



**Devon Energy Fourth-Quarter 2020
Supplemental Tables**

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DEVON ENERGY FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF EARNINGS (LEGACY DEVON)

(in millions, except per share amounts)

| | 2020 | | | | 2019 |
|--|-----------|-----------|-----------|------------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Oil, gas and NGL sales | \$ 786 | \$ 678 | \$ 424 | \$ 807 | \$ 1,035 |
| Oil, gas and NGL derivatives ⁽¹⁾ | (117) | (87) | (361) | 720 | (116) |
| Marketing and midstream revenues | 611 | 476 | 331 | 560 | 670 |
| Total revenues | 1,280 | 1,067 | 394 | 2,087 | 1,589 |
| Production expenses ⁽²⁾ | 271 | 271 | 263 | 318 | 324 |
| Exploration expenses | 4 | 39 | 12 | 112 | 29 |
| Marketing and midstream expenses | 618 | 478 | 339 | 578 | 665 |
| Depreciation, depletion and amortization | 301 | 299 | 299 | 401 | 382 |
| Asset impairments | 27 | — | — | 2,666 | — |
| Asset dispositions | (1) | — | — | — | — |
| General and administrative expenses | 82 | 75 | 79 | 102 | 119 |
| Financing costs, net | 70 | 66 | 69 | 65 | 64 |
| Restructuring and transaction costs | 17 | 32 | — | — | 11 |
| Other, net | 1 | — | 13 | (48) | 16 |
| Total expenses | 1,390 | 1,260 | 1,074 | 4,194 | 1,610 |
| Loss from continuing operations before income taxes | (110) | (193) | (680) | (2,107) | (21) |
| Income tax benefit | (37) | (90) | (3) | (417) | (33) |
| Net earnings (loss) from continuing operations | (73) | (103) | (677) | (1,690) | 12 |
| Net earnings (loss) from discontinued operations, net of taxes | (25) | 13 | 9 | (125) | (652) |
| Net loss | (98) | (90) | (668) | (1,815) | (640) |
| Net earnings attributable to noncontrolling interests | 4 | 2 | 2 | 1 | 2 |
| Net loss attributable to Devon | \$ (102) | \$ (92) | \$ (670) | \$ (1,816) | \$ (642) |
| Basic and Diluted earnings (loss) per share: | | | | | |
| Continuing operations | \$ (0.20) | \$ (0.29) | \$ (1.80) | \$ (4.48) | \$ 0.03 |
| Discontinued operations | (0.07) | 0.04 | 0.02 | (0.34) | (1.73) |
| Basic net loss per share | \$ (0.27) | \$ (0.25) | \$ (1.78) | \$ (4.82) | \$ (1.70) |
| Weighted average common shares outstanding: | | | | | |
| Basic | 383 | 383 | 383 | 383 | 383 |
| Diluted | 383 | 383 | 383 | 383 | 385 |

(1) OIL, GAS AND NGL DERIVATIVES

(in millions)

| | 2020 | | | | 2019 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Derivative cash settlements | \$ (27) | \$ 10 | \$ 232 | \$ 101 | \$ 42 |
| Derivative valuation changes | (90) | (97) | (593) | 619 | (158) |
| Oil, gas and NGL derivatives | \$ (117) | \$ (87) | \$ (361) | \$ 720 | \$ (116) |

(2) PRODUCTION EXPENSES

(in millions)

| | 2020 | | | | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Lease operating expense | \$ 91 | \$ 100 | \$ 108 | \$ 126 | \$ 120 |
| Gathering, processing & transportation | 130 | 125 | 123 | 130 | 131 |
| Production taxes | 47 | 42 | 25 | 56 | 69 |
| Property taxes | 3 | 4 | 7 | 6 | 4 |
| Production expenses | \$ 271 | \$ 271 | \$ 263 | \$ 318 | \$ 324 |

CONSOLIDATED STATEMENTS OF CASH FLOWS (LEGACY DEVON)

(in millions)

| | 2020 | | | | 2019 |
|---|-----------|-----------|-----------|------------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Cash flows from operating activities: | | | | | |
| Net loss | \$ (98) | \$ (90) | \$ (668) | \$ (1,815) | \$ (640) |
| Adjustments to reconcile net loss to net cash from operating activities: | | | | | |
| Net (earnings) loss from discontinued operations, net of income taxes | 25 | (13) | (9) | 125 | 652 |
| Depreciation, depletion and amortization | 301 | 299 | 299 | 401 | 382 |
| Asset impairments | 27 | — | — | 2,666 | — |
| Leasehold impairments | 3 | 36 | 3 | 110 | 3 |
| Accretion on discounted liabilities | 8 | 8 | 8 | 8 | 8 |
| Total (gains) losses on commodity derivatives | 117 | 87 | 361 | (720) | 116 |
| Cash settlements on commodity derivatives | (27) | 10 | 232 | 101 | 41 |
| Gains on asset dispositions | (1) | — | — | — | — |
| Deferred income tax benefit | (17) | — | — | (311) | (27) |
| Share-based compensation | 18 | 31 | 19 | 20 | 23 |
| Other | — | 1 | 4 | — | 2 |
| Changes in assets and liabilities, net | 2 | 58 | (99) | (56) | 18 |
| Net cash from operating activities - continuing operations | 358 | 427 | 150 | 529 | 578 |
| Cash flows from investing activities: | | | | | |
| Capital expenditures | (217) | (204) | (307) | (425) | (408) |
| Acquisitions of property and equipment | (3) | — | (1) | (4) | (3) |
| Divestitures of property and equipment | 5 | 1 | 3 | 25 | 43 |
| Net cash from investing activities - continuing operations | (215) | (203) | (305) | (404) | (368) |
| Cash flows from financing activities: | | | | | |
| Repurchases of common stock | — | — | — | (38) | (103) |
| Dividends paid on common stock | (138) | (43) | (42) | (34) | (34) |
| Contributions from noncontrolling interests | 9 | 1 | 6 | 5 | 116 |
| Distributions to noncontrolling interest | (4) | (4) | (3) | (3) | — |
| Shares exchanged for tax withholdings and other | (1) | — | — | (17) | (2) |
| Net cash from financing activities - continuing operations | (134) | (46) | (39) | (87) | (23) |
| Net change in cash, cash equivalents and restricted cash of continuing operations | 9 | 178 | (194) | 38 | 187 |
| Cash flows from discontinued operations: | | | | | |
| Operating activities | 19 | 45 | (43) | (131) | (9) |
| Investing activities | 310 | 1 | 171 | (1) | — |
| Financing activities | — | — | — | — | — |
| Effect of exchange rate changes on cash | 2 | 4 | 8 | (23) | 10 |
| Net change in cash, cash equivalents and restricted cash of discontinued operations | 331 | 50 | 136 | (155) | 1 |
| Net change in cash, cash equivalents and restricted cash | 340 | 228 | (58) | (117) | 188 |
| Cash, cash equivalents and restricted cash at beginning of period | 1,897 | 1,669 | 1,727 | 1,844 | 1,656 |
| Cash, cash equivalents and restricted cash at end of period | \$ 2,237 | \$ 1,897 | \$ 1,669 | \$ 1,727 | \$ 1,844 |
| Reconciliation of cash, cash equivalents and restricted cash: | | | | | |
| Cash, cash equivalents and restricted cash | \$ 2,047 | \$ 1,707 | \$ 1,474 | \$ 1,527 | \$ 1,464 |
| Restricted cash | 190 | 190 | 195 | 200 | 380 |
| Total cash, cash equivalents and restricted cash | \$ 2,237 | \$ 1,897 | \$ 1,669 | \$ 1,727 | \$ 1,844 |

CONSOLIDATED BALANCE SHEETS (LEGACY DEVON)

(in millions)

| | December 31, 2020 | December 31, 2019 |
|---|----------------------|----------------------|
| Current assets: | | |
| Cash, cash equivalents and restricted cash | \$ 2,237 | \$ 1,844 |
| Accounts receivable | 601 | 832 |
| Current assets associated with discontinued operations | — | 896 |
| Income tax receivable | 174 | 47 |
| Other current assets | 248 | 232 |
| Total current assets | 3,260 | 3,851 |
| Oil and gas property and equipment, based on successful efforts accounting, net | 4,436 | 7,558 |
| Other property and equipment, net | 957 | 1,035 |
| Total property and equipment, net | 5,393 | 8,593 |
| Goodwill | 753 | 753 |
| Right-of-use assets | 223 | 243 |
| Other long-term assets | 283 | 196 |
| Long-term assets associated with discontinued operations | — | 81 |
| Total assets | <u>\$ 9,912</u> | <u>\$ 13,717</u> |
| Current liabilities: | | |
| Accounts payable | \$ 242 | \$ 428 |
| Revenues and royalties payable | 662 | 730 |
| Current liabilities associated with discontinued operations | — | 459 |
| Other current liabilities | 536 | 310 |
| Total current liabilities | 1,440 | 1,927 |
| Long-term debt | 4,298 | 4,294 |
| Lease liabilities | 246 | 244 |
| Asset retirement obligations | 358 | 380 |
| Other long-term liabilities | 551 | 426 |
| Long-term liabilities associated with discontinued operations | — | 185 |
| Deferred income taxes | — | 341 |
| Stockholders' equity: | | |
| Common stock | 38 | 38 |
| Additional paid-in capital | 2,766 | 2,735 |
| Retained earnings | 208 | 3,148 |
| Accumulated other comprehensive loss | (127) | (119) |
| Total stockholders' equity attributable to Devon | 2,885 | 5,802 |
| Noncontrolling interests | 134 | 118 |
| Total equity | 3,019 | 5,920 |
| Total liabilities and equity | <u>\$ 9,912</u> | <u>\$ 13,717</u> |
| Common shares outstanding | 382 | 382 |

PRODUCTION TREND (LEGACY DEVON)

| | 2020 | | | | 2019 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Oil (MBbls/d) | | | | | |
| Delaware Basin | 99 | 77 | 79 | 84 | 84 |
| Powder River Basin | 16 | 21 | 18 | 21 | 20 |
| Eagle Ford | 18 | 22 | 27 | 26 | 23 |
| Anadarko Basin | 16 | 19 | 21 | 24 | 27 |
| Other | 7 | 7 | 8 | 8 | 9 |
| Total | 156 | 146 | 153 | 163 | 163 |
| Natural gas liquids (MBbls/d) | | | | | |
| Delaware Basin | 43 | 38 | 29 | 37 | 32 |
| Powder River Basin | 3 | 3 | 2 | 3 | 2 |
| Eagle Ford | 9 | 11 | 12 | 9 | 9 |
| Anadarko Basin | 25 | 30 | 25 | 30 | 30 |
| Other | — | 1 | 1 | 1 | 1 |
| Total | 80 | 83 | 69 | 80 | 74 |
| Gas (MMcf/d) | | | | | |
| Delaware Basin | 267 | 239 | 241 | 244 | 234 |
| Powder River Basin | 22 | 23 | 20 | 29 | 28 |
| Eagle Ford | 60 | 73 | 87 | 86 | 76 |
| Anadarko Basin | 233 | 242 | 262 | 272 | 295 |
| Other | 2 | 3 | 4 | 3 | 4 |
| Total | 584 | 580 | 614 | 634 | 637 |
| Total oil equivalent (MBoe/d) | | | | | |
| Delaware Basin | 186 | 155 | 149 | 162 | 154 |
| Powder River Basin | 22 | 28 | 24 | 29 | 27 |
| Eagle Ford | 37 | 46 | 53 | 50 | 45 |
| Anadarko Basin | 81 | 89 | 90 | 98 | 107 |
| Other | 7 | 8 | 9 | 9 | 10 |
| Total | 333 | 326 | 325 | 348 | 343 |

UPSTREAM CAPITAL EXPENDITURES (LEGACY DEVON)

(in millions)

| | 2020 | | | | 2019 |
|------------------------|---------------|---------------|---------------|---------------|---------------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Delaware Basin | \$ 153 | \$ 179 | \$ 148 | \$ 220 | \$ 170 |
| Powder River Basin | 22 | 11 | 39 | 90 | 89 |
| Eagle Ford | 2 | 1 | 10 | 70 | 65 |
| Anadarko Basin | 3 | 1 | 3 | 4 | 38 |
| Other | 3 | 3 | 3 | 7 | 12 |
| Total upstream capital | <u>\$ 183</u> | <u>\$ 195</u> | <u>\$ 203</u> | <u>\$ 391</u> | <u>\$ 374</u> |

COSTS INCURRED (LEGACY DEVON)

(in millions)

Property acquisition costs:

| | Year Ended December 31, | |
|---------------------|-------------------------|-----------------|
| | 2020 | 2019 |
| Unproved properties | \$ 8 | \$ 35 |
| Exploration costs | 159 | 312 |
| Development costs | 820 | 1,499 |
| Costs incurred | <u>\$ 987</u> | <u>\$ 1,846</u> |

RESERVES RECONCILIATION (LEGACY DEVON)

| | Oil (MMBbls) | Gas (Bcf) | NGL (MMBbls) | Total (MMBoe) |
|---------------------------------|-----------------|--------------|-----------------|------------------|
| As of December 31, 2019: | | | | |
| Proved developed | 198 | 1,344 | 167 | 589 |
| Proved undeveloped | 78 | 277 | 44 | 168 |
| Total Proved | <u>276</u> | <u>1,621</u> | <u>211</u> | <u>757</u> |
| Revisions due to prices | (26) | (209) | (17) | (78) |
| Revisions other than price | 18 | 119 | 17 | 55 |
| Extensions and discoveries | 71 | 188 | 33 | 135 |
| Purchase of reserves | 1 | 19 | 3 | 7 |
| Production | (57) | (221) | (28) | (122) |
| Sale of reserves | (1) | (5) | (1) | (2) |
| As of December 31, 2020: | | | | |
| Proved developed | 194 | 1,244 | 173 | 574 |
| Proved undeveloped | 88 | 268 | 45 | 178 |
| Total Proved | <u>282</u> | <u>1,512</u> | <u>218</u> | <u>752</u> |

GROSS OPERATED SPUDS (LEGACY DEVON)

| | 2020 | | | | 2019 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Delaware Basin | 21 | 35 | 27 | 38 | 24 |
| Powder River Basin | 2 | — | — | 12 | 19 |
| Eagle Ford | — | — | — | 10 | 25 |
| Anadarko Basin | — | — | — | — | — |
| Total | <u>23</u> | <u>35</u> | <u>27</u> | <u>60</u> | <u>68</u> |

GROSS OPERATED WELLS TIED-IN (LEGACY DEVON)

| | 2020 | | | | 2019 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Delaware Basin | 23 | 32 | 22 | 32 | 36 |
| Powder River Basin | 2 | 9 | 4 | 14 | 19 |
| Eagle Ford | — | — | 13 | 30 | 21 |
| Anadarko Basin | — | — | — | 4 | 9 |
| Total | <u>25</u> | <u>41</u> | <u>39</u> | <u>80</u> | <u>85</u> |

NET OPERATED WELLS TIED-IN (LEGACY DEVON)

| | 2020 | | | | 2019 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Delaware Basin | 21 | 23 | 18 | 25 | 25 |
| Powder River Basin | 1 | 7 | 4 | 10 | 15 |
| Eagle Ford | — | — | 7 | 14 | 11 |
| Anadarko Basin | — | — | — | 3 | 7 |
| Total | <u>22</u> | <u>30</u> | <u>29</u> | <u>52</u> | <u>58</u> |

AVERAGE LATERAL LENGTH (LEGACY DEVON)

(based on wells tied-in)

| | 2020 | | | | 2019 |
|--------------------|----------------|---------------|---------------|---------------|---------------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Delaware Basin | 9,800' | 9,900' | 9,100' | 8,000' | 8,000' |
| Powder River Basin | 13,600' | 9,800' | 8,100' | 9,100' | 9,700' |
| Eagle Ford | — | — | 5,900' | 5,400' | 6,600' |
| Anadarko Basin | — | — | — | 9,800' | 11,200' |
| Total | <u>10,100'</u> | <u>9,900'</u> | <u>7,900'</u> | <u>7,300'</u> | <u>8,400'</u> |

BENCHMARK PRICES

(average prices)

| | 2020 | | | | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Oil (\$/Bbl) - West Texas Intermediate (Cushing) | \$ 42.65 | \$ 40.86 | \$ 28.42 | \$ 46.44 | \$ 57.02 |
| Natural Gas (\$/Mcf) - Henry Hub | \$ 2.67 | \$ 1.98 | \$ 1.71 | \$ 1.95 | \$ 2.50 |
| NGL (\$/Bbl) - Mont Belvieu Blended | \$ 20.01 | \$ 16.69 | \$ 12.57 | \$ 14.39 | \$ 18.69 |

REALIZED PRICES (LEGACY DEVON)

| | 2020 | | | | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Oil (Per Bbl) | | | | | |
| Delaware Basin | \$ 40.67 | \$ 39.19 | \$ 22.70 | \$ 45.18 | \$ 56.23 |
| Powder River Basin | 36.42 | 35.39 | 24.03 | 41.14 | 52.02 |
| Eagle Ford | 37.83 | 33.68 | 15.30 | 44.90 | 55.11 |
| Anadarko Basin | 40.34 | 37.88 | 19.52 | 45.32 | 55.71 |
| Other | 39.93 | 37.33 | 25.45 | 44.53 | 55.14 |
| Realized price without hedges | 39.84 | 37.56 | 21.25 | 44.59 | 55.41 |
| Cash settlements | (1.83) | 0.65 | 15.25 | 5.14 | 1.48 |
| Realized price, including cash settlements | \$ 38.01 | \$ 38.21 | \$ 36.50 | \$ 49.73 | \$ 56.89 |
| Natural gas liquids (Per Bbl) | | | | | |
| Delaware Basin | \$ 13.67 | \$ 11.49 | \$ 7.94 | \$ 8.36 | \$ 13.30 |
| Powder River Basin | 19.39 | 13.10 | 10.07 | 15.86 | 17.36 |
| Eagle Ford | 15.66 | 13.74 | 10.02 | 14.77 | 18.84 |
| Anadarko Basin | 15.65 | 12.68 | 9.31 | 10.90 | 17.47 |
| Other | 24.24 | 21.74 | 10.19 | 15.82 | 13.62 |
| Realized price without hedges | 14.77 | 12.36 | 8.89 | 10.40 | 15.79 |
| Cash settlements | (0.01) | (0.30) | 0.51 | 0.61 | 1.75 |
| Realized price, including cash settlements | \$ 14.76 | \$ 12.06 | \$ 9.40 | \$ 11.01 | \$ 17.54 |
| Gas (Per Mcf) | | | | | |
| Delaware Basin | \$ 1.51 | \$ 1.11 | \$ 1.05 | \$ 0.58 | \$ 1.22 |
| Powder River Basin | 2.70 | 1.94 | 1.80 | 1.71 | 2.51 |
| Eagle Ford | 2.38 | 1.95 | 1.79 | 2.05 | 2.52 |
| Anadarko Basin | 2.29 | 1.66 | 1.31 | 1.45 | 1.81 |
| Other | 2.87 | 1.52 | 1.32 | 1.69 | 0.43 |
| Realized price without hedges | 1.96 | 1.48 | 1.29 | 1.21 | 1.70 |
| Cash settlements | 0.00 | 0.06 | 0.28 | 0.36 | 0.13 |
| Realized price, including cash settlements | \$ 1.96 | \$ 1.54 | \$ 1.57 | \$ 1.57 | \$ 1.83 |
| Total oil equivalent (Per Boe) | | | | | |
| Delaware Basin | \$ 26.94 | \$ 24.00 | \$ 15.39 | \$ 26.19 | \$ 35.05 |
| Powder River Basin | 31.08 | 29.83 | 20.80 | 33.65 | 42.45 |
| Eagle Ford | 25.97 | 22.78 | 12.90 | 29.94 | 36.51 |
| Anadarko Basin | 19.79 | 16.81 | 10.98 | 18.14 | 24.28 |
| Other | 37.67 | 34.15 | 22.95 | 39.15 | 46.49 |
| Realized price without hedges | 25.63 | 22.60 | 14.37 | 25.43 | 32.82 |
| Cash settlements | (0.86) | 0.33 | 7.83 | 3.20 | 1.32 |
| Realized price, including cash settlements | \$ 24.77 | \$ 22.93 | \$ 22.20 | \$ 28.63 | \$ 34.14 |

BENCHMARK PRICES

(average prices)

| | 2020 | | | | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Oil (\$/Bbl) - West Texas Intermediate (Cushing) | \$ 42.65 | \$ 40.86 | \$ 28.42 | \$ 46.44 | \$ 57.02 |
| Natural Gas (\$/Mcf) - Henry Hub | \$ 2.67 | \$ 1.98 | \$ 1.71 | \$ 1.95 | \$ 2.50 |
| NGL (\$/Bbl) - Mont Belvieu Blended | \$ 20.01 | \$ 16.69 | \$ 12.57 | \$ 14.39 | \$ 18.69 |

PER-UNIT CASH MARGIN BY ASSET (per Boe) (LEGACY DEVON)

| | 2020 | | | | 2019 |
|--|-----------------|-----------------|----------------|-----------------|-----------------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Delaware Basin | | | | | |
| Realized price | \$ 26.94 | \$ 24.00 | \$ 15.39 | \$ 26.19 | \$ 35.05 |
| Lease operating expenses | (2.38) | (3.00) | (3.56) | (3.61) | (3.36) |
| Gathering, processing & transportation | (2.40) | (2.68) | (2.88) | (2.71) | (2.59) |
| Production & property taxes | (2.08) | (1.80) | (1.14) | (2.15) | (2.80) |
| Field-level cash margin | <u>\$ 20.08</u> | <u>\$ 16.52</u> | <u>\$ 7.81</u> | <u>\$ 17.72</u> | <u>\$ 26.30</u> |
| Powder River Basin | | | | | |
| Realized price | \$ 31.08 | \$ 29.83 | \$ 20.80 | \$ 33.65 | \$ 42.45 |
| Lease operating expenses | (5.47) | (5.41) | (6.60) | (6.65) | (5.00) |
| Gathering, processing & transportation | (3.01) | (2.30) | (2.71) | (2.32) | (3.40) |
| Production & property taxes | (3.91) | (3.49) | (2.40) | (4.20) | (5.19) |
| Field-level cash margin | <u>\$ 18.69</u> | <u>\$ 18.63</u> | <u>\$ 9.09</u> | <u>\$ 20.48</u> | <u>\$ 28.86</u> |
| Eagle Ford | | | | | |
| Realized price | \$ 25.97 | \$ 22.78 | \$ 12.90 | \$ 29.94 | \$ 36.51 |
| Lease operating expenses | (2.79) | (2.47) | (2.59) | (2.93) | (4.52) |
| Gathering, processing & transportation | (5.89) | (4.73) | (4.96) | (5.96) | (6.52) |
| Production & property taxes | (0.16) | (0.92) | (0.85) | (1.85) | (1.75) |
| Field-level cash margin | <u>\$ 17.13</u> | <u>\$ 14.66</u> | <u>\$ 4.50</u> | <u>\$ 19.20</u> | <u>\$ 23.72</u> |
| Anadarko Basin | | | | | |
| Realized price | \$ 19.79 | \$ 16.81 | \$ 10.98 | \$ 18.14 | \$ 24.28 |
| Lease operating expenses | (2.57) | (2.16) | (2.42) | (2.79) | (2.24) |
| Gathering, processing & transportation | (8.39) | (7.39) | (6.57) | (6.36) | (5.98) |
| Production & property taxes | (0.55) | (0.54) | (0.32) | (0.77) | (1.00) |
| Field-level cash margin | <u>\$ 8.28</u> | <u>\$ 6.72</u> | <u>\$ 1.67</u> | <u>\$ 8.22</u> | <u>\$ 15.06</u> |
| Other | | | | | |
| Realized price | \$ 37.67 | \$ 34.15 | \$ 22.95 | \$ 39.15 | \$ 46.49 |
| Lease operating expenses | (15.35) | (19.92) | (17.40) | (18.95) | (20.04) |
| Gathering, processing & transportation | (0.59) | (0.51) | (0.34) | (0.31) | (0.34) |
| Production & property taxes | (3.38) | (3.62) | (5.11) | (4.34) | (3.78) |
| Field-level cash margin | <u>\$ 18.35</u> | <u>\$ 10.10</u> | <u>\$ 0.10</u> | <u>\$ 15.55</u> | <u>\$ 22.33</u> |
| Devon - Total | | | | | |
| Realized price | \$ 25.63 | \$ 22.60 | \$ 14.37 | \$ 25.43 | \$ 32.82 |
| Lease operating expenses | (2.97) | (3.32) | (3.69) | (3.96) | (3.79) |
| Gathering, processing & transportation | (4.23) | (4.17) | (4.16) | (4.11) | (4.16) |
| Production & property taxes | (1.66) | (1.52) | (1.07) | (1.95) | (2.32) |
| Field-level cash margin | <u>\$ 16.77</u> | <u>\$ 13.59</u> | <u>\$ 5.45</u> | <u>\$ 15.41</u> | <u>\$ 22.55</u> |

NON-GAAP FINANCIAL MEASURES

(all monetary values in millions, except per share amounts)

The earnings materials include non-GAAP financial measures. These non-GAAP measures are not alternatives to GAAP measures, and you should not consider these non-GAAP measures in isolation or as a substitute for analysis of our results as reported under GAAP. Below is additional disclosure regarding each of the non-GAAP measures used in this press release, including reconciliations to their most directly comparable GAAP measure.

CORE EARNINGS (LOSS) (LEGACY DEVON)

Devon's reported net earnings (loss) include items of income and expense that are typically excluded by securities analysts in their published estimates of the company's financial results. Accordingly, the company also uses the measures of core earnings (loss) and core earnings (loss) per share attributable to Devon. Devon believes these non-GAAP measures facilitate comparisons of its performance to earnings estimates published by securities analysts. Devon also believes these non-GAAP measures can facilitate comparisons of its performance between periods and to the performance of its peers. The following table summarizes the effects of these items on fourth-quarter 2020 earnings.

| | Quarter Ended December 31, 2020 | | | |
|--|---------------------------------|---------------|--------------------------------------|----------------------|
| | Before-tax | After-tax | After Noncontrolling Interests | Per Diluted Share |
| Continuing Operations | | | | |
| Loss (GAAP) | \$ (110) | \$ (73) | \$ (77) | \$ (0.20) |
| Adjustments: | | | | |
| Asset dispositions | (1) | — | — | (0.00) |
| Asset and exploration impairments | 31 | 29 | 29 | 0.07 |
| Deferred tax asset valuation allowance | — | (22) | (22) | (0.06) |
| Fair value changes in financial instruments | 90 | 70 | 70 | 0.18 |
| Change in tax legislation | — | (8) | (8) | (0.02) |
| Restructuring and transaction costs | 17 | 13 | 13 | 0.04 |
| Core earnings (Non-GAAP) | <u>\$ 27</u> | <u>\$ 9</u> | <u>\$ 5</u> | <u>\$ 0.01</u> |
| Discontinued Operations | | | | |
| Loss (GAAP) | \$ (2) | \$ (25) | \$ (25) | \$ (0.07) |
| Adjustments: | | | | |
| Asset dispositions | 3 | 20 | 20 | 0.05 |
| Deferred tax asset valuation allowance | — | 2 | 2 | 0.01 |
| Fair value changes in foreign currency and other | (12) | (9) | (9) | (0.02) |
| Restructuring and transaction costs | 9 | 6 | 6 | 0.02 |
| Core loss (Non-GAAP) | <u>\$ (2)</u> | <u>\$ (6)</u> | <u>\$ (6)</u> | <u>\$ (0.01)</u> |
| Total | | | | |
| Loss (GAAP) | \$ (112) | \$ (98) | \$ (102) | \$ (0.27) |
| Adjustments: | | | | |
| Continuing Operations | 137 | 82 | 82 | 0.21 |
| Discontinued Operations | — | 19 | 19 | 0.06 |
| Core earnings (loss) (Non-GAAP) | <u>\$ 25</u> | <u>\$ 3</u> | <u>\$ (1)</u> | <u>\$ -</u> |

EBITDAX (LEGACY DEVON)

Devon believes EBITDAX provides information useful in assessing operating and financial performance across periods. Devon computes EBITDAX as net earnings from continuing operations before income tax expense; financing costs, net; exploration expenses; depreciation, depletion and amortization; asset impairments; asset disposition gains and losses; non-cash share-based compensation; non-cash valuation changes for derivatives and financial instruments; restructuring and transaction costs; accretion on discounted liabilities; and other items not related to normal operations. EBITDAX as defined by Devon may not be comparable to similarly titled measures used by other companies and should be considered in conjunction with net earnings from continuing operations.

| | Q4 '20 | Q3 '20 | Q2 '20 | Q1 '20 | TTM | Q4'19 |
|--|---------------|---------------|---------------|---------------|-----------------|---------------|
| Net loss (GAAP) | \$ (98) | \$ (90) | \$ (668) | \$ (1,815) | \$ (2,671) | \$ (640) |
| Net earnings (loss) from discontinued operations, net of tax | 25 | (13) | (9) | 125 | 128 | 652 |
| Financing costs, net | 70 | 66 | 69 | 65 | 270 | 64 |
| Income tax benefit | (37) | (90) | (3) | (417) | (547) | (33) |
| Exploration expenses | 4 | 39 | 12 | 112 | 167 | 29 |
| Depreciation, depletion and amortization | 301 | 299 | 299 | 401 | 1,300 | 382 |
| Asset impairments | 27 | — | — | 2,666 | 2,693 | — |
| Asset dispositions | (1) | — | — | — | (1) | — |
| Share-based compensation | 18 | 19 | 19 | 20 | 76 | 19 |
| Derivative and financial instrument non-cash valuation changes | 90 | 97 | 593 | (619) | 161 | 159 |
| Restructuring and transaction costs | 17 | 32 | — | — | 49 | 11 |
| Accretion on discounted liabilities and other | 1 | — | 13 | (48) | (34) | 14 |
| EBITDAX (Non-GAAP) | <u>\$ 417</u> | <u>\$ 359</u> | <u>\$ 325</u> | <u>\$ 490</u> | <u>\$ 1,591</u> | <u>\$ 657</u> |

NET DEBT (LEGACY DEVON)

Devon defines net debt as debt less cash, cash equivalents and cash restricted. Devon believes that netting these sources of cash against debt provides a clearer picture of the future demands on cash from Devon to repay debt.

| | December 31, 2020 | |
|--|----------------------|--------------|
| Total debt (GAAP) | \$ | 4,298 |
| Less: | | |
| Cash, cash equivalents and restricted cash | | (2,237) |
| Net debt (Non-GAAP) | <u>\$</u> | <u>2,061</u> |

NET DEBT-TO-EBITDAX (LEGACY DEVON)

Devon defines net debt-to-EBITDAX as net debt divided by trailing twelve months EBITDAX.

| | December 31, 2020 | |
|---|----------------------|--------------|
| Net debt (Non-GAAP) | \$ | 2,061 |
| EBITDAX (trailing 12 months) (Non-GAAP) | <u>\$</u> | <u>1,591</u> |
| Net debt-to-EBITDAX (Non-GAAP) | | <u>1.3</u> |

FREE CASH FLOW (LEGACY DEVON)

Devon defines free cash flow as total operating cash flow less capital expenditures. Devon believes that free cash flow provides a useful measure of available cash generated by operating activities for other investing and financing activities.

| | Quarter Ended December, 2020 | |
|----------------------------------|---------------------------------|------------|
| Total operating cash flow (GAAP) | \$ | 358 |
| Less capital expenditures: | | |
| Capital expenditures | | (217) |
| Free cash flow (Non-GAAP) | <u>\$</u> | <u>141</u> |

The pro forma metrics have been prepared to reflect Devon and WPX for the completion of the merger. The numbers have been developed from Devon's Annual Report on Form 10-K for the year ended December 31, 2020 and from WPX's audited consolidated financial statements for the year ended December 31, 2020 as filed within Devon's Current Report on Form 8-KA, both expected to be filed on February 17, 2021.

PRO FORMA NET DEBT

| (in millions) | Q4 2020 | | |
|--|-----------------|-----------------|-----------------|
| | Pro Forma | Devon | WPX |
| Total debt | \$ 7,862 | \$ 4,298 | \$ 3,564 |
| Cash, cash equivalents & restricted cash | (2,593) | (2,237) | (356) |
| Net debt | <u>\$ 5,269</u> | <u>\$ 2,061</u> | <u>\$ 3,208</u> |

PRO FORMA FREE CASH FLOW

| (in millions) | Q4 2020 | | |
|---------------------------|---------------|---------------|---------------|
| | Pro Forma | Devon | WPX |
| Operating cash flow | \$ 773 | \$ 358 | \$ 415 |
| Cash capital expenditures | (510) | (217) | (293) |
| Free cash flow | <u>\$ 263</u> | <u>\$ 141</u> | <u>\$ 122</u> |

VARIABLE DIVIDEND CALCULATION

Devon may pay a variable dividend up to 50 percent of its excess cash flow. Each quarter's excess cash flow is computed as operating cash flow less capital expenditures and the fixed dividend.

| (in millions) | Q4 2020 | |
|--|-----------|------------|
| | Pro Forma | |
| Operating cash flow (GAAP) | \$ | 773 |
| Changes in assets and liabilities, net | | 22 |
| Cash from operations before balance sheet changes (Non-GAAP) | \$ | 795 |
| Capital expenditures (Accrued) | | (486) |
| Adjusted free cash flow (Non-GAAP) | | 309 |
| Fixed quarterly dividend (\$0.11/share) | | (42) |
| Excess free cash flow | | 267 |
| 48% pay out (Board Discretion: Up to 50%) | | 48% |
| Total variable dividend | <u>\$</u> | <u>128</u> |

LEGACY WPX PRODUCTION AND CAPITAL

PRODUCTION TREND (LEGACY WPX)

| | 2020 | | | | 2019 |
|--------------------------------------|------------|------------|------------|------------|------------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Oil (MBbls/d) | | | | | |
| Delaware Basin | 84 | 71 | 77 | 60 | 48 |
| Williston Basin | 65 | 51 | 47 | 62 | 64 |
| Total | 149 | 122 | 124 | 122 | 112 |
| Natural gas liquids (MBbls/d) | | | | | |
| Delaware Basin | 35 | 32 | 27 | 25 | 22 |
| Williston Basin | 11 | 9 | 8 | 9 | 8 |
| Total | 46 | 40 | 35 | 34 | 30 |
| Gas (MMcf/d) | | | | | |
| Delaware Basin | 271 | 219 | 239 | 195 | 174 |
| Williston Basin | 66 | 51 | 48 | 49 | 50 |
| Total | 337 | 270 | 287 | 244 | 223 |
| Total oil equivalent (MBoe/d) | | | | | |
| Delaware Basin | 164 | 139 | 144 | 117 | 99 |
| Williston Basin | 87 | 69 | 63 | 79 | 80 |
| Total | 251 | 208 | 207 | 197 | 179 |

UPSTREAM CAPITAL EXPENDITURES (LEGACY WPX)

(in millions)

| | 2020 | | | | 2019 |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 | Quarter 4 |
| Delaware Basin | \$ 247 | \$ 186 | \$ 143 | \$ 191 | \$ 157 |
| Williston Basin | 36 | 60 | 34 | 115 | 110 |
| Total Upstream Capital | \$ 283 | \$ 246 | \$ 177 | \$ 305 | \$ 267 |

PRO FORMA KEY METRICS - Q4 2020

PRODUCTION

| | Q4 2020 | | |
|-------------------------------|-----------|-------|-----|
| | Pro Forma | Devon | WPX |
| Oil (MBbls/d) | 305 | 156 | 149 |
| Natural gas liquids (MBbls/d) | 126 | 80 | 46 |
| Gas (MMcf/d) | 921 | 584 | 337 |
| Total oil equivalent (Mboe/d) | 584 | 333 | 251 |

OTHER KEY METRICS

| (\$ millions, except Boe) | Q4 2020 | | |
|--|-----------|----------|----------|
| | Pro Forma | Devon | WPX |
| Oil, gas and NGL sales | \$ 1,421 | \$ 786 | \$ 635 |
| LOE & GP&T per BOE | \$ 7.57 | \$ 7.21 | \$ 8.05 |
| General & administrative expenses | \$ 144 | \$ 82 | \$ 62 |
| Net financing costs | \$ 119 | \$ 71 | \$ 48 |
| Operating cash flow | \$ 773 | \$ 358 | \$ 415 |
| Total cash capital | \$ 510 | \$ 217 | \$ 293 |
| Free cash flow | \$ 263 | \$ 141 | \$ 122 |
| Cash, cash equivalents & restricted cash | \$ 2,593 | \$ 2,237 | \$ 356 |
| Total debt | \$ 7,862 | \$ 4,298 | \$ 3,564 |
| Proved reserves (MMBoe) | 1,434 | 752 | 682 |