Investor Presentation

December 2018

NYSE: **DVN**
devonenergy.com

devon

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Investor Notices

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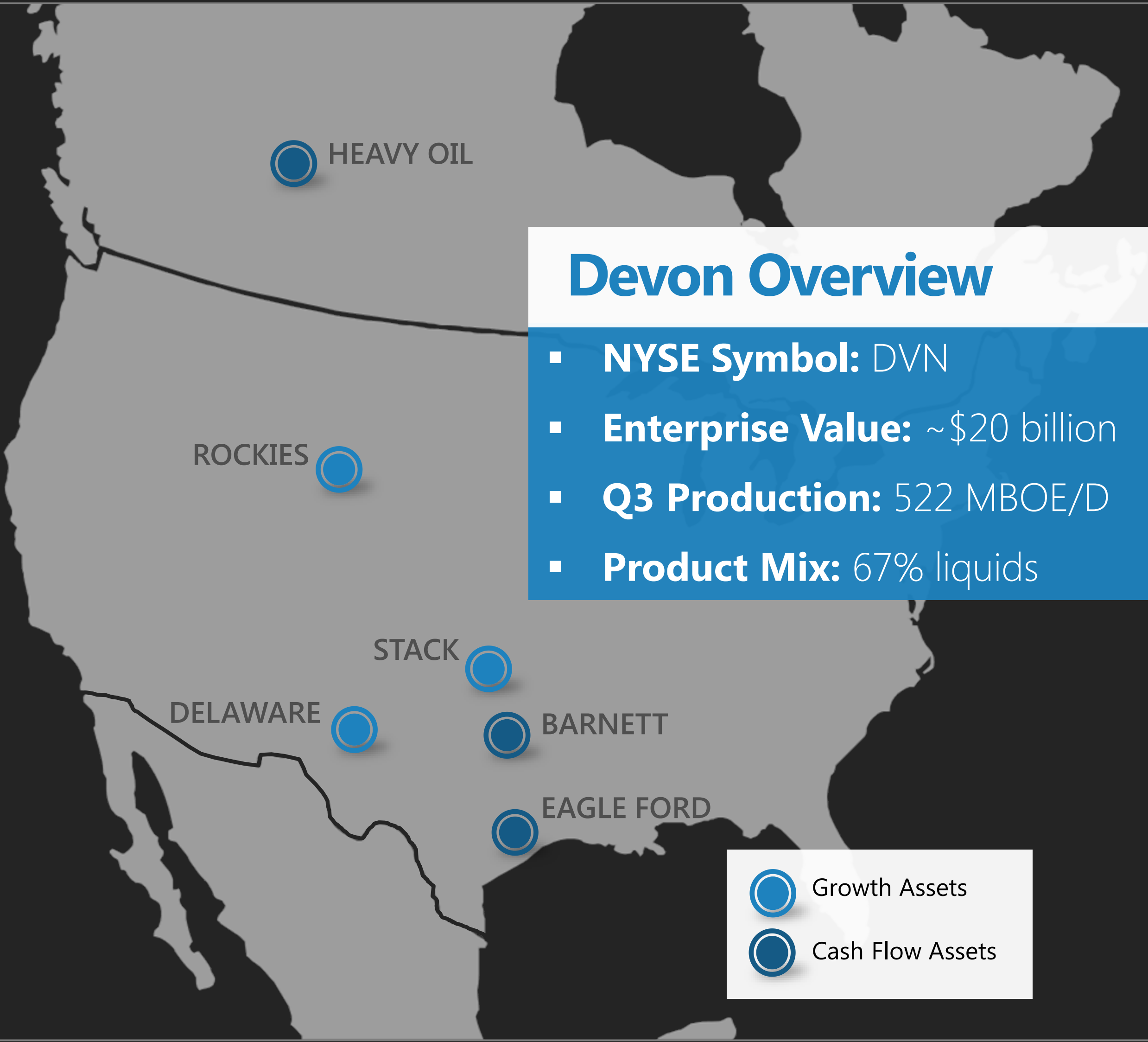
Devon's Competitive Advantage

World-class onshore portfolio

Disciplined growth strategy

Investment-grade financial position

Committed to strong ESG performance



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

	2018e	Multi-Year Targets (2017-2020)
U.S. oil production (retained assets)	17% YoY growth	+15% – 17% CAGR
Total BOE production (retained assets)	9% YoY growth in U.S.	+5% – 7% CAGR
Per-unit cost savings (G&A, interest & LOE)	G&A/interest: ↓$475 MM	>20% by 2020
Cash flow growth	Trending above 3-year plan	>20% CAGR (on a per-share basis)
Net debt to EBITDA ratio	>40% decrease in debt	~1.0x – 1.5x
Excess cash inflow (Free cash flow + divestiture proceeds)	~$5 billion by year end	$6 – $8 billion

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%

KEY INITIATIVES UNDERWAY

$4 Billion
share-repurchase program underway

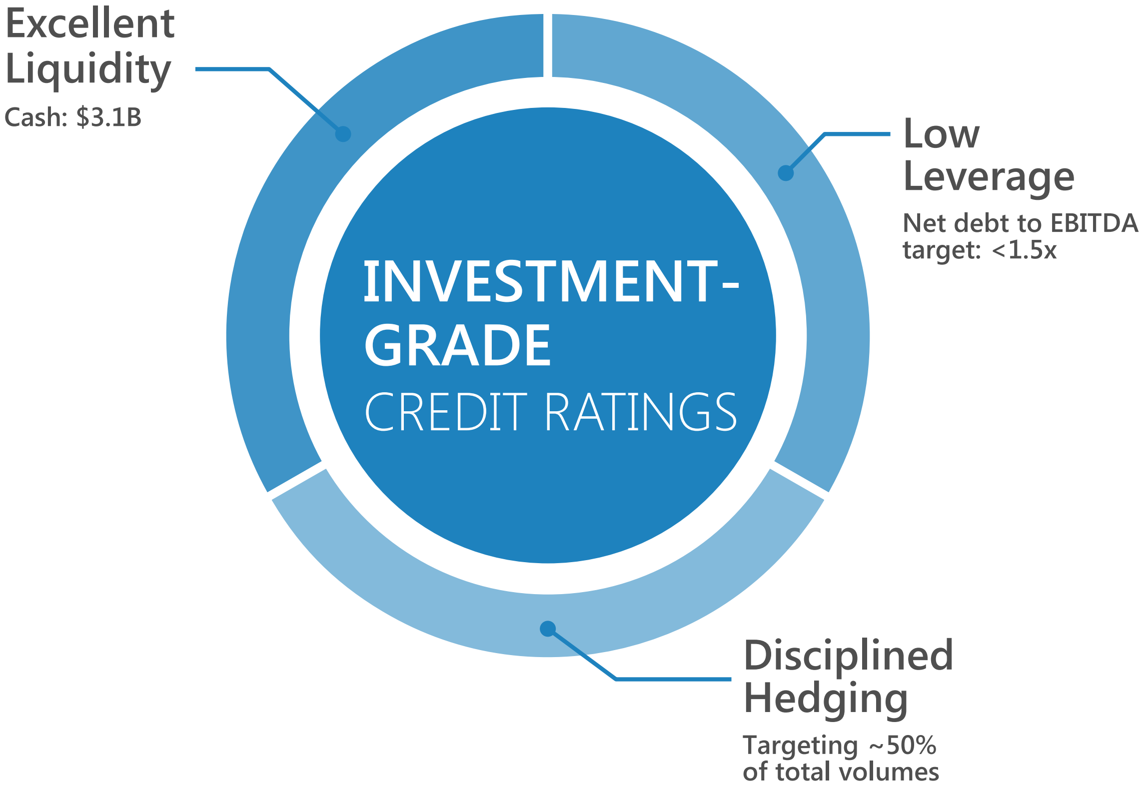
$1 Billion
debt reduction plan

33% Increase
in quarterly cash dividend

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

PROTECTING OUR ABILITY TO EXECUTE

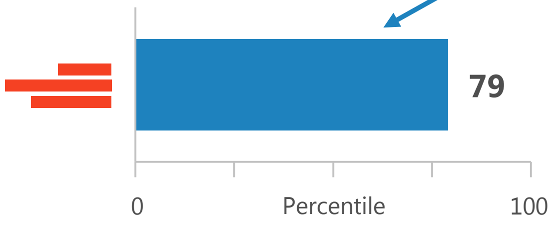


Highly-Regarded ESG Performance

SUSTAINALYTICS

OVERALL SCORE

TOP-QUARTILE PERFORMANCE



DEVON'S RANKINGS:

Overall	79th percentile
Environment	58th percentile
Social	81th percentile
Governance	80th percentile

ENVIRONMENT SCORE

SOCIAL SCORE

GOVERNANCE SCORE

For additional information see our **2018 Sustainability Report**.

ISS

ENVIRONMENT SCORE

+41%

VERSUS PEER AVG.

DVN's SCORE: 2
PEER AVERAGE: 3.4

SOCIAL SCORE

+10%

VERSUS PEER AVG.

DVN's SCORE: 3
PEER AVERAGE: 3.3

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

MSCI

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

Operational Excellence

Capture FULL VALUE

Improve RETURNS

Maximize base production

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

Optimize capital program

- Disciplined project execution
- Perform premier technical work
- Focus on development drilling
- Accelerate operational efficiencies

2019 Preview: Keeping Our Discipline

OPTIMIZED FOR RETURNS

E&P CAPITAL PROGRAM

$2.4-$2.7 Billion

POSITIONED FOR FREE CASH FLOW

OIL GROWTH

U.S. RETAINED ASSETS

15%-19% Growth

DRIVEN BY LOW-RISK DEVELOPMENT PROGRAM

SHARE REDUCTION

OUTSTANDING SHARES

~20% Reduction

ENHANCING PER-SHARE CASH FLOW GROWTH

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

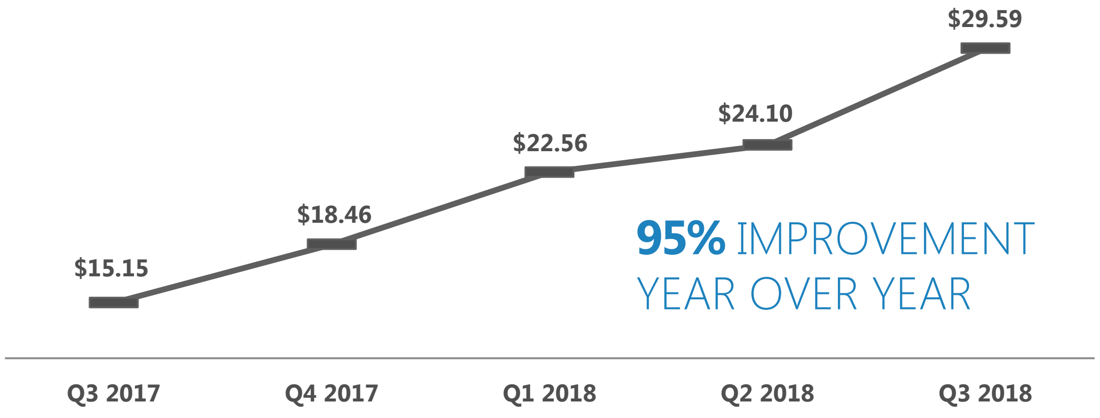
Protecting Pricing & Flow Assurance

KEY MESSAGES

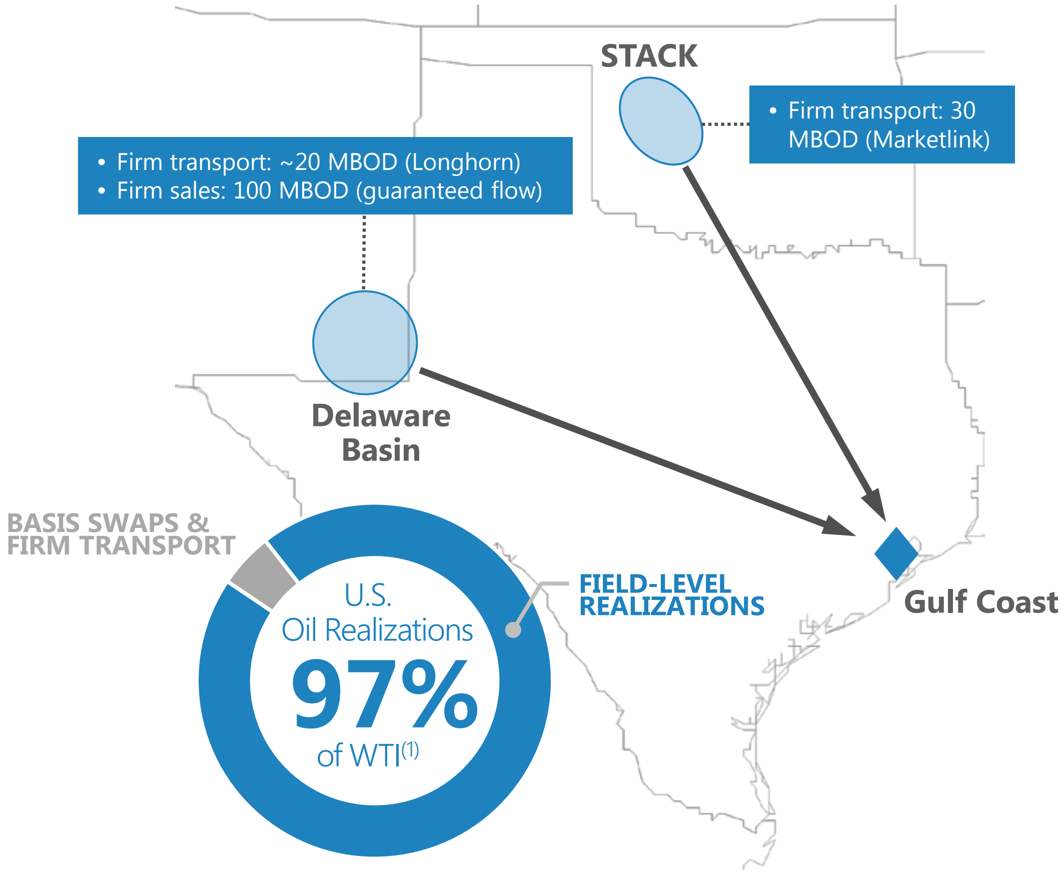
- Majority of production has access to Gulf Coast
- Delaware Basin oil production is price protected
- NGLs benefit from access to Mont Belvieu

Capturing the benefit of higher NGLs Pricing

Realized NGLs price ($/Bbl)



Access to Premium Gulf Coast Markets



(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

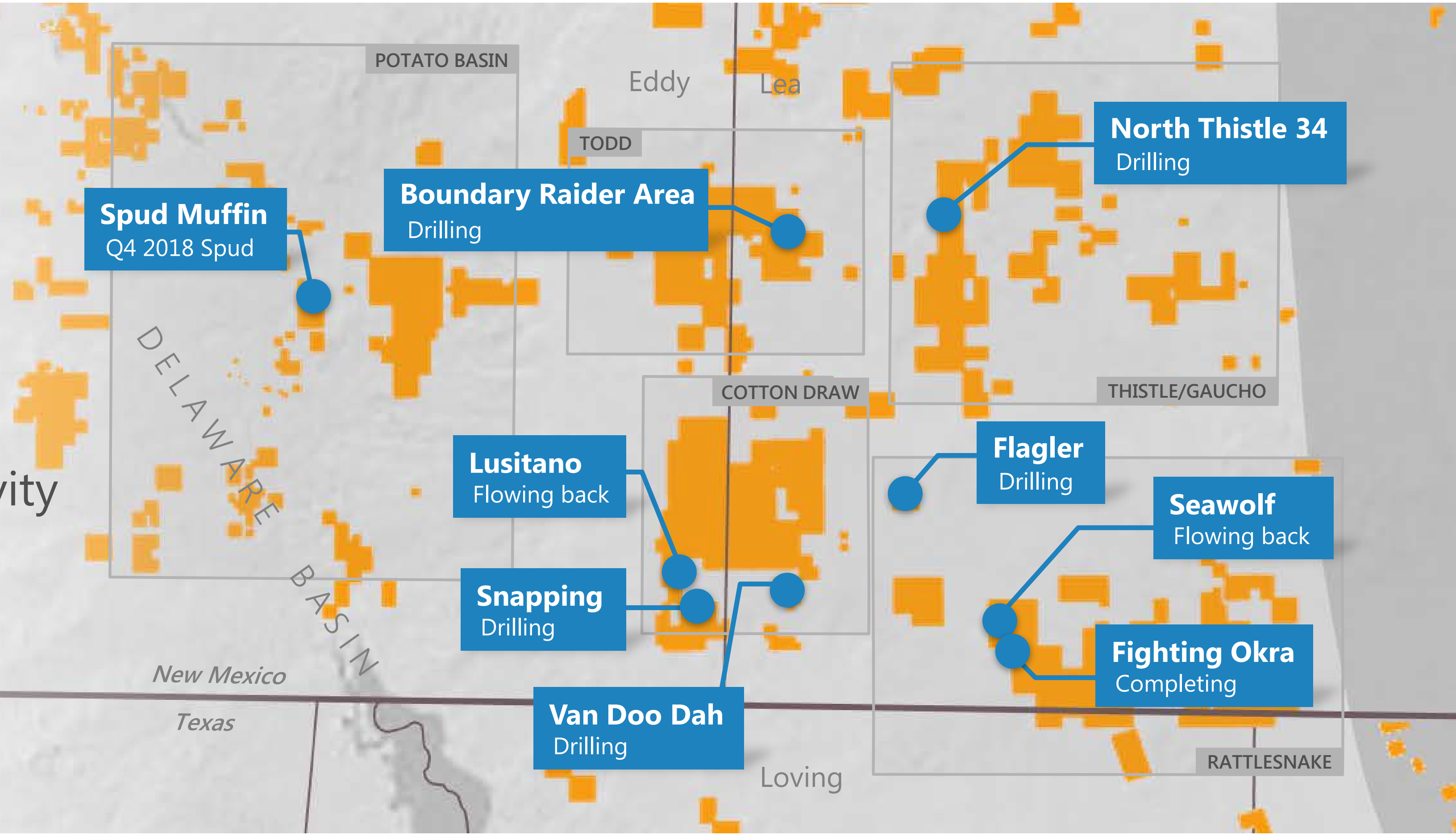
Delaware Basin – Franchise Asset

World-class oil opportunity

Multi-decade growth platform

Up to 15 target intervals

Accelerating development activity



Key Development Projects

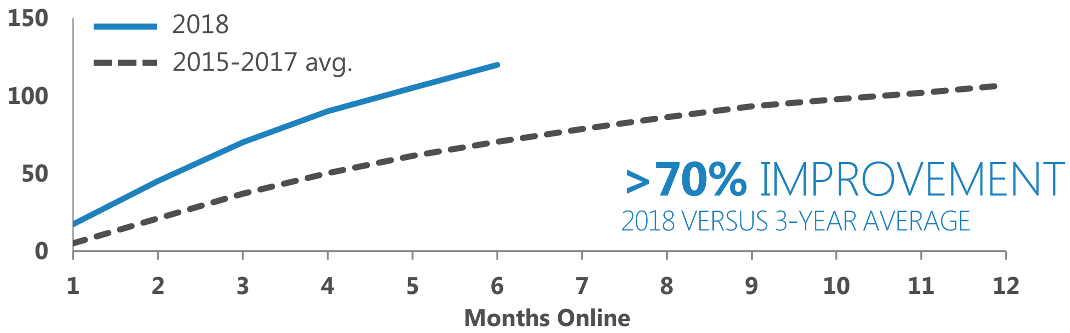
Core Development Area

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)



Accelerating activity in 2019

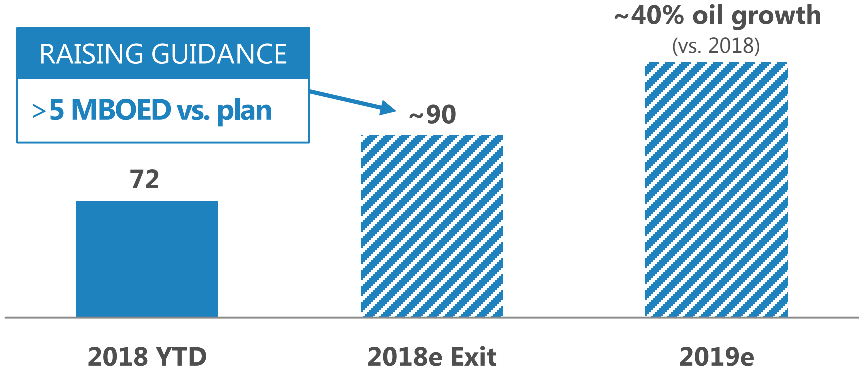
Upstream Capital ($B)

2019e Capital ~$1 Billion

TOP FUNDED ASSET

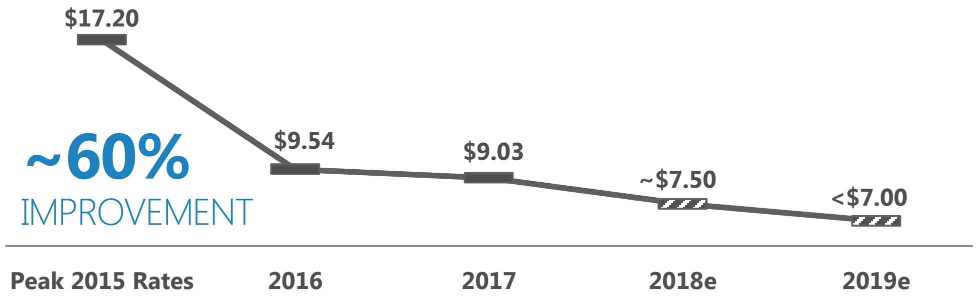
High-return oil growth positioned to advance

(MBOED)



Improved infrastructure driving lower costs

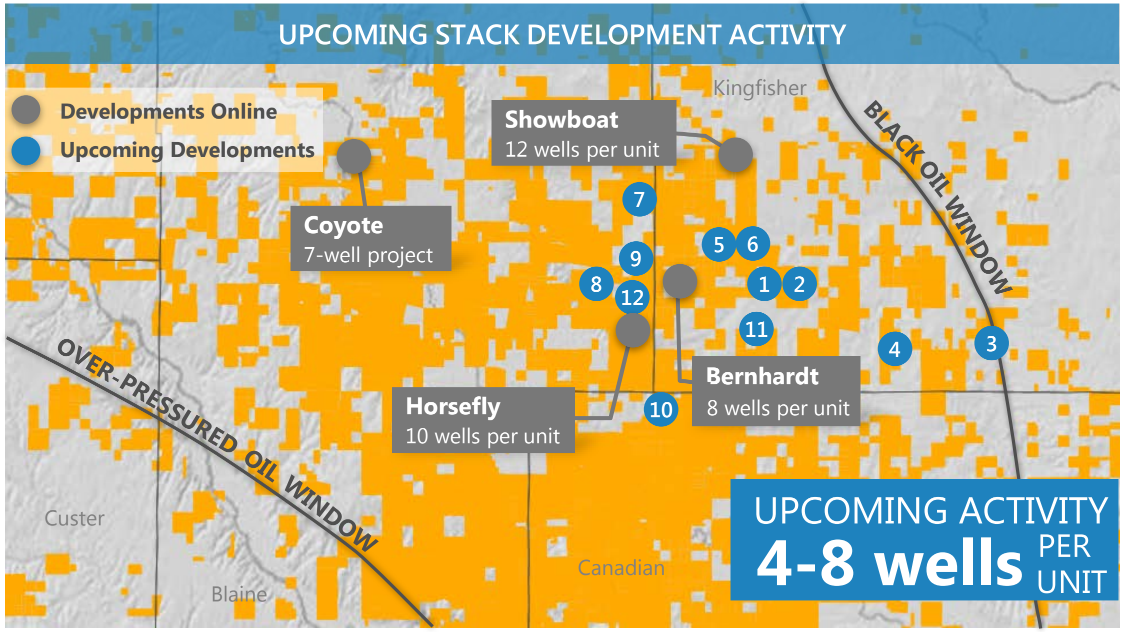
LOE & Transportation Expense ($/BOE)



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-pressured oil window
  - Acreage position >90% undeveloped
  - Meramec inventory risked at 6 wells per unit



1 **Geis** 7 wells per unit, Flowing Back

2 **Safari** 4 wells per unit, Online Q4 2018

3 **Whiskey Jack** 5 wells per unit, Online Q4 2018

4 **Shangri-La** 5 wells per unit, Online Q4 2018

5 **Pony Express** 4 wells per unit, Online Q4 2018

6 **Northwoods** 4 wells per unit, 2019 project

7 **Scott** 6 wells per unit, 2019 project

8 **Doppelganger/Kraken** 8 & 7 wells per unit, 2019 project

9 **Morning Thunder** 4 wells per unit, 2019 project

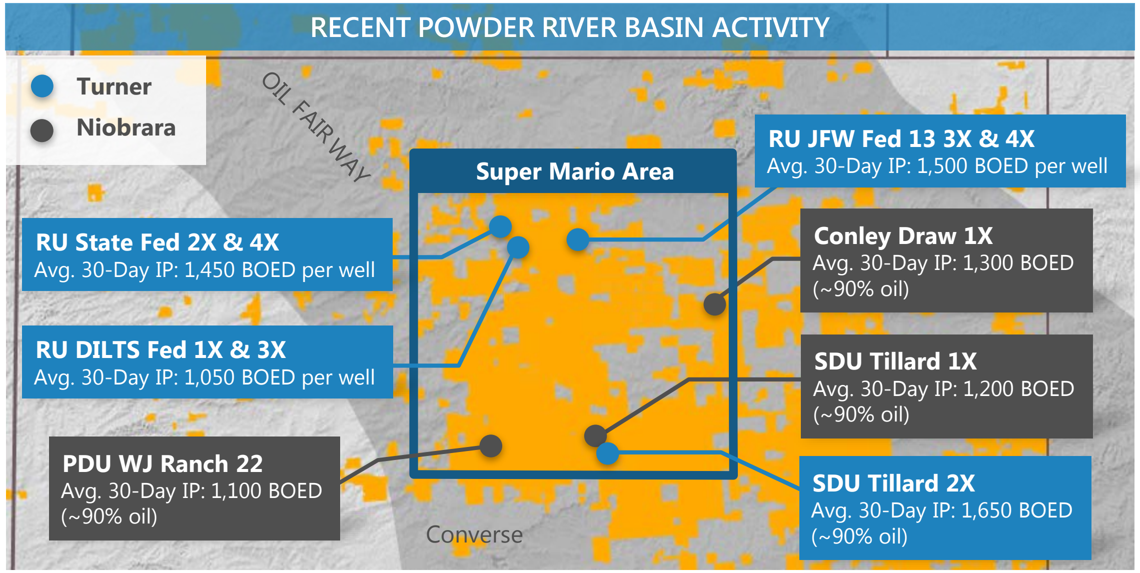
10 **ML Block** 8 wells per unit, 2019 project

11 **Brachiosaurus** 4 wells per unit, 2019 project

12 **Minnie Ha Ha** 6 wells per unit, 2019 project

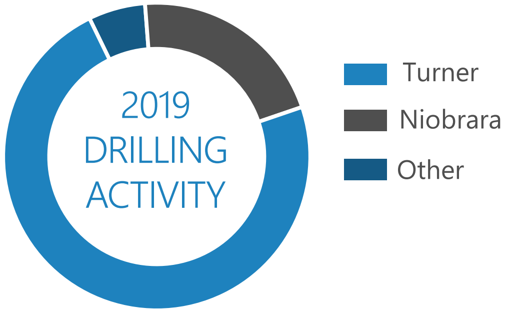
Rockies – An Emerging Growth Opportunity

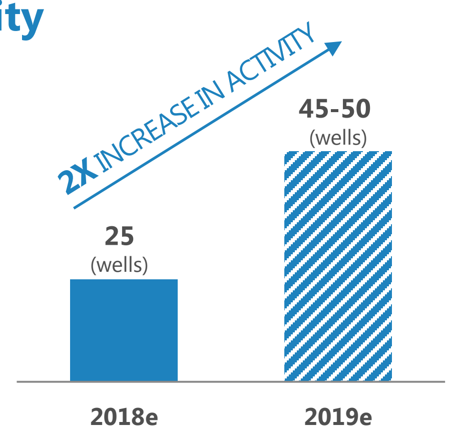
- Accelerating capital activity in 2019
  - Expect to operate 4 rigs by early next year
  - Represents 2x increase in activity from 2018
  - No permitting or infrastructure constraints
- Shifting Super Mario area into development
  - ~35 Turner wells planned to spud in 2019
  - Multi-year Turner inventory (~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



2019 Outlook: Accelerating Activity

Drilling activity by zone





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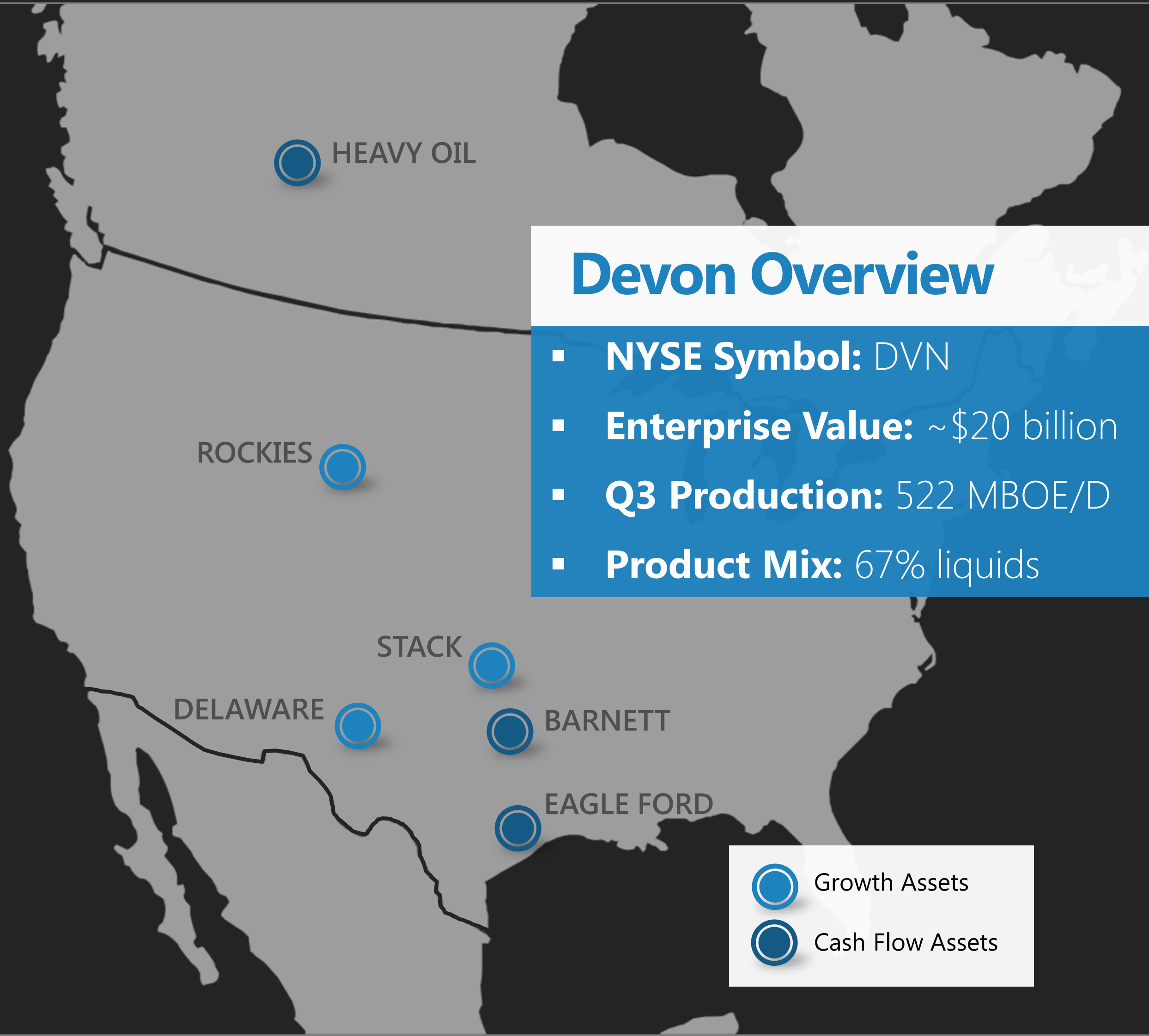

Devon Overview

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- **Enterprise Value:** ~$20 billion
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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

GUIDANCE	Q4 2018e
U.S. oil – retained (MBbls/d)	127 – 131
Canada oil (MBbls/d)[2]	110 – 115[1]
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

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	$25.62
CAPITAL ACTIVTY (Q3 avg.)						
Upstream capital ($MM)	$198	$167	$29	$35	$15	$60
Operated development rigs	8	8	2		1	
Operated frac crews	2	2	0.5		1	
Operated spuds	25	26	6		9	
Operated wells tied-in	27	26	7		10	
Average lateral length	7,000'	9,800'	8,700'		5,200'	

(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

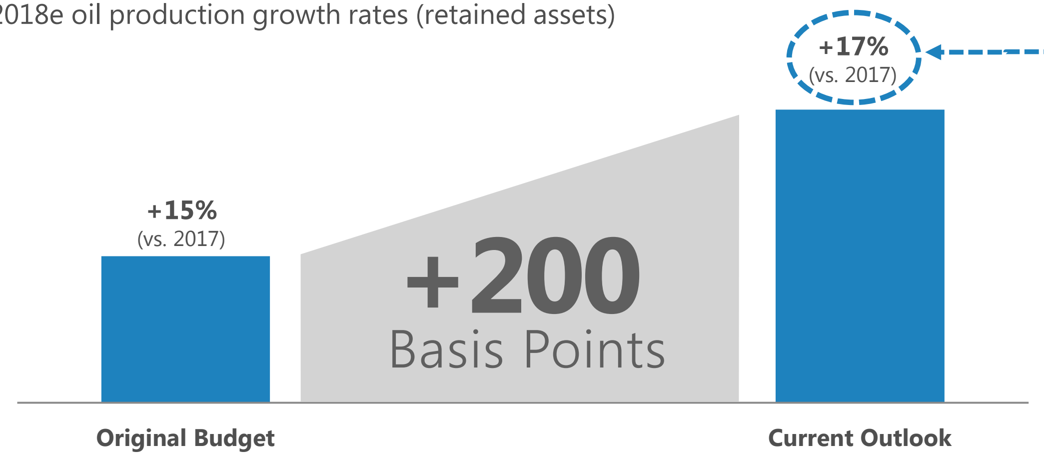
- U.S. oil growth to accelerate into 2019
- No change to activity with higher pricing
- Generating free cash flow ($249 million in Q3)

No change to capital spending plans

2018e E&P capital

U.S. growth exceeding expectations YTD

2018e oil production growth rates (retained assets)



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

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 CO_2 projects (bids by year end)
  - Central Basin Platform assets (bids by year end)
- Continuously evaluating options to further high-grade upstream portfolio

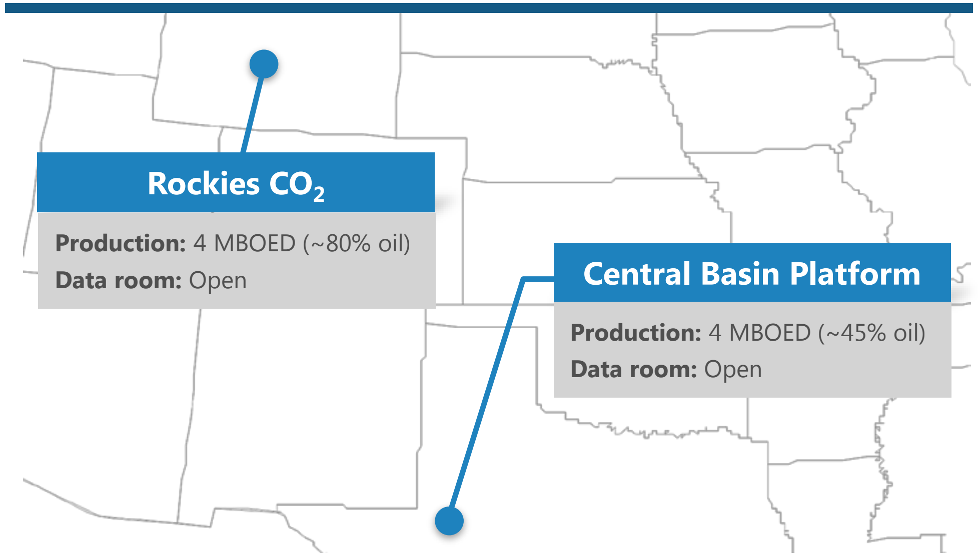
TRANSACTION DETAILS

ENLINK MIDSTREAM

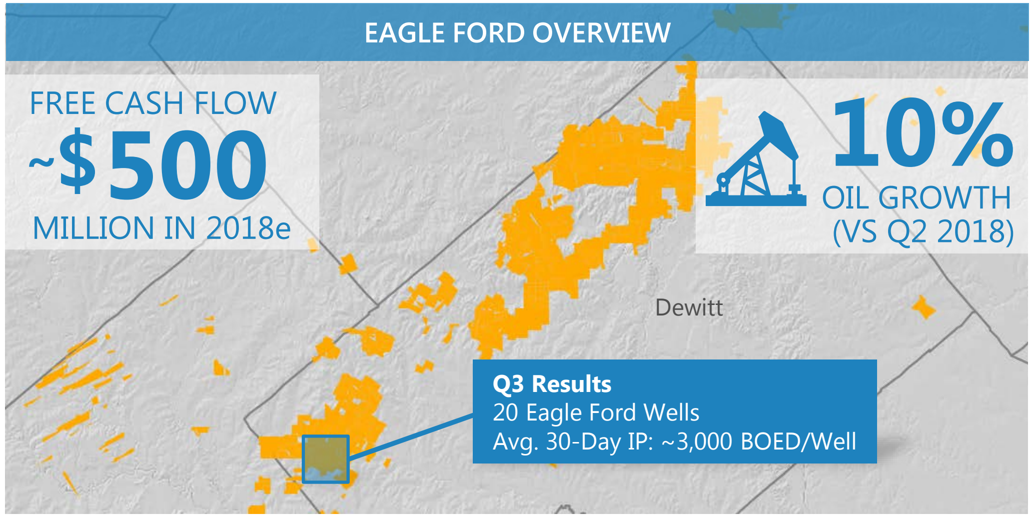
CLOSED

SALES PRICE:	ACCRETIVE MULTIPLE:
$3.125 Billion	**12x** Cash Flow

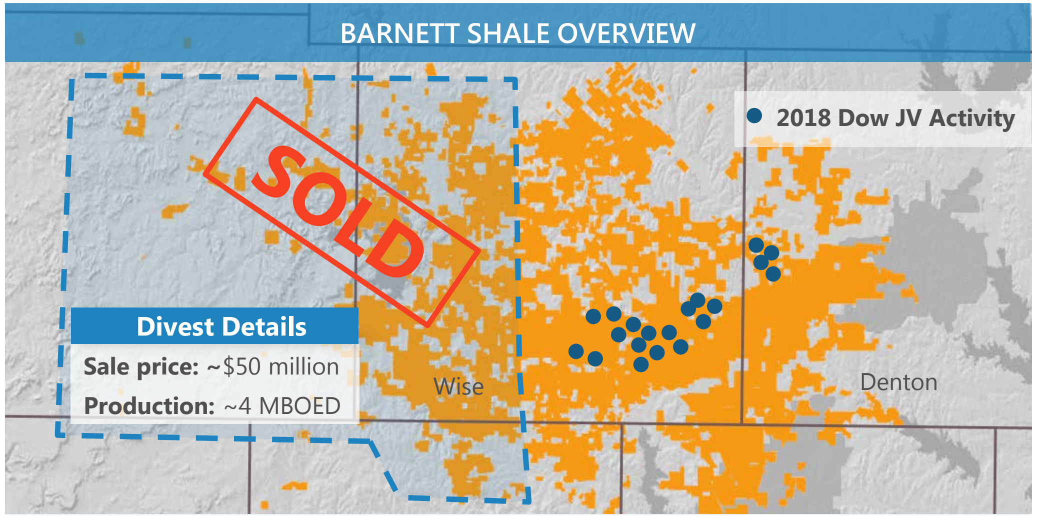
Next Steps in High-Grading Portfolio



Eagle Ford & Barnett Shale



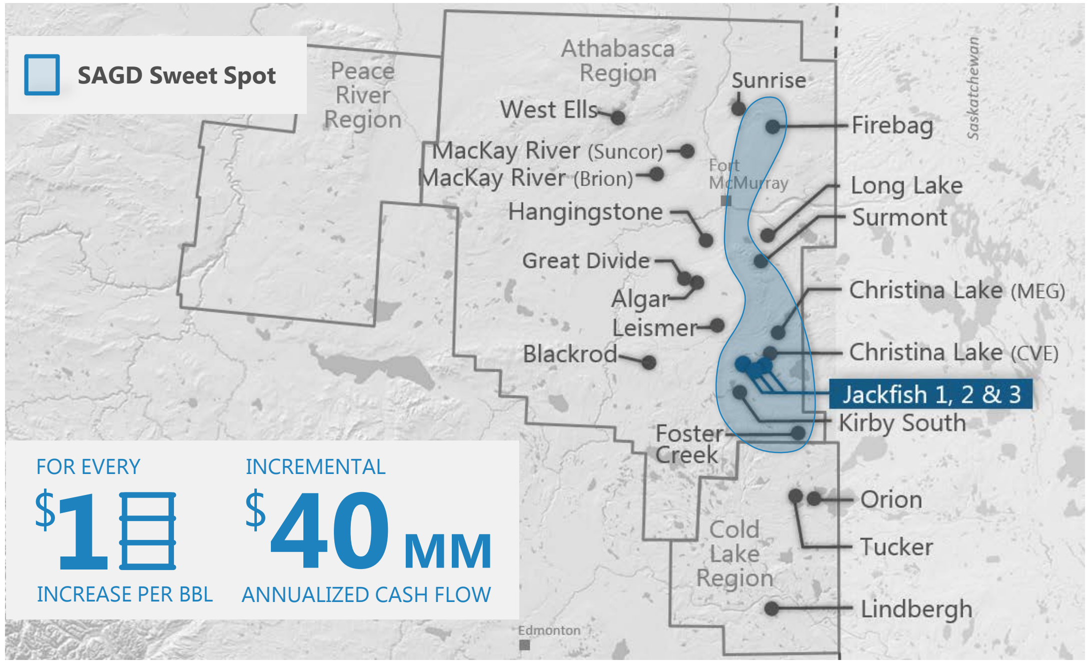
- Q3 production averaged 60 MBOED (51% oil)
- Strong well results drive 10% growth vs. Q2
  - 20 new wells : IP30 ~3,000 BOED (50% oil)
  - Completion design contributes to performance
- Free cash flow accelerates (~$500 million in 2018e)
- Q4 outlook: ~60 MBOED (15 new wells online)



- 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)



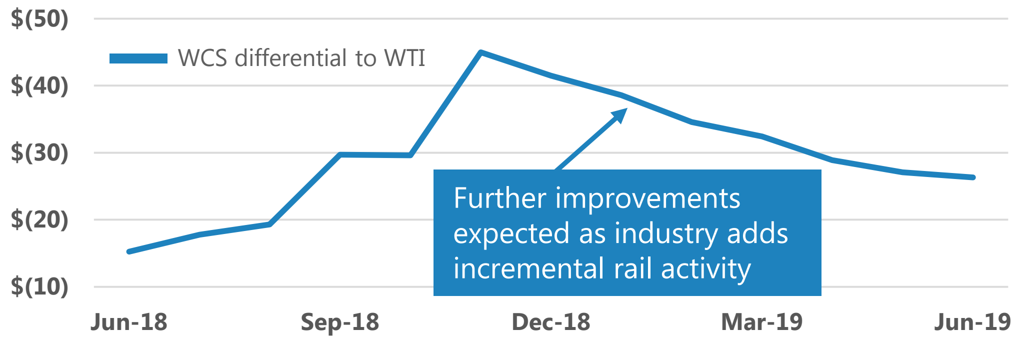
Q3 PRODUCTION	GROSS	NET
Jackfish 1 (MBOD)	20.4	19.4
Jackfish 2 (MBOD)	34.9	33.1
Jackfish 3 (MBOD)	34.8	33.0
Lloydminster (MBOED)	20.7	18.3
Total Heavy Oil (MBOED)	110.8	103.8

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)

Differentials Narrowing into 2019

$/Barrel Differential (WCS vs. WTI)



Canadian Heavy Oil Marketing Opportunities