Investor Presentation

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Investor Notices

Forward-Looking Statements

Use of Non-GAAP Information

Cautionary Note to Investors
Devon’s Competitive Advantage

**World-class** onshore portfolio

**Disciplined** growth strategy

**Investment-grade** financial position

**Committed** to strong ESG performance

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**Devon Overview**

- **NYSE Symbol:** DVN
- **Enterprise Value:** ~$20 billion
- **Q3 Production:** 522 MBOE/D
- **Product Mix:** 67% liquids
Disciplined Growth Strategy

KEY STRATEGIC OBJECTIVES

1. **Fund** high-return projects
2. **Generate** free cash flow
3. **Maintain** financial strength
4. **Return** cash to shareholders

KEY ACCOMPLISHMENTS IN 2018

- U.S. oil growth ahead of plan
- No change to capital spending outlook
- Corporate cost savings: ~$475 million/year
- Reduced consolidated debt by >40%
- Repurchasing ~20% of outstanding stock
- Raised quarterly dividend 33%
## Executing The Multi-Year Business Plan

<table>
<thead>
<tr>
<th>Metric</th>
<th>2018e</th>
<th>Multi-Year Targets (2017-2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. oil production</strong></td>
<td>![↑ 17% YoY growth]</td>
<td>+15% – 17% CAGR</td>
</tr>
<tr>
<td>(retained assets)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total BOE production</strong></td>
<td>![↔ 9% YoY growth in U.S.]</td>
<td>+5% – 7% CAGR</td>
</tr>
<tr>
<td>(retained assets)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Per-unit cost savings</strong></td>
<td>![↑ G&amp;A/interest: ↓$475 MM]</td>
<td>&gt;20% by 2020</td>
</tr>
<tr>
<td>(G&amp;A, interest &amp; LOE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flow growth</strong></td>
<td>![↑ Trending above 3-year plan]</td>
<td>&gt;20% CAGR</td>
</tr>
<tr>
<td><strong>Net debt to EBITDA ratio</strong></td>
<td>![↑ &gt;40% decrease in debt]</td>
<td>~1.0x – 1.5x</td>
</tr>
<tr>
<td><strong>Excess cash inflow</strong></td>
<td>![↑ ~$5 billion by year end]</td>
<td>$6 – $8 billion</td>
</tr>
<tr>
<td>(Free cash flow + divesture proceeds)</td>
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</tbody>
</table>

**Note:** Assumes $65 WTI, $3 Henry Hub and current WCS strip pricing

- **Exceeding 2018 plan**
- **On track with 2018 plan**
Strategic Deployment Of Excess Cash

- $4 billion share-repurchase program underway
  - Represents ~20% of outstanding shares
  - $2.7 billion repurchased to date (as of 11/7/18)

- Expect program to be completed by Q1 2019

- Retired $828 million of upstream debt YTD
  - Plan to retire $257 million of maturing debt
    (by early 2019)

- Raised quarterly dividend by 33% in 2018
  - Target cash flow payout ratio: 5% - 10%
Significant Financial Strength

- Investment-grade credit ratings
- Substantial liquidity: $3.1 billion of cash
- Net debt to EBITDA target: 1.0x to 1.5x
  - Currently within target range
- Disciplined hedging program
  - Targeting ~50% of oil & gas volumes
  - Utilizing basis swaps to protect regional pricing
Highly-Regarded ESG Performance

**DEVON’S RANKINGS:**
- Overall: 79th percentile
- Environment: 58th percentile
- Social: 81st percentile
- Governance: 80th percentile

For additional information see our 2018 Sustainability Report.

**OVERALL SCORE**

- Devon: 79th percentile
- Peer Group Avg.: 58th percentile

**ENVIRONMENT SCORE**

- Devon: 58
- Peer Group Avg.: 54

**SOCIAL SCORE**

- Devon: 74
- Peer Group Avg.: 67

**GOVERNANCE SCORE**

- Devon: 74
- Peer Group Avg.: 64

**VERSUS PEER AVG.**

- Devon’s Score: 2
- Peer Average: 3.4

- Devon’s Score: 3
- Peer Average: 3.3

Note: ISS scoring scale ranges from 1 to 10. The best score possible is 1.

Devon is rated in the top half of its peers under MSCI’s rating methodology.
Operational Excellence

Capture FULL VALUE

Maximize base production
- Minimize controllable downtime
- Enhance well productivity
- Leverage midstream operations
- Control operating costs

Improve RETURNS

Optimize capital program
- Disciplined project execution
- Perform premier technical work
- Focus on development drilling
- Accelerate operational efficiencies
2019 Preview: Keeping Our Discipline

E&P CAPITAL PROGRAM
$2.4-$2.7 Billion
POSITIONED FOR FREE CASH FLOW

U.S. RETAINED ASSETS
15%-19% Growth
DRIVEN BY LOW-RISK DEVELOPMENT PROGRAM

OUTSTANDING SHARES
~20% Reduction
ENHANCING PER-SHARE CASH FLOW GROWTH

OPTIMIZED FOR RETURNS

OIL GROWTH

SHARE REDUCTION

KEY MESSAGES
- U.S. resource plays account for ~90% of capital
- Delaware Basin top-funded asset in portfolio
- STACK & Rockies key contributors to oil growth
Protecting Pricing & Flow Assurance

**KEY MESSAGES**
- Majority of production has access to Gulf Coast
- Delaware Basin oil production is price protected
- NGLs benefit from access to Mont Belvieu

**Capturing the benefit of higher NGLs Pricing**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Realized NGLs Price ($/Bbl)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2017</td>
<td>$15.15</td>
</tr>
<tr>
<td>Q4 2017</td>
<td>$18.46</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>$22.56</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>$24.10</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>$29.59</td>
</tr>
</tbody>
</table>

95% IMPROVEMENT YEAR OVER YEAR

**Access to Premium Gulf Coast Markets**

- Firm transport: ~20 MBOD (Longhorn)
- Firm sales: 100 MBOD (guaranteed flow)

(1) Represents Q3 2018 U.S. oil realizations and includes benefits of basis swaps & firm transport
Securing The Supply Chain

- Expect mid-single digit inflation in 2019
  - Efficiencies expected to offset cost pressures

- Multi-year development plans allow for longer-term commitments at below-market rates
  - Decoupling bundled services across supply chain
  - Expanded vendor universe to achieve savings
  - Services and supplies secured through 2019

- Contracting strategy delivering strong results
  - Long-term dedicated frac crews at below market rates
  - Regional sand strategy delivering 30% savings
  - Majority of rigs protected at below market rates
Delaware Basin – Franchise Asset

**World-class** oil opportunity

**Multi-decade** growth platform

**Up to 15** target intervals

**Accelerating** development activity

For additional information see our [Q3 operations report](#)
Delaware Basin – Advantaged State-Line Area

Well productivity reaching record highs
Average Cumulative Oil Production Per Well (MBO)

High-return oil growth positioned to advance (MBOED)

Accelerating activity in 2019
Upstream Capital ($B)

Improved infrastructure driving lower costs
LOE & Transportation Expense ($/BOE)

Note: 2015-2017 costs are pro forma for revenue recognition accounting rules implemented in 2018.
STACK – Next Steps To Optimize Development Returns

- Upcoming activity highly accretive to corporate return targets
  - Growth trajectory re-established by year end
  - Well placement focused in Upper Meramec
  - D&C costs expected to further improve

- Positioned for production growth in 2019
  - 2nd highest funded asset in portfolio
  - Targeting 4-8 wells per drilling unit

- Significant growth inventory remaining
  - 130K net acres in over-pressed oil window
  - Acreage position >90% undeveloped
  - Meramec inventory risked at 6 wells per unit

UPCOMING STACK DEVELOPMENT ACTIVITY

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Rockies – An Emerging Growth Opportunity

- Accelerating capital activity in 2019
  - Expect to operate 4 rigs by early next year
  - Represents 2x increase in activity from 2018
  - No permitting or infrastructure constraints

- Shifting Super Mario area into development
  - ~35 Turner wells planned to spud in 2019
  - Multi-year Turner inventory (~200 wells)

- Niobrara provides significant upside potential
  - Initial 3 wells successful (product mix: ~90% oil)
  - >10 additional tests scheduled in 2019
  - Net acres: ~200,000 in oil fairway
Devon’s Competitive Advantage

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**Devon Overview Diagram**

- **Growth Assets**
- **Cash Flow Assets**
Thank you.

For additional information see our Q3 Operations Report
## Q3 2018 – Key Modeling Stats & Outlook

### KEY METRICS | Q3 ACTUALS
---|---
U.S. oil – retained (MBbls/d) | 125
Canada oil (MBbls/d) | 102
NGLs – retained (MBbls/d) | 107
Gas - retained (MMcf/d) | 1,001
  Total retained assets (MBoe/d) | 500
U.S. divested assets (MBoe/d) | 22
  Total (MBoe/d) | 522
LOE & GP&T ($/BOE) | $9.45
General & administrative expenses ($MM) | $147
Financing costs, net ($MM) | $75
Upstream capital ($MM) | $523

### Q3 2018 - ASSET DETAIL

| DELAWARE | STACK | ROCKIES | EAGLE FORD | BARNETT | HEAVY OIL |
---|---|---|---|---|---|
RETAINED PRODUCTION
Oil (MBbl/d) | 44 | 29 | 15 | 31 | - | 102
NGL (MBbl/d) | 19 | 40 | 2 | 15 | 30 | -
Gas (MMcf/d) | 103 | 337 | 18 | 84 | 447 | 11
  Total (MBoe/d) | 79 | 126 | 19 | 60 | 105 | 104
ASSET MARGIN (per Boe)
Realized price | $46.80(2) | $31.48 | $55.83 | $49.44 | $17.78 | $39.99(3)
Lease operating expenses | ($4.90) | ($2.16) | ($6.90) | ($2.34) | ($2.14) | ($9.61)
Gathering, processing & transportation | ($2.01) | ($5.05) | ($1.68) | ($4.92) | ($7.53) | ($3.93)
Production & property taxes | ($3.37) | ($1.71) | ($6.81) | ($2.72) | ($1.24) | ($0.83)
  Cash margin | $36.52 | $22.56 | $40.44 | $39.46 | $6.87 | $25.62
CAPITAL ACTIVITY (Q3 avg.)
Upstream capital ($MM) | $198 | $167 | $29 | $35 | $15 | $60
  Operated development rigs | 8 | 8 | 2 | 1 | 1
  Operated frac crews | 2 | 2 | 0.5 | 1 | 9
  Operated spuds | 25 | 26 | 6 | 27 | 10
  Operated wells tied-in | 27 | 26 | 7 | 10
  Average lateral length | 7,000' | 9,800' | 8,700' | 5,200' |

### GUIDANCE Q4 2018e

| U.S. oil – retained (MBbls/d) | 127 – 131
Canada oil (MBbls/d)(2) | 110 – 115(3)
NGLs – retained (MBbls/d) | 106 – 110
Gas – retained (MMcf/d) | 955 – 1,010
  Total retained assets (MBoe/d) | 502 – 524
U.S. divested assets (MBoe/d) | 13 – 19
  Total (MBoe/d) | 515 – 543
  Lease operating expense & GP&T ($/BOE) | $9.50 – $9.75
  Production & property taxes ($MM) | $85 – $95
  General & administrative expenses ($MM) | $140 – $160
  Financing costs, net ($MM) | $75 – $85
  Upstream capital ($MM) | $550 – $650
  Avg. basic share count outstanding (MM) | 450 – 460

(1) Guidance assumes Jackfish complex curtailments continue throughout December.
(2) Includes benefits of regional basis swaps and firm transport in the Delaware totaling $42 million.
(3) Includes benefits of regional basis swaps in Canada totaling $84 million.
2018 Outlook: U.S. Growth Initiatives Ahead Of Plan

**KEY MESSAGES**

- U.S. oil growth to accelerate into 2019
- **No change** to activity with higher pricing
- Generating free cash flow ($249 million in Q3)

**No change to capital spending plans**
2018e E&P capital

**U.S. ASSETS**

- **90%**
- **$2.4B** 2018e E&P CAPITAL

**CANADA**
- **10%**

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**U.S. growth exceeding expectations YTD**
2018e oil production growth rates (retained assets)

<table>
<thead>
<tr>
<th>U.S. Oil Production (MBOD)</th>
<th>2018e</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delaware Basin</td>
<td>42</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>STACK</td>
<td>32</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Rockies</td>
<td>15</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Eagle Ford</td>
<td>28</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td><strong>Total retained assets</strong></td>
<td><strong>123</strong></td>
<td><strong>105</strong></td>
<td><strong>+17%</strong></td>
</tr>
<tr>
<td>Divested assets (sold or to be sold)</td>
<td>9</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td><strong>Total reported oil production</strong></td>
<td><strong>132</strong></td>
<td><strong>116</strong></td>
<td><strong>+13%</strong></td>
</tr>
</tbody>
</table>

**Basis Points**

- **+200**
- **+15%** (vs. 2017)

**Original Budget**

- **No change** to capital spending plans

**Current Outlook**

- **+200 Basis Points**
Divestiture Program Accelerates Value Creation

- Resource quality & depth allows for high-grading of portfolio
- Announced $4.7 billion of divestitures to date
  - Closed EnLink transaction in July ($3.125 billion)
  - Upstream asset sales: $1.6 billion
  - No incremental cash taxes from transactions
- Expect to exceed $5 billion divestiture target around year end
  - Rockies CO₂ projects (bids by year end)
  - Central Basin Platform assets (bids by year end)
- Continuously evaluating options to further high-grade upstream portfolio
Eagle Ford & Barnett Shale

**EAGLE FORD OVERVIEW**
- Q3 production averaged 60 MBOED (51% oil)
- Strong well results drive 10% growth vs. Q2
  - 20 new wells: IP30 ~3,000 BOED (50% oil)
  - Completion design contributes to performance
- Free cash flow accelerates (~$500 million in 2018e)
- Q4 outlook: ~60 MBOED (15 new wells online)

**BARNETT SHALE OVERVIEW**
- Q3 production averaged 105 MBOED (~30% NGLs)
- Dow JV and refrac activity stabilizing production
- NGL pricing drives margin expansion
- GP&T expense to decline by ~$90 million in 2019
- Wise County package sold for ~$50 million (Q4 close)
Heavy Oil – Overview & Outlook

- Q3 net production: 104,000 Boe per day
  - Jackfish 1 maintenance impact: ~15 MBOD
  - Jackfish 2&3 produced at nameplate capacity
  - LOE per Boe declined 16% vs. Q2 2018

- Full-scale operations restored at Jackfish complex
  - Rates reach ~110% of nameplate capacity in October

- Adjusted November production rates at Jackfish due to market conditions (~8 MBOD impact to Q4)
  - Previously incorporated in Q4 oil production outlook (press release issued 10/16/18)

- Potential to continue curtailing barrels in December
  - Decision based on real-time pricing

- WCS basis swaps protect Q4 cash flow (~$150 MM benefit)
Heavy Oil – Mitigating Pricing Pressures In 2019

- Actively adding WCS financial swaps in 2019 (21 MBOD at ~$23 off WTI in 1H 2019)
- Secured firm transport to Gulf Coast (Agreements cover ~10% of production)
- Seeking accretive rail contracts (Targeting up to 20% of production)
- Directly connected to Northwest upgrader (Limits impact of future apportionments)
- Line 3 expansion in Q4 2019 (+370 MBOD capacity)

**Canadian Heavy Oil Marketing Opportunities**

### Differentials Narrowing into 2019

$/Barrel Differential (WCS vs. WTI)

- WCS differential to WTI

Further improvements expected as industry adds incremental rail activity

In $/Barrel Differential (WCS vs. WTI)

- Jun-18: $(50)
- Sep-18: $(40)
- Dec-18: $(30)
- Mar-19: $(20)
- Jun-19: $(10)

### Price Differentials

- WCS Pricing
  - ~$30 off WTI in 2019
- Rail Opportunities
  - All in cost: ~$20/BBL
- Gulf Coast WCS Pricing
  - ~$2 off WTI in 2019