456	31,908	(23%)
Long-term debt	\$ 7,031	5,957	5,568	6,924	5,661	(18%)
Stockholders' equity	\$ 13,674	14,862	17,442	22,006	17,060	(22%)
Working capital (deficit)	\$ 772	1,272	(1,433)	257	(451)	(275%)

YEAR ENDED DECEMBER 31,	2004	2005	2006	2007	2008	LAST YEAR CHANGE
Property Data ⁽¹⁾						
Proved reserves (Net of royalties)						
Oil (MMBbls)	484	555	634	677	429	(37%)
Gas (Bcf)	7,385	7,192	8,259	8,994	9,885	10%
NGLs (MMBbls)	232	246	275	321	352	10%
Oil, Gas and NGLs (MMBoe)	1,946	2,000	2,286	2,496	2,428	(3%)
Production (Net of royalties)						
Oil (MMBbls)	54	46	42	55	53	(3%)
Gas (Bcf)	883	819	808	863	940	9%
NGLs (MMBbls)	24	24	23	26	28	10%
Oil, Gas and NGLs (MMBoe)	225	206	200	224	238	6%

(1) Excludes results from operations in Africa that were classified as discontinued operations.

(2) Includes other income, which is netted against other expenses.

(3) All percentage changes in this table are based on actual figures and not the rounded numbers shown.

(4) 2008 includes \$10,379 million non-cash charge resulting from a full-cost ceiling adjustment at December 31, 2008.

All periods have been adjusted to reflect the two-for-one stock split that occurred on November 15, 2004.

Management Answers Investor Questions

Devon reduced its capital budget significantly for 2009. How will this affect your drilling activity and other exploration and production operations?

In February, we forecasted our 2009 exploration and production capital budget at \$3.5 billion to \$4.1 billion. This is less than half the \$8.5 billion we invested in these activities in 2008. The reduced 2009 budget reflects a significant reduction in drilling activity and also a much lower investment in lease acquisitions. In 2008, we committed about \$1.8 billion to the purchase of unproved acreage that we plan to drill in future years.

Given the current low prices of oil and natural gas, we believe it is prudent to curtail drilling until markets show signs of improvement. Rather, we are allocating 35% to 40% of our 2009 exploration and production budget to long-term projects that will not impact current-year production. The longer-term projects include the Jackfish oil sands project in Canada, the deepwater Lower Tertiary exploration and development program in the Gulf of Mexico and deepwater exploration in Brazil. Such longer-term projects add balance to our portfolio and will fuel production growth into the next decade.

How has the decline in oil and natural gas prices affected your long-range objectives for Devon?

Oil and natural gas prices can be extremely volatile, as the past year so clearly demonstrated. In the near term, this volatility can cause dramatic corrections in our business. The industry ramps up activity when prices rise and reduces activity when prices fall. Devon's sharp reduction in exploration and production capital spending in 2009 reflects our response to the current low-price environment and concern about the global economy. It also reflects our commitment to preserve liquidity and financial strength.

Short-term price volatility does not, however, diminish our confidence in the sustainable future of the oil and natural gas exploration and production business. We firmly believe North American and world demand for energy will continue to grow again as economic conditions improve. Timing is impossible to predict; but when conditions do improve, Devon will be prepared to respond accordingly. Although we have reduced drilling activity in most areas, we have strived to maintain our operational capacity. We remain confident about the future of the energy industry and about Devon's ability to retain its leadership position among North American independent oil and natural gas producers.

How sensitive to changes in oil prices are your projects in the Lower Tertiary trend in the Gulf of Mexico and the oil sands in Canada?

The price of crude oil is an important element in determining the economics of any oil development project, but price is not the only variable we consider. Capital investment, operating expenses, marketing costs, royalties and taxes are equally important, and no single factor can be considered independently of the others. Experience has taught us that product prices and costs tend to move in tandem. As well-head prices for oil and natural gas rise, service and supply costs also rise. Service contractors, for example, can demand higher day rates for drilling rigs when escalating commodity prices support increased drilling activity. The opposite is true when prices decline. Lower demand for rigs translates into lower day rates.

This correlation of commodity prices to the costs of drilling and producing oil and gas means that high-quality projects can achieve acceptable rates of return under a variety of price assumptions. Does this mean that our Lower Tertiary and Jackfish projects would be profitable at any oil price?

No, it does not. It does mean, however, that we expect these projects to earn attractive rates of return over their respective life spans. We cannot forecast future commodity prices or costs with precision, but we believe the long-term supply and demand fundamentals for energy will firmly underpin the economics of all of Devon's long-range projects.

Now that Devon has divested its African assets, how active is the company outside North America?

Devon is primarily a North American company. In 2008, our properties in the United States and Canada accounted for 94% of Devon's oil and gas production from continuing operations. Most of our production growth in 2008 came from North American development projects such as the Barnett Shale in Texas and Jackfish in Canada. Our growth strategy for the future, however, also includes an annual investment in high-impact exploration projects. As one of North America's largest independent producers, with proved reserves of more than 2.4 billion oil-equivalent barrels, we believe it is necessary to pursue exploration prospects that are large enough to add meaningful reserve additions. In our search for large-scale projects, we believe investing in select opportunities outside North America can improve our chances of success.

After making the decision to exit Africa, we have focused our international exploration attention primarily on offshore Brazil. We have already established oil production there with our Polvo project in the Campos Basin and hold licenses on nine additional offshore exploratory blocks. In six of these licensed blocks we are partnering with Petrobras, Brazil's national oil company. Offshore Brazil has been the site of significant recent industry discoveries and is believed to contain billions of barrels of potential resources. Devon plans to drill nine exploratory wells in Brazil in 2009 and 2010.

What have you learned from your success developing the Barnett Shale that you can apply to other North American shale plays?

Having pioneered horizontal drilling in the Barnett and as the leading producer in the play, we believe much of what we have learned will be applicable to emerging shale plays such as the Haynesville, Cana-Woodford and Horn River. One of the important lessons learned was that results can vary considerably within the play. By drilling in the best places we can significantly improve our overall results.

A corollary to this lesson is to begin slowly and to learn as much as possible about an area before beginning large-scale development. In the case of the Barnett Shale, we moved cautiously at first until we fully understood our acreage position. In the early years in the Barnett we invested heavily in

seismic studies and sought to evaluate and "de-risk" our acreage. Following this de-risking period, the confidence we gained was reflected in better per-well results and significant production growth. With a thorough understanding of the play we were able to prudently accelerate drilling to more than 500 wells per year. We will apply that same approach – beginning with a deliberate pace and increasing our knowledge base – before commencing full-scale development of our emerging shale opportunities.

Does Devon plan to invest in alternative energy sources such as wind and solar?

Devon's expertise is finding and producing oil and natural gas; this is something we have been doing successfully since 1971. And although we believe all economically viable sources of energy will be needed to quench the world's ever-growing appetite, we also believe that clean-burning domestic natural gas and oil will continue to be vital energy sources far into the future. Our focus will remain on efficiently supplying oil and natural gas, the business we know best.

Making a Difference Above the Surface

Finding and producing natural gas and oil from miles below the surface is among the most challenging endeavors of our time. Devon is successfully applying science and technology to help meet the world's growing demand for energy.



Here, a water sample is drawn for testing. Devon is using recycled water in the Barnett Shale to reduce consumption of fresh water.

What differentiates us from our peers, however, lies not just in what we do below the surface, but also in how we operate. We have established one of the finest portfolios of producing properties in the industry through innovation, technological drive and entrepreneurial spirit. But that is only part of our objective. To be the nation's premier independent natural gas and oil producer, we also must be committed to environmental stewardship and to the communities that surround us.

Our natural gas production operations in north Texas have emerged as a focal point for water recycling in the energy industry. We pioneered new recycling technology in the Barnett Shale in 2004. Today, water recycling is an integral part of our business with potential for use in shale plays throughout North America.



In Canada, we have a fresh-water management and usage policy that outlines our commitment to this important resource. Devon's Jackfish oil sands project is a prime example of this commitment as the project was designed to use water from a deep saline aquifer, as opposed to shallower, fresh water sources. Jackfish uses water to make steam for its production operations. By using non-potable water we can preserve fresh water supplies for the community.

Across North America we are continuing to reduce methane and carbon dioxide emissions by applying new technology to our well sites and pipelines. Since establishing our companywide emissions inventory system at the end of 2007, Devon has identified hundreds of additional opportunities to reduce emissions, which we have begun to implement.



Groesbeck, Texas, with a population of 4,300, is one of many communities where Devon employees live and work.

Chris Lee, a Devon employee in Havre, Montana, volunteers his time to coach little league baseball.



Working to improve the quality of life in the communities where we live and work extends beyond taking care of the natural environment. It has been a longstanding priority for us to partner with educational institutions in communities where we do business. While we support higher education and public education through substantial financial contributions, the most important gift we give to students is our time.

Hundreds of Devon employees volunteer weekly to tutor students from inner-city schools. In Oklahoma City, Mark Twain Elementary School is no longer on the national at-risk list, in part because of the thousands of hours in tutoring time contributed by

Devon volunteers. In Houston, Devon volunteers have helped raise test scores by an entire grade level at Thompson Elementary School, where a large percentage of students are homeless.

In addition to education, we reach out to emergency responders with funding and equipment donations as well as innovative ideas. Wise Eyes is a program we initiated in Texas in 1993 to help the Wise County sheriff establish a community crime watch program. Devon has taken the model formed through its Wise County partnership and funded similar programs in 28 other communities across five states.

It is not enough for Devon to be one of the nation's most prolific natural gas and oil producers. Although we are headquartered in Oklahoma City, we believe every place we operate is our home. The towns and cities where we do business are the same places we shop, vote, worship and take our children to school.

We care about those communities because those communities are important to our employees and their neighbors. By respecting the environment and enhancing quality of life, we can foster the kind of business atmosphere necessary for us to become the nation's premier independent natural gas and oil producer.



For more information on Corporate Responsibility: www.devonenergy.com/CorpResp/initiatives

- Groundbreaking water-recycling technology
- Devon's commitment to emission reduction
- Preserving land, water, air and natural habitats



Discover our Assets

Drilling rigs such as this running 24 hours a day enabled Devon to drill a record 659 wells in the Barnett Shale in 2008.

The value of an exploration and production company is ultimately determined by the quality of its natural gas and oil assets. Devon has assembled a producing asset base that is about two-thirds natural gas and one-third liquids. It is also located primarily in North America. In addition to our producing properties we hold more than 19 million net undeveloped acres worldwide that will be the source of future oil and gas reserves and production. Following is a discussion of some of Devon's more significant oil and gas assets.

Barnett Shale Still the King

The Barnett Shale field in north Texas is Devon's most important asset. As the energy industry reaches to identify other non-conventional sources of oil and natural gas, the Barnett Shale is the resource by which the others are measured. Based on relative depth, thickness, porosity and energy content, the Barnett sets a high standard.

The Barnett Shale represents nearly 37% of Devon's total proved reserves and accounted for 28% of the company's oil and gas production in 2008. As the largest Barnett producer, Devon's wells account for about a quarter of all the gas from the field. We also are the largest lease holder, controlling 715,000 net acres. Furthermore, some 90% of Devon's leases are in the most productive parts of the field.

In 2008, we drilled a record 659 Barnett Shale wells, driving our total producing well count in the field to more than 3,800 wells. Devon's net Barnett production approached 1.2 billion cubic feet of gas equivalent per day in late 2008, an all-time high.

Although our capital budget calls for drilling fewer wells in the Barnett in 2009, we have no shortage of opportunities. We have more than 7,500 undrilled locations on our Barnett leases and believe we can ultimately increase daily production to as much as 2 billion cubic feet per day. The Barnett Shale is Devon's most significant producing asset and will continue to be a source of new reserves and production far into the future.

Where is the Next Barnett Shale?

The tremendous success of the Barnett Shale field in north Texas, from which Devon has produced more than 1.5 trillion cubic feet of natural gas equivalent, has launched an industry-wide search for other natural gas shale plays. Reserves and production growth from unconventional reservoirs such as the Barnett Shale is great news for North America. Clean-burning natural gas is both environmentally friendly

and becoming increasingly abundant as Devon and other independent producers find and develop new sources of supply.

Although it may be difficult to find another unconventional resource with all the same characteristics as the Barnett, some exciting candidates have been identified. Devon has assembled significant acreage positions in four of these emerging plays – the Cana-Woodford, Haynesville and Cody plays in the United States and the Horn River Basin play in Canada. Each has the potential to provide thousands of low-risk drilling opportunities to Devon in the future. We are now in the process of evaluating and “de-risking” our leases in the four new plays. De-risking involves a combination of seismic evaluation, mapping, drilling and data analysis. Through the de-risking process, we expect to determine the best areas to drill and, importantly, where to avoid drilling.

In February 2009, Devon announced its entry into the Cana-Woodford Shale in west-central Oklahoma's Anadarko Basin. Devon is the largest leaseholder in the Cana play with 112,000 net acres. The Cana-Woodford is deeper than the Woodford Shale found in the Arkoma Basin of eastern Oklahoma. We believe the Cana-Woodford Shale may hold more than 200 billion cubic feet of natural gas

per square mile, with recovery factors equaling the best shale plays in the country.

We have completed more than 10 Cana wells to date, with average expected per well recoveries in excess of 6 billion cubic feet of natural gas. This suggests the risked potential from Devon's Cana leases could approach 4 trillion cubic feet of gas equivalent. We are very excited about the future of the Cana play and expect to run four rigs there throughout 2009. We also plan to build a processing facility to handle the liquids-rich Cana gas.

Another emerging shale play, the Haynesville Shale, spans the border of Texas and northern Louisiana. Devon has assembled an industry-leading lease position of 570,000 net acres in the play. A portion of our Haynesville acreage is a legacy of long-established operations in the Carthage area in east Texas. Devon has drilled and re-completed hundreds of wells in the Carthage area in the past several years, and has increased production to more than 300 million cubic feet of gas equivalent per day. The Haynesville Shale adds yet another layer of potential in Carthage, where Devon already produces from multiple gas-bearing formations.

A Comparison of North American Shale Plays

	BARNETT	ARKOMA - WOODFORD	CANA - WOODFORD	HAYNESVILLE	HORN RIVER
Depth	6,500' - 9,200'	6,000' - 8,000'	11,500' - 14,500'	10,400' - 12,200'	8,000' - 9,500'
Thickness					
Gross	200' - 1,000'	150' - 190'	200' - 300'	100' - 300'	650'
Net	100' - 550'	140' - 180'	150' - 250'	100' - 300'	500' - 650'
Porosity	6%	6%	6%	3 - 12%	4 - 7%
Total Gas In-Place (BCF/square mile)	100 - 250	50 - 70	120 - 220	100 - 225	200 - 300
Devon's Position (net acres)	715,000	54,000	112,000	570,000	153,000

In 2008, we acquired additional acreage prospective for the Haynesville in Texas and across the border in Louisiana where we also hold legacy leases. We expect to run a two-rig drilling program in the Haynesville in 2009, with about 10 wells planned.

In the Cody play in south-central Montana, we have assembled a lease position of 575,000 net acres. Of Devon's three emerging shale plays in the United States, the Cody is the least mature. We have the results of only four completed wells, but plan to complete another four Cody wells in 2009.

In northeast British Columbia, Devon has built a lease position of 153,000 net acres in the Horn River Basin shale play. We initiated production from our first pilot well in the play in April 2008. Although located in a remote area, the Horn River Basin is attracting the attention of U.S. and Canadian exploration and production companies. The British Columbia government estimates that Horn River Basin could contain up to 250 trillion cubic feet of gas in place. Devon drilled two horizontal Horn River wells in the first quarter of 2009, and we plan to conduct additional evaluation and de-risking operations throughout the year.

Jackfish Success Leads to Jackfish 2

The oil sands of Alberta are estimated to hold as much as 173 billion barrels of recoverable oil. About 20% of this will be recovered through mining techniques. The remaining 80% will be extracted using in situ, or in place, technologies which minimize the surface impact. At Devon's in situ Jackfish project, we are injecting steam underground to help mobilize the oil to the surface through horizontal wells.

We began steam injection at Jackfish in 2007 and ramped up oil production steadily throughout last year, reaching about 22,000 barrels per day in December. Full production of 35,000 barrels per day is expected later in 2009. Jackfish is a resounding success and among the best performing projects of its kind in Canada. Individual Jackfish wells are producing more than 1,600 barrels per day. Jackfish also sets a high environmental standard with its state-of-the-art water-recycling facilities. No fresh water is used to generate steam at Jackfish. Water is supplied from an underground source that is not suitable for drinking or irrigation.

The 35,000-barrel-per-day production target at Jackfish is based on the design capacity of the facilities. Construction of a second phase of the project is now under way to further realize the potential of Devon's oil sands leases. Jackfish 2 is sized to



produce another 35,000 barrels per day and ultimately recover approximately 300 million barrels of oil over the more than 20-year life of the project. Devon expects to invest about \$1 billion in Jackfish 2 by the time it is operational in 2011.

A Cascade of Firsts

Cascade was Devon's first discovery in the Gulf of Mexico's Lower Tertiary trend. The 2002 deepwater oil discovery led to three more significant Lower Tertiary successes: St. Malo in 2003, Jack in 2004 and Kaskida in 2006. In 2010, Cascade, which is located in the Walker Ridge federal lease area, will become the first of the four projects to begin commercial production.



This FPSO, being configured for the Cascade project, will be the first commissioned in the U.S. Gulf of Mexico.



Devon and equal partner Petrobras of Brazil sanctioned Cascade for development in 2007. The development plan for Cascade will be carried out in phases, with only two wells initially planned for production. The producing wells will be completed at the seafloor, some 8,000 feet below the surface of the water. The wells will produce into a floating production, storage and offloading vessel, or FPSO – the first of its kind to be commissioned in the Gulf of Mexico.

Construction of the FPSO, a refitted oil tanker, is under way in Singapore. As oil begins flowing in 2010, the partners will carefully monitor the wells and the performance of the oil reservoir. A comprehensive, long-range development plan will then be outlined drawing upon information obtained from the initial wells. The Lower Tertiary trend has been heralded as the largest

U.S. oil discovery since Prudhoe Bay in Alaska. Devon's Cascade project is an important milestone in making this new domestic energy resource a reality and making the United States less dependent upon foreign imports.

Exploring the Depths

Most of Devon's oil and natural gas is produced from large-scale development areas such as the Barnett Shale and Carthage in Texas, Washakie in Wyoming and Lloydminster in Canada. Accordingly, 95% of the wells we drilled in 2008 were development wells. However, the other 5% of the wells we drilled, the exploratory wells, are also important. This is because

successful exploration leads to development – as a way of restocking the shelves.

In recent years our exploration focus has been on relatively unexplored deepwater areas, notably in the U.S. Gulf of Mexico and offshore Brazil. And we have been successful, especially in the deepwater Gulf. With four significant discoveries in the Lower Tertiary trend and more than 30 additional Lower Tertiary and Miocene prospects, Devon is a leader in this exciting and challenging exploratory frontier.



Devon's Jackfish project in Canada is expected to reach 35,000 barrels of oil per day in 2009.



We also see attractive exploration opportunities offshore Brazil, where we hold interests in 9 licensed blocks comprising 700,000 net acres. In 2008, Devon participated in a discovery on block BM-C-30 in the Campos Basin and we plan to drill an exploratory well on adjoining block BM-C-32 later in 2009. Currently, we are drilling on block BM-BAR-3 in the northern Barreirinhas Basin using a deepwater drillship that Devon has under long-term contract. We expect to drill as many as eight additional exploratory wells in Brazil over the next two years.

In summary, Devon has a broad and diverse asset base that provides stable near-term oil and gas production plus abundant opportunities for growth. This platform of established development projects enhanced by our high-impact exploration program positions us for today and for tomorrow.

11-Year Property Data ⁽¹⁾

	1998	1999
Reserves (Net of royalties)		
Oil (MMBbls)	166	439
Gas (Bcf)	1,440	2,785
NGLs (MMBbls)	21	55
Oil, Gas and NGLs (MMBoe)	427	958
10% Present Value Before Income Taxes (In millions) ⁽²⁾	\$ 1,375	5,316
Production (Net of royalties)		
Oil (MMBbls)	20	25
Gas (Bcf)	189	295
NGLs (MMBbls)	3	5
Oil, Gas and NGLs (MMBoe)	55	79
Average Prices ⁽³⁾		
Oil (per Bbl)	\$ 12.28	17.78
Gas (per Mcf)	\$ 1.78	2.09
NGLs (per Bbl)	\$ 8.08	13.28
Oil, Gas and NGLs (per Boe)	\$ 11.09	14.22
Unit Production and Operating Expense (per Boe)	\$ 4.29	4.15



For more information on Operations:

www.devonenergy.com/operations

- Detailed maps showing operating areas and statistics
- Devon's marketing and midstream business

Operating Statistics by Area ⁽¹⁾

	Permian	Mid-Continent	Rocky Mountains	Gulf Coast	U.S. Offshore	Total U.S.	Canada	International	Total Company
Producing Wells at Year-End	8,578	7,841	6,812	4,200	662	28,093	8,603	479	37,175
2008 Production (Net of royalties)									
Oil (MMBbls)	7	1	1	2	6	17	22	14	53
Gas (Bcf)	32	383	109	145	57	726	212	2	940
NGLs (MMBbls)	2	16	1	5	—	24	4	—	28
Oil, Gas and NGLs (MMBoe)	15	80	20	31	16	162	61	15	238
Average Prices ⁽²⁾									
Oil (per Bbl)	\$ 95.88	98.53	88.64	99.13	104.90	98.83	71.04	94.05	86.73
Gas (per Mcf)	\$ 7.27	7.35	6.31	8.52	9.53	7.59	8.17	8.27	7.28
NGLs (per Bbl)	\$ 40.71	40.19	20.46	46.73	51.11	41.21	61.45	—	44.08
Oil, Gas and NGLs (per Boe)	\$ 67.69	43.92	41.01	53.25	74.55	50.55	57.65	92.91	53.30
Year-End Reserves (Net of royalties)									
Oil (MMBbls)	94	7	16	16	34	167	134	128	429
Gas (Bcf)	242	5,013	1,346	1,378	390	8,369	1,510	6	9,885
NGLs (MMBbls)	27	217	10	61	2	317	35	—	352
Oil, Gas and NGLs (MMBoe)	161	1,059	250	307	101	1,878	421	129	2,428
Year-End Present Value of Reserves (In millions) ⁽³⁾									
Before income tax	\$ 1,132	4,746	1,470	1,641	1,196	10,185	2,959	1,034	14,178
After income tax	\$					7,381	2,252	859	10,492
Year-End Leasehold (Net acres in thousands)									
Developed	302	853	607	536	187	2,485	2,265	53	4,803
Undeveloped	534	559	1,940	532	1,277	4,842	5,436	9,238	19,516
Wells Drilled During 2008	146	948	338	212	23	1,667	721	53	2,441
Capital Costs Incurred (In millions) ⁽⁴⁾									
2008 Actual	\$ 876	2,920	1,082	1,558	1,374	7,810	1,656	584	10,050
2009 Forecast	\$ 135-160	1,190-1,390	190-225	400-450	830-940	2,745-3,165	910-1,060	420-490	4,075-4,715

(1) Excludes results from discontinued operations.

(2) Total company pricing includes cash settlements related to commodity hedges.

(3) Estimated future revenue to be generated from the production of proved reserves, net of estimated future production and development costs, discounted at 10% in accordance with SFAS No. 69, Disclosures about Oil and Gas Producing Activities. Devon believes that the pre-tax 10% present value is a useful measure in addition to the after-tax value comparisons as it assists in both the determination of future cash flows of the current reserves as well as in making relative value among peer companies. The after-tax present value is dependent on the unique tax situation of each individual company while the pre-tax present value is based on prices and discount factors which are consistent from company to company. We also understand that securities analysts use this pre-tax measure in similar ways.

(4) 2008 actual costs incurred and 2009 forecasted capital costs include exploration and production expenditures, capitalized general and administrative costs, capitalized interest costs and asset retirement costs.

2000	2001	2002	2003	2004	2005	2006	2007	2008	5-Year Compound Growth Rate	10-Year Compound Growth Rate
406	527	444	530	484	555	634	677	429	-4%	10%
3,045	5,024	5,836	7,217	7,385	7,192	8,259	8,994	9,885	6%	21%
50	108	192	209	232	246	275	321	352	11%	33%
963	1,472	1,609	1,941	1,946	2,000	2,286	2,496	2,428	5%	19%
17,075	6,687	15,307	20,944	20,950	32,850	22,146	32,852	14,178	-8%	26%
37	36	42	47	54	46	42	55	53	2%	10%
417	489	761	858	883	819	808	863	940	2%	17%
7	8	19	22	24	24	23	26	28	5%	25%
113	126	188	211	225	206	200	224	238	2%	16%
24.99	21.41	21.71	26.13	29.12	38.64	57.39	63.98	86.73	27%	22%
3.53	3.84	2.80	4.52	5.34	7.03	6.03	6.01	7.28	10%	15%
20.87	16.99	14.05	18.63	23.06	29.05	32.10	37.76	44.08	19%	18%
22.38	22.19	17.61	26.04	30.38	39.89	40.19	43.08	53.30	15%	17%
4.81	5.29	4.71	5.79	6.38	7.65	8.81	9.68	11.52	15%	10%

(1) The years 1998 through 2002 exclude results from Devon's operations in Indonesia, Argentina and Egypt that were discontinued in 2002. The years 2003 through 2008 exclude results from operations in Africa that were discontinued in 2006 and 2007. Data has been restated to reflect the 1998 merger of Devon and Northstar and the 2000 merger of Devon and Santa Fe Snyder in accordance with the pooling-of-interests method of accounting.

(2) Estimated future revenue to be generated from the production of proved reserves, net of estimated future production and development costs, discounted at 10% in accordance with SFAS No. 69, Disclosures about Oil and Gas Producing Activities. Devon believes that the pre-tax 10% present value is a useful measure in addition to the after-tax value as it assists in both the determination of future cash flows of the current reserves as well as in making relative value comparisons among peer companies. The after-tax present value is dependent on the unique tax situation of each individual company while the pre-tax present value is based on prices and discount factors which are consistent from company to company. We also understand that securities analysts use this pre-tax measure in similar ways.

(3) The average price includes cash settlements related to commodity hedges.

Property Highlights



PERMIAN

A / Southeast New Mexico

Profile

- 63% average working interest in 583,000 acres.
- Key fields include Ingle Wells, Catclaw Draw, Potato Basin, Red Lake, Gaucho and Outland.
- Produces oil and gas from multiple formations at 1,500' to 16,500'.
- 36.3 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 22 gas wells.
- Drilled and completed 53 oil wells.
- Recompleted 74 wells.

2009 Plans

- Drill 7 gas wells.
- Drill 4 oil wells.
- Recomplete 45 wells.

B / West Texas

Profile

- 40% average working interest in 1.1 million acres.
- Key fields include Wasson, Reeves and Anton-Irish to the north; Sallie Ann, Ozona, Keystone/Kermit, McKnight and Waddell to the south.
- Produces oil and gas from multiple formations at 2,500' to 18,000'.
- 125.0 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 71 wells.
- Recompleted 28 wells.
- Reactivated 5 wells.
- Acquired significant acreage in the Wolfberry play.

2009 Plans

- Drill 41 wells.
- Recomplete 32 wells.
- Reactivate 1 well.



MID-CONTINENT

A / Cana-Woodford Shale

Profile

- 112,000 net acres in the Anadarko Basin in western Oklahoma.
- Operated working interests range from 38% to 91%.
- Emerging unconventional natural gas play.
- Produces gas from the Woodford Shale formation at 11,500' to 14,500'.
- 20.3 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 21 horizontal wells (9 operated).
- Confirmed economic viability of play.
- Drilling focused on acreage evaluation and holding leases by establishing production.
- Acquired additional seismic and acreage.

2009 Plans

- Drill 67 horizontal wells (27 operated).
- Continue drilling to hold leases by establishing production.
- Initiate construction of 200 million cubic feet per day gas plant.
- Begin development of gas gathering system.

B / Arkoma-Woodford Shale

Profile

- 54,000 net acres in the Arkoma Basin in eastern Oklahoma.
- Operated working interests range from 30% to 100%.
- Unconventional natural gas play.
- Produces gas from the Woodford Shale formation at 6,000' to 8,000'.

- 42.6 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 132 horizontal wells (48 operated).
- Drilling focused on full-scale development of 80-surface acre locations.
- Increased 2008 net production 132% over 2007.
- Reprocessed and merged existing 3-D seismic data.
- Acquired additional 3-D seismic.
- Expanded gas gathering system capacity.
- Completed construction of 200 million cubic feet per day gas plant.

2009 Plans

- Drill 74 horizontal wells (26 operated).

C / Barnett Shale

Profile

- 715,000 net acres in the Fort Worth Basin of north Texas.
- 90% average working interest.
- Includes > 3,800 producing wells.
- Produces gas from the Barnett Shale formation at 6,500' to 9,200'.
- Largest producer in the state's largest natural gas field.
- 894.2 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 659 wells (559 operated).
- Increased 2008 net production 31% over 2007.
- Refraced 93 vertical wells.
- Continued 1,000' and 500' offset infill programs.
- Began 250' offset infill pilots.
- Continued to expand gas gathering system and reduce line pressure.
- Completed 100 million cubic feet per day expansion of West Johnson County gas plant.

2009 Plans

- Drill 220 – 230 wells (208 operated).
- Selectively defer completions for economic considerations.
- Continue to develop viable areas with 1,000' and 500' offset infill programs.
- Analyze select well performance and technical data to identify future development opportunities.



ROCKY MOUNTAINS

A / Bear Paw

Profile

- 814,000 net acres in north central Montana.
- 90% average working interest in federal units.
- 75% average working interest outside federal units.
- Produces gas from the Eagle formation at 800' to 2,000'.
- 17.0 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 40 wells.
- Recompleted 20 wells.
- Acquired 70 square miles of 3-D seismic.
- Completed gas gathering system improvements.

2009 Plans

- Perform select recompletions and workovers.
- Permit drill-ready locations.
- Evaluate seismic to identify future drilling locations.

B / Cody Shale

Profile

- 575,000 net acres in south central Montana.
- 50% average working interest in Area of Mutual Interest (AMI) with partner.
- 100% average working interest outside AMI.
- Emerging unconventional gas play.

2008 Activity

- Drilled 4 wells inside AMI.
- Completed 1 well inside AMI.
- Drilled and completed 1 well outside AMI.
- Initiated drilling 2nd well outside AMI.

2009 Plans

- Complete 4 wells drilled in 2008.

C / Powder River Coalbed Natural Gas

Profile

- 75% average working interest in 346,000 acres in northeastern Wyoming.
- Produces coalbed natural gas from the Wyodak and Big George coals at 300' to 2,000'.
- 29.9 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled 103 coalbed natural gas wells.
- Increased 2008 net production 45% over 2007.
- Completed development drilling in Lower Big George coal seam at Juniper Draw.
- Continued development and commenced first gas sales at West Pine Tree.
- Initiated pilot dewatering at Crossroads.

2009 Plans

- Drill 36 coalbed natural gas wells.
- Continue development of Middle Big George coal seam at Juniper Draw.
- Continue pilot monitoring at Crossroads.

D / Wind River Basin

Profile

- 96% working interest in 24,600 acres in central Wyoming.
- Key fields include Beaver Creek and Riverton Dome.
- Produces oil and gas from multiple formations at 3,000' to 12,000'.
- 26.9 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled final 6 wells for Madison CO₂ enhanced oil recovery project at Beaver Creek.
- Completed installation of facilities and CO₂ supply lines for Madison project.
- Completed 5-well coalbed natural gas pilot at Beaver Creek.

2009 Plans

- Initiate first CO₂ reinjection at Madison project.

E / Washakie

Profile

- 76% average working interest in 210,000 acres in southern Wyoming.
- Produces gas from multiple formations at 6,800' to 10,300'.
- 104.7 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 115 wells.
- Improved drilling efficiencies with new generation rigs.
- Installed 89 plunger lifts.
- Installed compression and performed other gas gathering system improvements.
- Continued implementation of automated production control system.

2009 Plans

- Drill 99 total wells.
- Install 25 plunger lifts.
- Continue implementation of automated production control system.

F / Drunkard's Wash

Profile

- 44% working interest in 161,000 acres in east-central Utah.
- Produces coalbed natural gas from the Ferron Coal formation at 2,800' to 3,100'.
- 33.3 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Acquired asset and \$280 million in cash in exchange for Devon's ownership of 14.2 million shares of Chevron common stock.

2009 Plans

- Complete 5 wells drilled in 2008.
- Drill 8 additional wells.

G / NEBU/32-9 Units

Profile

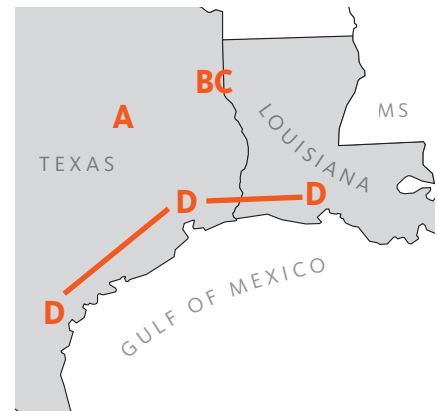
- 25% average working interest in 54,000 acres in the San Juan Basin of northwestern New Mexico.
- Coalbed natural gas development began in the late 1980s and early 1990s.
- Includes 181 coalbed gas wells, 289 conventional wells, gas and water gathering systems and an automated production control system.
- Produces primarily coalbed natural gas from the Fruitland Coal formation at 3,500'.
- 14.1 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 4 coalbed gas wells.
- Drilled and completed 16 conventional gas wells, including 6 horizontal Pictured Cliffs wells.
- Recompleted 4 conventional wells.

2009 Plans

- Recomplete 6 conventional wells.



GULF COAST

A / Groesbeck Area

Profile

- 72% average working interest in 265,000 acres in east central Texas.
- Key fields include Personville, Nan-Su-Gail, Dew, Oaks and Bald Prairie.
- Produces primarily gas from the Travis Peak, Cotton Valley Sand, Bossier and Cotton Valley Lime formations at 6,000' to 13,000'.
- Includes 750 producing wells.
- 48.1 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 13 horizontal wells.
- Drilled and completed 3 vertical wells.
- Recompleted 8 wells.

2009 Plans

- Drill 7 horizontal wells.
- Drill 1 vertical well.
- Recomplete 1 well.

B / Carthage Area

Profile

- 85% average working interest in 251,000 acres in east Texas.
- Key fields include Carthage, Bethany, Waskom, Stockman and Appleby.
- Produces primarily gas from the Pettit, Travis Peak, Cotton Valley and Haynesville Lime formations at 5,700' to 12,500'.
- Includes 1,870 producing wells.
- 208.8 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 112 vertical wells, including 45 infill wells.
- Drilled and completed 20 horizontal wells.
- Initiated drilling on first James Lime exploratory horizontal well.
- Recompleted 31 wells.
- Acquired additional acreage.

2009 Plans

- Drill 35 vertical wells, including 16 infill wells.
- Drill 17 horizontal wells.
- Complete and test first James Lime exploratory horizontal well.
- Complete 3-D seismic acquisition at Stockman.

C / Haynesville Shale

Profile

- 570,000 net acres in east Texas and northwest Louisiana, including 173,000 net acres that overlap with the Carthage Area.
- 80% average working interest.
- Emerging unconventional natural gas play.
- Produces gas from the Haynesville Shale formation at 10,400' to 12,200'.

2008 Activity

- Drilled and completed 7 vertical test wells.
- Drilled and completed 1 horizontal well.
- Initiated drilling 4 additional horizontal wells.
- Acquired acreage.

2009 Plans

- Complete 4 horizontal wells initiated in 2008.
- Drill 9 additional horizontal wells.

D / South Texas/South Louisiana

Profile

- 66% average working interest in 533,000 acres.
- Key areas include Matagorda, Zapata, Agua Dulce/ N. Brayton, Duval/Hagist, Houston, Central Texas, Coastal Frio and the Patterson Field in Louisiana.
- Produces oil and gas from multiple formations at 1,500' to 15,000'.
- 35.8 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 47 wells.
- Recompleted 30 wells.
- Completed 3-D seismic acquisition in Brazoria area.

2009 Plans

- Drill 15 wells.
- Drill 1 exploratory well in South Louisiana.
- Recomplete 1 well.

D / St. Malo

- 25% working interest in 4 block unit in the Walker Ridge area.
- Located offshore Louisiana in 6,900' of water.
- Target formation: Lower Tertiary sands at 26,000' to 29,000'.
- Discovery well drilled in 2003 encountered > 450' of net oil pay.

E / Jack

- 25% working interest in 6 block unit in the Walker Ridge area.
- Located offshore Louisiana in 7,000' of water.
- Target formation: Lower Tertiary sands.
- Discovery well drilled in 2004 encountered > 350' of net oil pay.

F / Kaskida

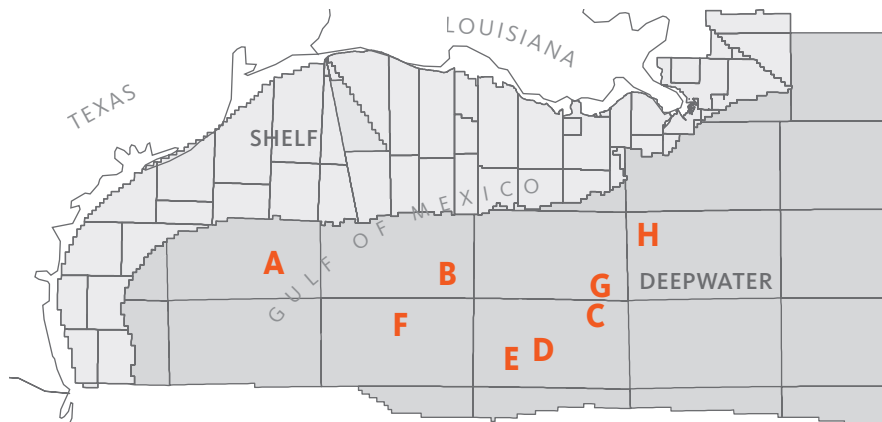
- 30% working interest in 9 block unit in the Keathley Canyon area.
- Located offshore Louisiana in 5,900' of water.
- Target formation: Lower Tertiary sands.
- Discovery well drilled in 2006 encountered approximately 800' of net hydrocarbon bearing sands.
- First Lower Tertiary discovery in Keathley Canyon area.

2008 Activity

- Initiated development drilling at Cascade.
- Continued construction of production facilities for Cascade.
- Finished drilling 2nd and 3rd appraisal wells at St. Malo.
- Increased ownership by 2.5% to 25% at St. Malo through acreage trade.
- Finished drilling 2nd appraisal well at Jack.
- Continued to evaluate development options and facilities designs for Jack and St. Malo.
- Drilled 1 sidetrack well at Kaskida.
- Initiated drilling 2nd appraisal well at Kaskida.
- Increased ownership by 10% to 30% at Kaskida.
- Acquired 9 additional Lower Tertiary blocks through federal lease sales.

2009 Plans

- Continue development drilling at Cascade.
- Initiate subsea completion operations at Cascade.
- Install risers, FPSO moorings, flowlines and gas export line at Cascade.
- Select final development concept for Jack and St. Malo.
- Finish drilling 2nd appraisal well at Kaskida.
- Initiate wide-azimuth seismic acquisition at St. Malo and Cascade.



GULF – SHELF

Shelf Producing Properties

Profile

- 134 blocks located offshore Texas, Louisiana, and Alabama.
- Includes 35 producing blocks.
- Working interests range from 13% to 100%.
- Produces oil and gas from various formations in water depths up to 600'.
- Mature producing area with opportunities for exploration.
- 44.7 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled 4 wells in Eugene Island area.
- Drilled 3 wells in Main Pass area.
- Drilled 1 well in Mobile area.
- Recompleted 4 wells.
- Acquired 18 additional blocks through federal lease sales.

2009 Plans

- Drill 1 well in Eugene Island area.
- Recomplete 6 wells.

GULF – DEEPWATER

A / Nansen

Profile

- Includes 3 blocks in central East Breaks area.
- 50% working interest.
- Located offshore Texas in 3,500' of water.
- Produces oil and gas from sands at 9,000' to 14,000'.
- Utilizes the world's first open-hull truss spar.
- 36.0 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled 3 development wells.
- Recompleted 1 well.

2009 Plans

- Drill 2 development wells.

B / Magnolia

Profile

- 25% working interest in Garden Banks 783 and 784.
- Located offshore Louisiana in 4,700' of water.
- 1999 discovery.
- Produces oil and gas from sands at 12,000' to 17,000'.
- Utilizes the world's deepest tension-leg platform.
- 12.8 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled 3 sidetrack/recompletion wells.
- Initiated drilling one additional sidetrack well.

2009 Plans

- Complete drilling sidetrack well initiated in 2008.
- Drill 1 additional sidetrack well.

Lower Tertiary Discoveries

Profile

C / Cascade

- 50% working interest in 4 block unit in the Walker Ridge area.
- Located offshore Louisiana in 8,200' of water.
- Target formation: Lower Tertiary sands at 25,000' to 27,000'.
- Discovery well drilled in 2002 encountered > 450' of net oil pay.
- First production expected in mid-2010.

Miocene Discoveries

Profile

G / Mission Deep

- 50% working interest in Green Canyon 955.
- Located offshore Louisiana in 7,300' of water.
- Target formation: Miocene sands.
- Discovery well drilled in 2006 encountered > 250' of net oil pay.

H / Sturgis

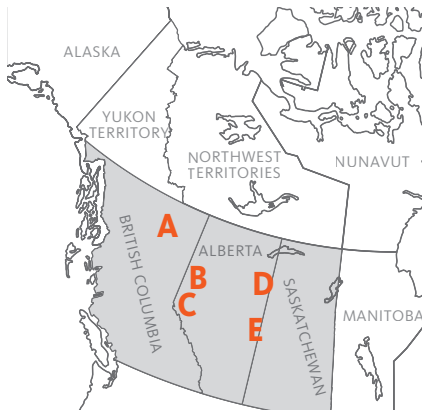
- 25% working interest in Atwater Valley 183.
- Located offshore Louisiana in 3,700' of water.
- Target formation: Miocene sands.
- Discovery well drilled in 2003 encountered > 100' of net oil pay.

2008 Activity

- Drilled 1 appraisal well at Mission Deep.
- Drilled 1 non-commercial exploratory well at Sturgis North.

2009 Plans

- Evaluate development options.



CANADA

A / Horn River Basin

Profile

- 100% working interest in 153,000 acres in northeastern British Columbia.
- Emerging unconventional natural gas play.
- Primarily winter-only access.
- Produces gas from the Devonian Shale formation at 8,000' to 9,500'.

2008 Activity

- Commenced production from 3-well pilot program.
- Drilled 2 stratigraphic wells.
- Drilled 2 horizontal wells.
- Secured pipeline and processing capacity for future production.
- Acquired additional acreage.

2009 Plans

- Evaluate production from pilot program.
- Drill 1 stratigraphic well.
- Drill 3 horizontal wells.

B / Peace River Arch

Profile

- 70% average working interest in 807,000 acres in western Alberta.
- Key areas include Belloy, Cecil, Dunvegan, Knopcik, Valhalla and Swan Hills.
- Produces liquids-rich gas and light gravity oil from multiple formations at 3,000' to 8,000'.
- 82.2 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled 66 wells, including:
 - 14 at Dunvegan
 - 14 at Valhalla
 - 12 at Swan Hills
 - 9 at Mirage
 - 6 at Knopcik

2009 Plans

- Drill 27 total wells, including:
 - 9 at Valhalla
 - 7 at Dunvegan
 - 6 at Swan Hills
 - 4 at Mitsue

C / Deep Basin

Profile

- 45% average working interest in 1.3 million acres in western Alberta and eastern British Columbia.
- Key areas include Bilbo, Hiding, Pinto and Wapiti.
- Produces liquids rich gas from primarily Cretaceous formations at 2,500' to 14,000'.
- 66.5 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled 61 wells, including:
 - 21 at Bilbo
 - 16 at Pinto
 - 15 at Wapiti

2009 Plans

- Drill 25 total wells, including:
 - 8 at Bilbo
 - 7 at Pinto
 - 6 at Wapiti

D / Thermal Heavy Oil

Profile

- 97% average working interest in 77,000 acres in eastern Alberta oil sands.
- Key asset is Jackfish (100% interest).
- Steam-Assisted Gravity Drainage (SAGD) is the primary recovery method.
- Jackfish facilities capacity of 35,000 barrels of oil per day.
- Jackfish 2 is a 35,000 barrel per day look-alike project.

2008 Activity

- Continued to ramp up production at Jackfish.
- Drilled 36 stratigraphic wells to further evaluate the Jackfish area.
- Received final regulatory approvals and commenced construction of Jackfish 2 project.

2009 Plans

- Reach peak production of 35,000 barrels per day at Jackfish.
- Continue construction of Jackfish 2 facilities.
- Initiate drilling 14 horizontal well pairs (28 wells) at Jackfish 2.
- Drill 13 stratigraphic wells to evaluate additional potential in the Jackfish area.

E / Lloydminster

Profile

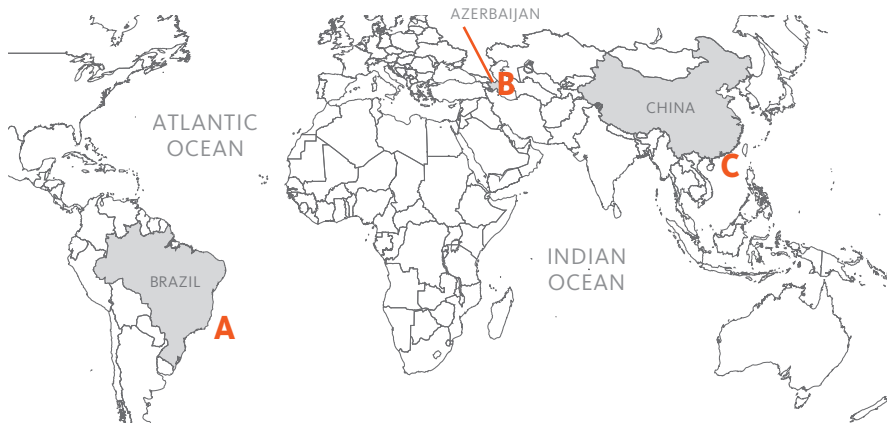
- 89% working interest in 2.8 million acres in eastern Alberta and Saskatchewan.
- Key areas include End Lake, Iron River, Lloydminster and Manatokan.
- Produces primarily conventional, cold flow heavy oil from multiple formations at 1,000' to 2,000'.
- 92.1 million barrels of oil equivalent reserves at 12/31/08

2008 Activity

- Drilled 425 wells, including:
 - 273 at Iron River
 - 51 at Manatokan
 - 49 at Lloydminster
 - 34 at End Lake
- Completed second capacity expansion of Manatokan processing plant.

2009 Plans

- Drill 194 total wells, including:
 - 130 at Iron River.
 - 42 at Lloydminster
 - 10 at End Lake



INTERNATIONAL

A / Brazil

Profile

- 3.1 million acres in 12 licensed blocks:
 - Block BM-C-8 (Polvo); 60% interest.
 - Block BC-2 (Xerelete); 17.65% interest.
 - Block BM-BAR-3; 45% interest.
 - Block BM-BAR-1; 25% interest.
 - Block BM-C-30; 25% interest.
 - Block BM-C-32; 40% interest.
 - Block BM-C-34 (C-M-471); 50% interest.
 - Block BM-C-34 (C-M-473); 50% interest.
 - Block BM-C-35; 35% interest.
 - Block BM-CAL-13; 100% interest.
 - Block BT-PN-2 (PN-T-66); 40% interest.
 - Block BT-PN-3 (PN-T-86); 40% interest.
- 10 blocks are located offshore in the Campos, Barreirinhas and Camamu Basins in water depths ranging from 330' to 9,100'.
- Target oil formations at 3,000' to 16,000'.
- Developing 2004 discovery on block BM-C-8 (Polvo development).
- 4.0 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 5 development wells at Polvo.
- Reprocessed seismic and evaluated development options on Xerelete discovery.
- Finalized farm-out and swap agreements on blocks BM-BAR-3 and BM-BAR-1.
- Drilled 2nd exploration well on block BM-C-30 that resulted in an initial oil discovery on the Wahoo prospect.
- Reprocessed and interpreted 3-D seismic on blocks BM-C-30, BM-C-32, BM-C-34, BM-C-35 and BM-CAL-13.
- Signed concession agreements on blocks BT-PN-2 (PN-T-66) and BT-PN-3 (PN-T-86).

2009 Plans

- Drill and complete 4 development wells and 1 sidetrack well at Polvo.
- Obtain regulatory approval of block BM-BAR-1 assignment.
- Drill the following exploratory wells with the Deepwater Discovery drillship:
 - 1 well on block BM-BAR-3.
 - 1 well on block BM-BAR-1.
 - 1 pre-salt well on block BM-C-32.
 - 1 pre-salt well on block BM-C-34.
- Drill 1 pre-salt exploratory well on block BM-C-30.
- Drill 1 pre-salt exploratory well on block BM-C-35.

B / Azerbaijan – ACG

Profile

- 5.6% interest in 107,000 acres in the Azeri-Chirag-Gunashli (ACG) oil fields offshore Azerbaijan.
- Initial position obtained in 1999 merger.
- Major oil export pipeline commenced operations in 2006.
- 84.7 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

- Drilled and completed 15 producing wells.
- Commenced production from Deepwater Gunashli area.
- Production impacted by pipeline disruptions and sub-sea gas release at Central Azeri.
- Reached cumulative production of 1 billion barrels.

2009 Plans

- Drill and complete 11 producing wells.
- Complete repair work at Central Azeri and restore production and injection.
- Sanction Chirag oil project.

C / China

Profile

- 7.9 million acres in 5 licensed blocks offshore China:
 - Block 15/34 (Panyu); 24.5% interest.
 - Block 42/05; 100% interest.
 - Block 11/34; 100% interest.
 - Block 53/30; 100% interest.
 - Block 64/18; 100% interest.
- Located in the South China Sea and Yellow Sea in water depths ranging from 150' to 9,000'.
- Panyu fields produce from 1998 and 1999 discoveries.
- 18.5 million barrels of oil equivalent reserves at 12/31/08.

2008 Activity

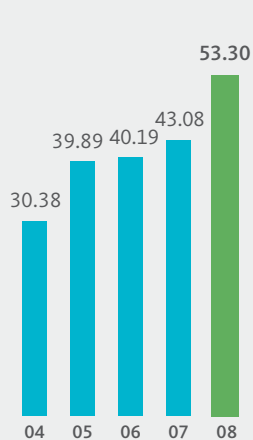
- Drilled and completed 4 development wells at Panyu.
- Performed 3-well workover program.
- Drilled 1 dry exploratory well on block 42/05.
- Drilled 1 dry exploratory well on block 11/34.
- Acquired 2-D and 3-D seismic on blocks 42/05 and 53/30.
- Acquired 2-D seismic on block 64/18.

2009 Plans

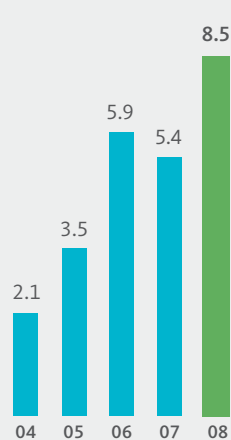
- Drill 7 development wells at Panyu.
- Replace subsea pipelines at both Panyu platforms.
- Acquire additional 3-D seismic on block 42/05.
- Process and interpret 3-D and 2-D seismic on blocks 42/05, 53/30 and 64/18.

Selected Five-Year Comparisons

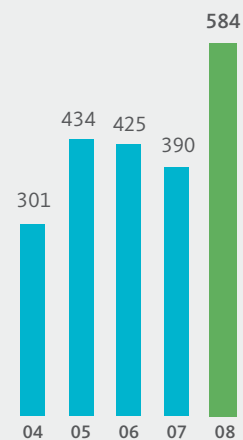
Higher product prices enabled Devon to fund its largest-ever E&P capital program of \$8.5 billion. This robust activity resulted in record drill-bit reserve additions before price revisions of 584 million equivalent barrels. In 2008, Devon utilized a portion of its record cash flow to reduce debt by \$2.1 billion and increase the common stock dividend by 14%.



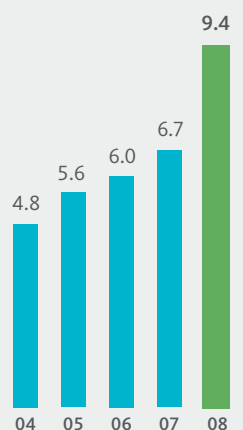
Average Price Per Boe
(\$ per Bbl)



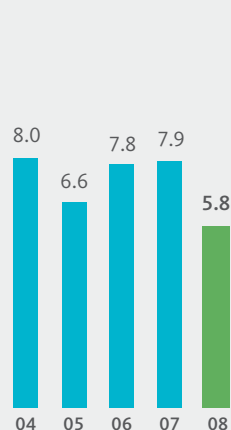
Exploration and Development Capital
(\$ Billions)



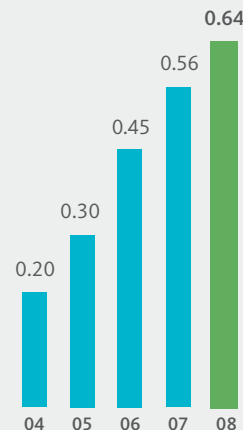
Reserve Additions from Extensions, Discoveries and Performance Revisions
(Millions of Boe)



Cash Flow From Operations
(\$ Billions)



Total Debt Outstanding
(\$ Billions)



Dividends per Share of Common Stock
(\$ per Share)

Selected 11-Year Financial Data⁽¹⁾

	1998	1999	2000	2001
OPERATING RESULTS (In millions, except per share data)				
Revenues (Net of royalties):				
Oil sales	\$ 236	436	906	784
Gas sales	335	616	1,474	1,878
NGL sales	25	68	154	131
Net gain (loss) on oil and gas derivative financial instruments	—	—	—	—
Marketing and midstream revenues	8	20	53	71
Other income	6	23	37	58
Total revenues	610	1,163	2,624	2,922
Production and operating expenses				
Production and operating expenses	231	328	544	666
Marketing and midstream operating costs and expenses	3	10	28	47
Depreciation, depletion and amortization of property and equipment	212	379	662	831
Accretion of asset retirement obligation	—	—	—	—
Amortization of goodwill ⁽²⁾	—	16	41	34
General and administrative expenses	48	83	96	114
Expenses related to mergers	13	17	60	1
Interest expense	53	122	155	220
Change in fair value of other financial instruments	—	—	—	2
Reduction of carrying value of oil and gas properties	354	476	—	979
Impairment of Chevron Corporation common stock	—	—	—	—
Income tax (benefit) expense	(103)	(75)	377	5
Total expenses	811	1,356	1,963	2,899
Net (loss) earnings before cumulative effect of change in accounting principle and discontinued operations ⁽³⁾				
Net (loss) earnings before cumulative effect of change in accounting principle and discontinued operations ⁽³⁾	(201)	(193)	661	23
Net (loss) earnings	(236)	(154)	730	103
Preferred stock dividends	—	4	10	10
Net (loss) earnings to common stockholders	\$ (236)	(158)	720	93
Net (loss) earnings per common share:				
Basic	\$ (1.66)	(0.84)	2.83	0.37
Diluted	\$ (1.66)	(0.84)	2.75	0.36
Weighted average shares outstanding:				
Basic	142	187	255	255
Diluted	154	199	263	259
BALANCE SHEET DATA (In millions)				
Total assets	\$ 1,931	6,096	6,860	13,184
Long-term debt	\$ 885	2,416	2,049	6,589
Deferred income taxes	\$ 15	313	634	2,149
Stockholders' equity	\$ 750	2,521	3,277	3,259
Common shares outstanding	142	253	257	252

(1) The years 1998 to 2002 exclude results from Devon's operations in Indonesia, Argentina and Egypt that were discontinued in 2002. The years 2003 through 2008 exclude results from operations in Africa that were discontinued in 2006 and 2007. All periods prior to the November 15, 2004 two-for-one stock split have been adjusted to reflect the split.

(2) Amortization of goodwill in 1999, 2000 and 2001 resulted from Devon's 1999 acquisition of PennzEnergy. As of January 1, 2002, goodwill is no longer amortized.

(3) Before the cumulative effect change in accounting principle of \$49 and \$16 million in 2001 and 2003, respectively, and the results of discontinued operations of (\$35) \$39, \$69, \$31, \$45, \$14, \$97, \$33, \$212, \$460 and \$931 million in 1998 through 2008, respectively.

N/M Not a meaningful number.

2002	2003	2004	2005	2006	2007	2008	5-YEAR COMPOUND GROWTH RATE	10-YEAR COMPOUND GROWTH RATE
909	1,218	1,589	1,794	2,434	3,493	4,567	30%	34%
2,133	3,879	4,711	5,761	4,874	5,149	7,263	13%	36%
275	404	548	680	749	970	1,243	25%	48%
—	—	—	—	38	14	(154)	N/M	N/M
999	1,461	1,701	1,792	1,672	1,736	2,292	9%	76%
35	104	126	198	115	98	224	17%	44%
4,351	7,066	8,675	10,225	9,882	11,460	15,435	17%	38%
886	1,224	1,439	1,579	1,766	2,168	2,739	17%	28%
808	1,174	1,339	1,342	1,236	1,227	1,624	7%	88%
1,211	1,609	1,982	1,924	2,231	2,858	3,509	17%	32%
—	35	42	42	47	74	86	20%	N/M
—	—	—	—	—	—	—	N/M	N/M
219	306	277	291	397	513	653	16%	30%
—	7	—	—	—	—	—	N/M	N/M
533	502	475	533	421	430	329	(8%)	20%
(28)	(1)	62	94	178	(34)	149	N/M	N/M
651	40	—	42	36	—	10,379	N/M	N/M
205	—	—	—	—	—	—	N/M	N/M
(193)	453	970	1,481	936	1,078	(954)	N/M	25%
4,292	5,349	6,586	7,328	7,248	8,314	18,514	28%	37%
59	1,717	2,089	2,897	2,634	3,146	(3,079)	N/M	31%
104	1,747	2,186	2,930	2,846	3,606	(2,148)	N/M	25%
10	10	10	10	10	10	5	(13%)	N/M
94	1,737	2,176	2,920	2,836	3,596	(2,153)	N/M	25%
0.31	4.16	4.51	6.38	6.42	8.08	(4.85)	N/M	11%
0.30	4.04	4.38	6.26	6.34	8.00	(4.85)	N/M	11%
309	417	482	458	442	445	444	1%	12%
313	433	499	470	448	450	444	1%	11%
16,225	27,162	30,025	30,273	35,063	41,456	31,908	3%	32%
7,562	8,580	7,031	5,957	5,568	6,924	5,661	(8%)	20%
2,627	3,799	4,596	4,977	5,290	6,042	3,679	(1%)	73%
4,653	11,056	13,674	14,862	17,442	22,006	17,060	9%	37%
314	472	484	443	444	444	444	(1%)	12%

Consolidated Balance Sheets

DEVON ENERGY CORPORATION AND SUBSIDIARIES

	December 31,	
	2008	2007
	(In millions, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 379	1,364
Short-term investments, at fair value	—	372
Accounts receivable	1,412	1,779
Income taxes receivable	334	30
Derivative financial instruments, at fair value	282	12
Current assets held for sale	27	120
Other current assets	250	237
Total current assets	2,684	3,914
Property and equipment, at cost, based on the full cost method of accounting for oil and gas properties (\$4,540 and \$3,417 excluded from amortization in 2008 and 2007, respectively)	55,657	48,473
Less accumulated depreciation, depletion and amortization	32,683	20,394
	22,974	28,079
Investment in Chevron Corporation common stock, at fair value	—	1,324
Goodwill	5,579	6,172
Long-term assets held for sale	19	1,512
Other long-term assets, including \$199 million at fair value in 2008	652	455
Total assets	\$ 31,908	41,456
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable — trade	\$ 1,819	1,360
Revenues and royalties due to others	496	578
Income taxes payable	37	97
Short-term debt	180	1,004
Current portion of asset retirement obligation, at fair value	138	82
Current liabilities associated with assets held for sale	13	145
Accrued expenses and other current liabilities	452	391
Total current liabilities	3,135	3,657
Debentures exchangeable into shares of Chevron Corporation common stock	—	641
Other long-term debt	5,661	6,283
Derivative financial instruments, at fair value	—	488
Asset retirement obligation, at fair value	1,347	1,236
Liabilities associated with assets held for sale	—	404
Other long-term liabilities	1,026	699
Deferred income taxes	3,679	6,042
Stockholders' equity:		
Preferred stock of \$1.00 par value. Authorized 4.5 million shares; issued 1.5 million shares (\$150 million aggregate liquidation value) in 2007	—	1
Common stock of \$0.10 par value. Authorized 1.0 billion shares; issued 443.7 million and 444.2 million shares in 2008 and 2007, respectively	44	44
Additional paid-in capital	6,257	6,743
Retained earnings	10,376	12,813
Accumulated other comprehensive income	383	2,405
Total stockholders' equity	17,060	22,006
Total liabilities and stockholders' equity	\$ 31,908	41,456



For notes to consolidated financial statements see Form 10-K:
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Consolidated Statements of Operations

DEVON ENERGY CORPORATION AND SUBSIDIARIES

	Year Ended December 31,		
	2008	2007	2006
	(In millions, except per share amounts)		
Revenues:			
Oil sales	\$ 4,567	3,493	2,434
Gas sales	7,263	5,149	4,874
NGL sales	1,243	970	749
Net (loss) gain on oil and gas derivative financial instruments	(154)	14	38
Marketing and midstream revenues	2,292	1,736	1,672
Total revenues	15,211	11,362	9,767
Expenses and other income, net:			
Lease operating expenses	2,217	1,828	1,425
Production taxes	522	340	341
Marketing and midstream operating costs and expenses	1,624	1,227	1,236
Depreciation, depletion and amortization of oil and gas properties	3,253	2,655	2,058
Depreciation and amortization of non-oil and gas properties	256	203	173
Accretion of asset retirement obligation	86	74	47
General and administrative expenses	653	513	397
Interest expense	329	430	421
Change in fair value of other financial instruments	149	(34)	178
Reduction of carrying value of oil and gas properties	10,379	—	36
Other income, net	(224)	(98)	(115)
Total expenses and other income, net	19,244	7,138	6,197
(Loss) earnings from continuing operations before income taxes	(4,033)	4,224	3,570
Income tax (benefit) expense:			
Current	619	500	528
Deferred	(1,573)	578	408
Total income tax (benefit) expense	(954)	1,078	936
(Loss) earnings from continuing operations	(3,079)	3,146	2,634
Discontinued operations:			
Earnings from discontinued operations before income taxes	1,131	696	464
Income tax expense	200	236	252
Earnings from discontinued operations	931	460	212
Net (loss) earnings	(2,148)	3,606	2,846
Preferred stock dividends	5	10	10
Net (loss) earnings applicable to common stockholders	\$ (2,153)	3,596	2,836
Basic net (loss) earnings per share:			
(Loss) earnings from continuing operations	\$ (6.95)	7.05	5.94
Earnings from discontinued operations	2.10	1.03	0.48
Net (loss) earnings	\$ (4.85)	8.08	6.42
Diluted net (loss) earnings per share:			
(Loss) earnings from continuing operations	\$ (6.95)	6.97	5.87
Earnings from discontinued operations	2.10	1.03	0.47
Net (loss) earnings	\$ (4.85)	8.00	6.34
Weighted average common shares outstanding:			
Basic	444	445	442
Diluted	444	450	448

Consolidated Statements of Comprehensive (Loss) Income

DEVON ENERGY CORPORATION AND SUBSIDIARIES

	Year Ended December 31,		
	2008	2007	2006
	(In millions)		
Net (loss) earnings	\$ (2,148)	3,606	2,846
Foreign currency translation:			
Change in cumulative translation adjustment	(1,960)	1,389	(25)
Income tax benefit (expense)	79	(42)	28
Total	(1,881)	1,347	3
Pension and postretirement benefit plans:			
Net actuarial loss and prior service cost arising in current year	(254)	(90)	—
Recognition of net actuarial loss and prior service cost in net earnings	16	14	—
Curtailment of pension benefits	—	16	—
Change in additional minimum pension liability	—	—	30
Income tax benefit (expense)	97	23	(13)
Total	(141)	(37)	17
Investment in Chevron Corporation common stock:			
Unrealized holding gain	—	—	238
Income tax expense	—	—	(86)
Total	—	—	152
Other	—	(1)	(2)
Other comprehensive (loss) income, net of tax	(2,022)	1,309	170
Comprehensive (loss) income	\$ (4,170)	4,915	3,016



For notes to consolidated financial statements see Form 10-K:
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Consolidated Statements of Stockholders' Equity

DEVON ENERGY CORPORATION AND SUBSIDIARIES

	Preferred Stock	Common Stock Shares	Common Stock Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
	(In millions)							
Balance as of December 31, 2005	\$ 1	443	\$ 44	6,928	6,477	1,414	(2)	14,862
Net earnings	—	—	—	—	2,846	—	—	2,846
Other comprehensive income	—	—	—	—	—	170	—	170
Adoption of FASB Statement No. 158	—	—	—	—	—	(140)	—	(140)
Stock option exercises	—	3	—	73	—	—	—	73
Restricted stock grants, net of cancellations	—	2	—	(3)	—	—	—	(3)
Common stock repurchased	—	(4)	—	—	—	—	(277)	(277)
Common stock retired	—	—	—	(278)	—	—	278	—
Common stock dividends	—	—	—	—	(199)	—	—	(199)
Preferred stock dividends	—	—	—	—	(10)	—	—	(10)
Share-based compensation	—	—	—	84	—	—	—	84
Share-based compensation tax benefits	—	—	—	36	—	—	—	36
Balance as of December 31, 2006	1	444	44	6,840	9,114	1,444	(1)	17,422
Net earnings	—	—	—	—	3,606	—	—	3,606
Other comprehensive income	—	—	—	—	—	1,309	—	1,309
Adoption of FASB Statement No. 159	—	—	—	—	364	(364)	—	—
Adoption of FASB Interpretation No. 48	—	—	—	—	(11)	—	—	(11)
Adoption of FASB Statement No. 158	—	—	—	—	(1)	16	—	15
Stock option exercises	—	3	1	90	—	—	—	91
Restricted stock grants, net of cancellations	—	2	—	—	—	—	—	—
Common stock repurchased	—	(5)	—	—	—	—	(362)	(362)
Common stock retired	—	—	(1)	(362)	—	—	363	—
Common stock dividends	—	—	—	—	(249)	—	—	(249)
Preferred stock dividends	—	—	—	—	(10)	—	—	(10)
Share-based compensation	—	—	—	131	—	—	—	131
Share-based compensation tax benefits	—	—	—	44	—	—	—	44
Balance as of December 31, 2007	1	444	44	6,743	12,813	2,405	—	22,006
Net loss	—	—	—	—	(2,148)	—	—	(2,148)
Other comprehensive loss	—	—	—	—	—	(2,022)	—	(2,022)
Stock option exercises	—	4	1	123	—	—	(8)	116
Restricted stock grants, net of cancellations	—	3	—	—	—	—	—	—
Common stock repurchased	—	(7)	—	—	—	—	(709)	(709)
Common stock retired	—	—	(1)	(716)	—	—	717	—
Redemption of preferred stock	(1)	—	—	(149)	—	—	—	(150)
Common stock dividends	—	—	—	—	(284)	—	—	(284)
Preferred stock dividends	—	—	—	—	(5)	—	—	(5)
Share-based compensation	—	—	—	196	—	—	—	196
Share-based compensation tax benefits	—	—	—	60	—	—	—	60
Balance as of December 31, 2008	\$ —	444	\$ 44	6,257	10,376	383	—	17,060

Consolidated Statements of Cash Flows

DEVON ENERGY CORPORATION AND SUBSIDIARIES

	Year Ended December 31,		
	2008	2007	2006
	(In millions)		
Cash flows from operating activities:			
Net (loss) earnings	\$ (2,148)	3,606	2,846
Earnings from discontinued operations, net of tax	(931)	(460)	(212)
Adjustments to reconcile (loss) earnings from continuing operations to net cash provided by operating activities:			
Depreciation, depletion and amortization	3,509	2,858	2,231
Deferred income tax (benefit) expense	(1,573)	578	408
Net gain on sales of non-oil and gas property and equipment	(1)	(1)	(5)
Reduction of carrying value of oil and gas properties	10,379	—	36
Other noncash charges	187	177	269
Net increase in working capital	(138)	(499)	(282)
Increase in long-term other assets	(59)	(92)	(58)
Increase (decrease) in long-term other liabilities	48	(5)	141
Cash provided by operating activities — continuing operations	9,273	6,162	5,374
Cash provided by operating activities — discontinued operations	135	489	619
Net cash provided by operating activities	9,408	6,651	5,993
Cash flows from investing activities:			
Proceeds from sales of property and equipment	117	76	40
Capital expenditures	(9,375)	(6,158)	(7,346)
Proceeds from exchange of Chevron Corporation common stock	280	—	—
Purchases of short-term investments	(50)	(934)	(2,395)
Sales of long-term and short-term investments	300	1,136	2,501
Cash used in investing activities — continuing operations	(8,728)	(5,880)	(7,200)
Cash provided by (used in) investing activities — discontinued operations	1,855	166	(249)
Net cash used in investing activities	(6,873)	(5,714)	(7,449)
Cash flows from financing activities:			
Credit facility repayments	(3,191)	(757)	—
Credit facility borrowings	1,741	2,207	—
Net commercial paper borrowings (repayments)	1	(804)	1,808
Debt repayments	(1,031)	(567)	(862)
Preferred stock redemption	(150)	—	—
Proceeds from stock option exercises	116	91	73
Repurchases of common stock	(665)	(326)	(253)
Dividends paid on common and preferred stock	(289)	(259)	(209)
Excess tax benefits related to share-based compensation	60	44	36
Net cash (used in) provided by financing activities	(3,408)	(371)	593
Effect of exchange rate changes on cash	(116)	51	13
Net (decrease) increase in cash and cash equivalents	(989)	617	(850)
Cash and cash equivalents at beginning of year (including cash related to assets held for sale)	1,373	756	1,606
Cash and cash equivalents at end of year (including cash related to assets held for sale)	\$ 384	1,373	756



For notes to consolidated financial statements see Form 10-K:
investor.dvn.com

Directors



J. Larry Nichols, 66, is a co-founder of Devon and serves as chairman of the board of directors and chief executive officer. Nichols also serves as chairman of the Dividend Committee. Nichols was president from 1976 until 2003 and has been chief executive officer since 1980. Nichols serves as a director of Baker Hughes Inc. and Sonic Corp. and is chairman of the American

Petroleum Institute. Nichols holds a Bachelor of Arts degree in Geology from Princeton University and a law degree from the University of Michigan.



Thomas F. Ferguson, 72, joined the board of directors in 1982 and serves as chairman of the Audit Committee. Ferguson retired in 2005 from his position as managing director of United Gulf Management Ltd., a wholly-owned subsidiary of Kuwait Investment Projects Co. KSC. He has represented Kuwait Investment Projects Co. on the boards of various companies in

which it invests, including Baltic Transit Bank in Latvia and Tunis International Bank in Tunisia. Ferguson is a Canadian qualified Certified General Accountant and was formerly employed by the Economist Intelligence Unit of London as a financial consultant.



John A. Hill, 67, joined the board of directors in 2000 following Devon's merger with Santa Fe Snyder Corp. and serves as chairman of the Governance Committee. He has been with First Reserve Corp., an oil and gas investment management company, since 1983 and is currently its vice chairman and managing director. Prior to creating First Reserve Corp., Hill was president and

chief executive officer of several investment banking and asset management companies and served as the deputy administrator of the Federal Energy Administration during the Ford Administration. Hill is chairman of the board of trustees of the Putnam Funds in Boston, a trustee of Sarah Lawrence College and director of various companies controlled by First Reserve Corp.



Robert L. Howard, 72, joined the board of directors in 2003 and is chairman of the Compensation Committee. Howard served as a director of Ocean Energy Inc. from 1996 to 2003. He retired in 1995 from his position as vice president of Domestic Operations, Exploration and Production, of Shell Oil Co. Howard is also a director of Southwestern Energy Company and

McDermott International Inc.



Michael M. Kanovsky, 60, joined the board of directors in 1998. He was a co-founder of Northstar Energy Corporation and served on Northstar's board of directors from 1982 to 1998. Kanovsky serves as a director of Argosy Energy Inc., ARC Resources Ltd., Bonavista Petroleum Ltd., Pure Technologies Ltd. and TransAlta Corp.



J. Todd Mitchell, 50, joined the board of directors in 2002. He currently serves as president of Two Seven Ventures, LLC, a private energy investment company. Mitchell served as president of GPM Inc., a family-owned investment company, from 1998 to 2006, and as vice president for strategic planning from 2006 to 2007. He was on the board of directors of Mitchell Energy & Development Corp. from 1993 to 2002.



Mary P. Ricciardello, 53, joined the board of directors in 2007. She retired in 2002 after a 20-year career with Reliant Energy Inc., a leading independent power producer and marketer. Ricciardello began her career with Reliant in 1982 and served in various financial management positions with the company including comptroller, vice president and most recently as senior vice president and chief accounting officer. She serves on the boards of U.S. Concrete and Noble Corp. and is a Certified Public Accountant.



John Richels, 57, is a member of the board of directors and serves as president of Devon. He has been with the company since the 1998 acquisition of the Canadian-based Northstar Energy Corporation. Prior to joining Northstar, Richels was managing and chief operating partner of the Canadian-based national law firm, Bennett Jones. Richels previously served as a director of a number of publicly traded companies. He holds a bachelor's degree in economics from York University and a law degree from the University of Windsor.

Senior Officers



David A. Hager, 52, executive vice president, Exploration and Production, has been with the company since March 2009. He was previously a member of Devon's board of directors. Hager served as chief operating officer of Kerr-McGee Corporation prior to its merger with Anadarko Petroleum Corp. in 2006. He has more than 25 years of oil and gas

exploration and production experience, including an extensive background in planning and executing deepwater exploration and development projects. Hager also serves as a director of Pride International, Inc.



R. Alan Marcum, 42, executive vice president, Administration, has been with the company since 1995. Marcum most recently held the position of vice president and controller. Prior to joining Devon, Marcum was employed by KPMG Peat Marwick (now KPMG LLP) as a senior auditor. He holds a Bachelor of Science degree from East Central University.

Marcum is a Certified Public Accountant and a member of the Oklahoma State Society of Certified Public Accountants.



Frank W. Rudolph, 52, executive vice president, Human Resources, has been with the company since 2007. Prior to joining Devon, Rudolph was vice president Human Resources for Banta Corporation, an international printing and supply chain management company. His career in human resources began at R. R. Donnelly & Sons and spans more than 25 years.

Rudolph holds a Bachelor of Science degree in administration from Illinois State University and a master's degree in industrial relations and management from Loyola University.



Darryl G. Smette, 61, executive vice president, Marketing and Midstream, has been with the company since 1989. His marketing background includes 15 years with Energy Reserves Group Inc./BHP Petroleum (Americas) Inc. He is also an oil and gas industry instructor, approved by the University of Texas Department of Continuing Education. Smette is a

member of the Oklahoma Independent Producers Association, Natural Gas Association of Oklahoma and the American Gas Association. He holds an undergraduate degree from Minot State University and a master's degree from Wichita State University.



Lyndon C. Taylor, 50, executive vice president and general counsel, has been with the company since 2005. Prior to joining Devon, Taylor was with Skadden, Arps, Slate, Meagher & Flom, LLP for 20 years, most recently as managing partner of the firm's Houston energy practice. He is admitted to practice law in Oklahoma and Texas. Taylor holds a Bachelor of

Science degree in industrial engineering from Oklahoma State University and a law degree from the University of Oklahoma.



William F. Whitsitt, 64, executive vice president, Public Affairs, has been with the company since 2008. Prior to joining Devon, Whitsitt spent 11 years in Washington D.C. as a public affairs consultant. He held the positions of president and chief operating officer for the American Exploration and Production Council (previously the Domestic

Petroleum Council). Whitsitt also previously served as director of Governmental Affairs for the law firm Skadden, Arps, Slate, Meagher & Flom, LLP and vice president of Worldwide Marketing and Public Affairs for Oryx Energy. Whitsitt holds a doctoral degree in Public Administration from George Washington University.



For more information on Management:

www.devonenergy.com/AboutDevon/Pages/management_team

• Directors, Senior Officers as well as other Executives

Investor Information

Corporate Headquarters

Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260
Telephone: (405) 235-3611
Fax: (405) 552-4550

Permian, Mid-Continent, Rocky Mountains and Marketing and Midstream Operations

Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102-8260
Telephone: (405) 235-3611
Fax: (405) 552-4550

Gulf, Gulf Coast and International Operations

Devon Energy Corporation
Devon Energy Tower
1200 Smith Street
Houston, TX 77002-4313
Telephone: (713) 286-5700

Canadian Operations

Devon Canada Corporation
2000, 400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2
Telephone: (403) 232-7100

Royalty Owner Assistance

Telephone: (405) 228-4800
E-mail: DevonRevenueHotline@devon.com

Shareholder Assistance

For information about transfer or exchange of shares, dividends, address changes, account consolidation, multiple mailings, lost certificates and Form 1099, contact:
Computershare Trust Company, N.A.
PO Box 43078
Providence, RI 02940-3078
Toll free: (877) 860-5820
E-mail: web.queries@computershare.com

Investor Relations Contacts

Vince White, Senior Vice President
Investor Relations
Telephone: (405) 552-4505
E-mail: vince.white@devon.com

Zack Hager, Senior Manager, Investor Relations
Telephone: (405) 552-4526
E-mail: zack.hager@devon.com

Shea Snyder, Manager, Investor Relations
Telephone: (405) 552-4782
E-mail: shea.snyder@devon.com

Scott Coody, Supervisor, Investor Relations
Telephone: (405) 552-4735
E-mail: scott.coody@devon.com

Media Contact

Chip Minty, Manager, Media Relations
Telephone: (405) 228-8647
E-mail: chip.minty@devon.com

Annual Meeting

Our annual shareholders' meeting will be held at 8 a.m. Central Time on Wednesday, June 3, 2009, at the Skirvin Hotel, Continental Room, 1 Park Avenue, Oklahoma City, OK.

Independent Auditors

KPMG LLP
Oklahoma City, OK

Stock Trading Data

Devon Energy Corporation's common stock is traded on the New York Stock Exchange (symbol: DVN). There are approximately 14,000 shareholders of record.

Online Publications

A copy of Devon's Summary Annual Report, SEC Form 10-K and Corporate Responsibility Report are available at: www.devonenergy.com.

A print version of the publications are available upon request to:
Judy Roberts, Shareholders Services Administrator
Telephone: (405) 552-4570
Email: judy.roberts@devon.com



Common Stock Trading Data

2007

QUARTER	HIGH	LOW	LAST	TOTAL VOLUME
First	\$ 71.24	62.80	69.22	267,618,540
Second	\$ 83.92	69.30	78.29	226,144,705
Third	\$ 85.20	69.01	83.20	217,392,650
Fourth	\$ 94.75	80.05	88.91	222,106,857

2008

QUARTER	HIGH	LOW	LAST	TOTAL VOLUME
First	\$ 108.13	74.56	104.33	280,696,802
Second	\$ 127.16	101.31	120.16	272,445,836
Third	\$ 127.43	82.10	91.20	465,638,876
Fourth	\$ 91.69	54.40	65.71	437,273,430

Forward-Looking Statements This Summary Annual Report includes "forward-looking statements" as defined by securities laws. These statements refer to our objectives, estimates, expectations, and strategic plans for our future operations. Other than statements of historical facts, all statements included in this Report that address activities, events, or developments that Devon expects, believes, or anticipates may or will occur in the future are forward-looking statements. Such statements are subject to a number of assumptions, risks, and uncertainties, many of which are beyond the control of Devon. We discuss our principal assumptions, risks, and uncertainties in our most recent Form 10-K. We encourage our investors to review and consider those matters as they may cause Devon's actual results to differ materially from our expectations. The forward-looking statements in this Report are made as of the date of this Report, even if this Report is subsequently made available by us on our website or otherwise. Devon does not undertake any obligation to update the forward-looking statements as a result of new information, future events, or otherwise.



Corporate
Responsibility
Report



Form 10-K

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