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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 3, 2016**

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**DEVON ENERGY CORPORATION**  
(Exact Name of Registrant as Specified in its Charter)

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**DELAWARE**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**001-32318**  
(Commission  
File Number)

**73-1567067**  
(IRS Employer  
Identification Number)

**333 W. SHERIDAN AVE., OKLAHOMA CITY, OK**  
(Address of Principal Executive Offices)

**73102**  
(Zip Code)

**Registrant's telephone number, including area code: (405) 235-3611**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition**

Devon Energy Corporation hereby furnishes the information set forth in its news release dated May 3, 2016 announcing first quarter 2016 financial results, a copy of which is attached as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits**

**(d) Exhibits**

99.1 Devon Energy Corporation news release dated May 3, 2016.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereto duly authorized.

**DEVON ENERGY CORPORATION**

By:     /s/ Thomas L. Mitchell    

Thomas L. Mitchell  
Executive Vice President and  
Chief Financial Officer

Date: May 3, 2016



Devon Energy Corporation  
333 West Sheridan Avenue  
Oklahoma City, OK 73102-5015

## NEWS RELEASE

### Devon Energy Reports First-Quarter 2016 Results

OKLAHOMA CITY – May 3, 2016 – Devon Energy Corp. (NYSE: DVN) today reported operational and financial results for the first quarter of 2016 and provided guidance for the second quarter and full-year 2016.

#### Highlights

- Exceeded midpoint expectations for all production products
- Raised full-year production guidance by 3 percent
- Reduced LOE costs by 21 percent year over year
- Lowered 2016 operating cost outlook by \$50 million
- Improved balance sheet strength with liquidity increasing to \$4.6 billion

“In spite of the challenging industry conditions, Devon achieved another high-quality operating performance in the first quarter as we continued to take the appropriate steps to deliver significant cost reductions and accelerate efficiency gains across our portfolio,” said Dave Hager, president and CEO. “These successful efforts resulted in production exceeding the midpoint of guidance for all products and operating costs declining by more than 20 percent year over year. Additionally, G&A costs savings remain on track to reduce overhead by up to \$500 million on an annual basis.”

“Looking ahead, our top priority is to maintain a strong balance sheet,” said Hager. “We are balancing capital requirements with cash flow and enhancing our financial strength by utilizing asset sale proceeds to reduce debt. This disciplined financial strategy positions us to take advantage of our world-class resource plays when prices incentivize higher activity levels.”

#### Raising 2016 Production Guidance

Devon’s reported oil production averaged 285,000 barrels per day in the first quarter of 2016. Of this amount, 255,000 barrels per day were from the Company’s core assets, where investment will be focused going forward. Oil production from these assets increased 10 percent year over year, exceeding the midpoint of guidance by 5,000 barrels per day.

Overall, net production from Devon’s core assets averaged 581,000 oil-equivalent barrels (Boe) per day during the first quarter, surpassing the midpoint of guidance by 6,000 Boe per day. With the strong growth in higher-margin production, oil is now the largest component of Devon’s product mix at 44 percent of total production.

Given the strong year-to-date production performance, Devon has raised the midpoint of its 2016 guidance by 15,000 Boe per day, or 3 percent. This incremental production is expected to be delivered without additional capital spending.

#### Strong Operating Costs Performance in Q1; Additional Savings Expected

The Company has several cost-reduction initiatives underway that positively impacted first-quarter results. The most significant operating cost savings came from lease operating expenses (LOE), which is Devon’s largest field-level cost. LOE declined 21 percent compared to the first quarter of 2015 to \$7.13 per Boe, and LOE was \$6 million below the bottom-end of guidance. The decrease in LOE was primarily driven by improved power and water-handling infrastructure, declining labor expense and lower supply chain costs.

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With these outstanding results in the first quarter and additional cost savings expected throughout 2016, the Company is lowering its full-year LOE outlook by \$50 million to a range of \$1.75 billion to \$1.85 billion. Due to these additional savings, the Company expects field-level costs, which include both LOE and production taxes, to decline by up to \$400 million for the full-year 2016.

### **G&A Cost Savings Initiatives Ahead of Schedule**

Devon also realized significant general and administrative (G&A) cost savings in the first quarter. G&A expenses totaled \$194 million, a 23 percent improvement compared to the first quarter of 2015. This decrease was driven by lower employee-related costs.

In the first quarter of 2016, the Company reduced its employee count by approximately 20 percent, bringing the total workforce reduction to more than 25 percent over the past 12 months. This reorganization effort resulted in \$234 million of non-recurring charges, with minimal cash payments occurring in the first quarter. Overall, approximately 75 percent of the reorganization charges will result in cash payments, with the vast majority in subsequent quarters.

As a result of the G&A cost-reduction initiatives, overhead costs are projected to decline to approximately \$160 million in the second quarter, and the Company is on track to reduce G&A costs by up to \$500 million on an annual basis.

### **Disciplined Capital Program Yields Strong Results**

Devon's accrued E&P capital spending, which accounts for activity that was incurred during the reporting period, amounted to \$363 million in the first quarter. This strong cost performance was 9 percent below the Company's guidance midpoint.

The \$363 million of accrued upstream capital activity in the first quarter compares to \$749 million reported on Devon's consolidated statement of cash flows. The difference primarily relates to EnLink capital incurred and the timing of payables from higher activity levels in late 2015.

### **First-Quarter 2016 Operations Report**

For additional details on Devon's E&P operations, please refer to the Company's first-quarter 2016 operations report at [www.devonenergy.com](http://www.devonenergy.com). Highlights from the report include:

- STACK delivering top-tier results
- Leonard Shale potential expands in the Delaware Basin
- Eagle Ford generating substantial free cash flow
- Powder River Basin delivers best-in-class well results
- Jackfish 2 exceeds nameplate capacity

### **EnLink Midstream Delivers Steady Cash Flow**

Devon's midstream business generated \$202 million of operating profit in the first quarter, driven entirely by Devon's strategic investment in EnLink Midstream. The Company has a 64 percent ownership in the general partner (ENLC) and a 25 percent interest in the limited partnership (ENLK). In aggregate, Devon's ownership in EnLink is valued at approximately \$3 billion and is expected to generate cash distributions of \$270 million in 2016.

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## Balance Sheet and Liquidity Bolstered

Devon exited the first quarter with \$4.6 billion of liquidity, consisting of \$1.6 billion of cash on hand and \$3.0 billion of capacity on its senior credit facility. Liquidity was bolstered during the first quarter by a secondary stock offering.

Devon exited the quarter with net debt, excluding non-recourse EnLink obligations, totaling \$7.7 billion. The Company has managed its debt-maturity schedule to provide maximum flexibility with near-term liquidity and has no significant debt maturities until December 2018. The weighted-average cost of Devon's outstanding debt is only 5 percent.

## Asset Divestiture Programs Advance

To further enhance its financial strength, the Company is targeting total divestiture proceeds of \$2 billion to \$3 billion. In April, Devon took an important step toward that divestiture goal by announcing the sale of its non-core Mississippian assets in northern Oklahoma for \$200 million, which is expected to close in the second quarter.

The divestiture process for the Company's remaining non-core assets is ongoing. Devon is marketing its 50 percent interest in the Access Pipeline in Canada and anticipates an announcement in the first half of 2016. Efforts to monetize remaining non-core upstream assets in the U.S. are also progressing. Data rooms have been open since early March and bids are expected by the end of the second quarter.

## Core Earnings Results and Non-GAAP Reconciliations

Adjusting for items that securities analysts typically exclude from their published estimates, Devon had a core loss of \$249 million, or \$0.53 per share in the first quarter of 2016. On a reported basis, Devon had a net loss of \$3.1 billion for the first-quarter 2016.

For the quarter ended the Company had \$149 million in net cash from operating activities. This included a positive working capital adjustment of \$224 million and negative adjustments of \$167 million and \$130 million for restructuring and foreign exchange derivative settlements, respectively. These items are typically excluded from analyst estimates of cash flow from operations.

Pursuant to regulatory disclosure requirements, Devon is required to reconcile non-GAAP (generally accepted accounting principles) financial measures to the related GAAP information. Core earnings and net debt are non-GAAP financial measures referenced within this release. Reconciliations of these non-GAAP measures are provided later in this release.

## Conference Call Webcast and Supplemental Earnings Materials

Please note that as soon as practicable today, Devon will post an operations report to its website at [www.devonenergy.com](http://www.devonenergy.com). The Company's first-quarter conference call will be held at 10 a.m. Central (11 a.m. Eastern) on Wednesday, May 4, 2016, and will serve primarily as a forum for analyst and investor questions and answers.

## Forward-Looking Statements

*This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission (SEC). Such statements include those concerning strategic plans, expectations and objectives for future operations, and are often identified by use of the words "expects," "believes," "will," "would," "could," "forecasts," "projections," "estimates," "plans," "expectations," "targets," "opportunities," "potential," "anticipates," "outlook" and other similar terminology. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may 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 the Company. Statements regarding our business and operations are subject to all of the risks and uncertainties normally incident to the exploration for and development and production of oil and gas. These risks include, but are not limited to: the volatility of oil, gas and NGL prices, including the currently depressed commodity price environment; uncertainties inherent in estimating oil, gas and NGL reserves; the extent to which we are successful in acquiring and discovering additional reserves; the uncertainties, costs*

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*and risks involved in exploration and development activities; risks related to our hedging activities; counterparty credit risks; regulatory restrictions, compliance costs and other risks relating to governmental regulation, including with respect to environmental matters; risks relating to our indebtedness; our ability to successfully complete mergers, acquisitions and divestitures; the extent to which insurance covers any losses we may experience; our limited control over third parties who operate our oil and gas properties; midstream capacity constraints and potential interruptions in production; competition for leases, materials, people and capital; cyberattacks targeting our systems and infrastructure; and any of the other risks and uncertainties identified in our Form 10-K and our other filings with the SEC. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. The forward-looking statements in this press release are made as of the date of this press release, even if subsequently made available by Devon on its 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.*

*The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC's definitions for such terms, and price and cost sensitivities for such reserves, and prohibits disclosure of resources that do not constitute such reserves. This release may contain certain terms, such as resource potential and exploration target size. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized. The SEC guidelines strictly prohibit us from including these estimates in filings with the SEC. Investors are urged to consider closely the disclosure in our Form 10-K, available at [www.devonenergy.com](http://www.devonenergy.com). You can also obtain this form from the SEC by calling 1-800-SEC-0330 or from the SEC's website at [www.sec.gov](http://www.sec.gov).*

### **About Devon Energy**

Devon Energy is a leading independent energy company engaged in finding and producing oil and natural gas. Based in Oklahoma City and included in the S&P 500, Devon operates in several of the most prolific oil and natural gas plays in the U.S. and Canada with an emphasis on a balanced portfolio. The Company is the second-largest oil producer among North American onshore independents. For more information, please visit [www.devonenergy.com](http://www.devonenergy.com).

### **Investor Contacts**

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Scott Coody, 405-552-4735

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### **Media Contact**

John Porretto, 405-228-7506

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**PRODUCTION NET OF ROYALTIES**

|                                      | Quarter Ended<br>March 31, |              |
|--------------------------------------|----------------------------|--------------|
|                                      | 2016                       | 2015         |
| <b>Oil and bitumen (MBbls/d)</b>     |                            |              |
| U. S. - Core                         | 129                        | 127          |
| Heavy Oil                            | 126                        | 104          |
| Core assets                          | 255                        | 231          |
| Other                                | 30                         | 41           |
| Total                                | <u>285</u>                 | <u>272</u>   |
| <b>Natural gas liquids (MBbls/d)</b> |                            |              |
| U. S. - Core                         | 108                        | 105          |
| Other                                | 29                         | 34           |
| Total                                | <u>137</u>                 | <u>139</u>   |
| <b>Gas (MMcf/d)</b>                  |                            |              |
| U. S. - Core                         | 1,295                      | 1,304        |
| Heavy Oil                            | 15                         | 28           |
| Core assets                          | 1,310                      | 1,332        |
| Other                                | 271                        | 313          |
| Total                                | <u>1,581</u>               | <u>1,645</u> |
| <b>Oil equivalent (MBoe/d)</b>       |                            |              |
| U. S. - Core                         | 452                        | 449          |
| Heavy Oil                            | 129                        | 109          |
| Core assets                          | 581                        | 558          |
| Other                                | 104                        | 127          |
| Total                                | <u>685</u>                 | <u>685</u>   |

**KEY OPERATING STATISTICS BY REGION**

|                    | Quarter Ended March 31, 2016 |                        |  |
|--------------------|------------------------------|------------------------|--|
|                    | Avg. Production<br>(MBoe/d)  | Gross Wells<br>Drilled | Rigs at March 31, 2016<br>(including partner rigs) |
| STACK              | 91                           | 17                     | 4  |
| Delaware Basin     | 63                           | 21                     | —  |
| Eagle Ford         | 107                          | 24                     | 2  |
| Rockies            | 23                           | 8                      | —  |
| Heavy Oil          | 129                          | 9                      | —  |
| Barnett Shale      | 168                          | —                      | —  |
| <b>Core assets</b> | <u>581</u>                   | <u>79</u>              | <u>6</u>   |

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**PRODUCTION TREND**

|                                      | 2015         |              |              |              | 2016         |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                      | Quarter 1    | Quarter 2    | Quarter 3    | Quarter 4    | Quarter 1    |
| <b>Oil and bitumen (MBbls/d)</b>     |              |              |              |              |              |
| STACK                                | 6            | 6            | 6            | 7            | 14           |
| Delaware Basin                       | 33           | 41           | 41           | 42           | 38           |
| Eagle Ford                           | 75           | 67           | 62           | 60           | 59           |
| Rockies                              | 12           | 16           | 16           | 16           | 17           |
| Heavy Oil                            | 104          | 98           | 121          | 121          | 126          |
| Barnett Shale                        | 1            | 1            | 1            | 1            | 1            |
| Core assets                          | 231          | 229          | 247          | 247          | 255          |
| Other                                | 41           | 41           | 35           | 31           | 30           |
| Total                                | <u>272</u>   | <u>270</u>   | <u>282</u>   | <u>278</u>   | <u>285</u>   |
| <b>Natural gas liquids (MBbls/d)</b> |              |              |              |              |              |
| STACK                                | 22           | 16           | 22           | 23           | 29           |
| Delaware Basin                       | 8            | 10           | 8            | 11           | 12           |
| Eagle Ford                           | 23           | 24           | 26           | 27           | 24           |
| Rockies                              | 1            | 1            | 2            | 1            | 1            |
| Barnett Shale                        | 51           | 49           | 44           | 46           | 42           |
| Core assets                          | 105          | 100          | 102          | 108          | 108          |
| Other                                | 34           | 34           | 32           | 31           | 29           |
| Total                                | <u>139</u>   | <u>134</u>   | <u>134</u>   | <u>139</u>   | <u>137</u>   |
| <b>Gas (MMcf/d)</b>                  |              |              |              |              |              |
| STACK                                | 230          | 221          | 216          | 235          | 286          |
| Delaware Basin                       | 66           | 75           | 70           | 82           | 84           |
| Eagle Ford                           | 143          | 146          | 154          | 151          | 144          |
| Rockies                              | 38           | 41           | 41           | 38           | 32           |
| Heavy Oil                            | 28           | 20           | 16           | 24           | 15           |
| Barnett Shale                        | 827          | 805          | 788          | 768          | 749          |
| Core assets                          | 1,332        | 1,308        | 1,285        | 1,298        | 1,310        |
| Other                                | 313          | 319          | 301          | 285          | 271          |
| Total                                | <u>1,645</u> | <u>1,627</u> | <u>1,586</u> | <u>1,583</u> | <u>1,581</u> |
| <b>Oil equivalent (MBoe/d)</b>       |              |              |              |              |              |
| STACK                                | 65           | 59           | 64           | 70           | 91           |
| Delaware Basin                       | 52           | 64           | 61           | 66           | 63           |
| Eagle Ford                           | 122          | 114          | 113          | 111          | 107          |
| Rockies                              | 19           | 24           | 25           | 23           | 23           |
| Heavy Oil                            | 109          | 101          | 124          | 126          | 129          |
| Barnett Shale                        | 191          | 185          | 176          | 175          | 168          |
| Core assets                          | 558          | 547          | 563          | 571          | 581          |
| Other                                | 127          | 127          | 117          | 110          | 104          |
| Total                                | <u>685</u>   | <u>674</u>   | <u>680</u>   | <u>681</u>   | <u>685</u>   |



DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**BENCHMARK PRICES**

(average prices)

|  | Quarter 1 |         |
|--|-----------|---------|
|  | 2016      | 2015    |
| Oil (\$/Bbl) - West Texas Intermediate (Cushing) | \$33.66   | \$48.87 |
| Natural Gas (\$/Mcf) - Henry Hub                 | \$ 2.09   | \$ 2.99 |

**REALIZED PRICES**

|  | Quarter Ended March 31, 2016 |                  |                  |                    |
|--|------------------------------|------------------|------------------|--------------------|
|  | Oil /Bitumen<br>(Per Bbl)    | NGL<br>(Per Bbl) | Gas<br>(Per Mcf) | Total<br>(Per Boe) |
| United States                              | \$ 28.74                     | \$ 6.84          | \$ 1.53          | \$ 14.22           |
| Canada (1)                                 | \$ 9.18                      | \$ N/M           | \$ N/M           | \$ 8.95            |
| Realized price without hedges              | \$ 20.06                     | \$ 6.84          | \$ 1.53          | \$ 13.23           |
| Cash settlements                           | \$ —                         | \$ —             | \$ 0.13          | \$ 0.30            |
| Realized price, including cash settlements | \$ 20.06                     | \$ 6.84          | \$ 1.66          | \$ 13.53           |

|  | Quarter Ended March 31, 2015 |                  |                  |                    |
|--|------------------------------|------------------|------------------|--------------------|
|  | Oil /Bitumen<br>(Per Bbl)    | NGL<br>(Per Bbl) | Gas<br>(Per Mcf) | Total<br>(Per Boe) |
| United States                              | \$ 42.80                     | \$ 9.40          | \$ 2.45          | \$ 21.66           |
| Canada (1)                                 | \$ 22.87                     | \$ N/M           | \$ N/M           | \$ 22.16           |
| Realized price without hedges              | \$ 35.17                     | \$ 9.40          | \$ 2.45          | \$ 21.74           |
| Cash settlements                           | \$ 21.12                     | \$ —             | \$ 0.51          | \$ 9.62            |
| Realized price, including cash settlements | \$ 56.29                     | \$ 9.40          | \$ 2.96          | \$ 31.36           |

(1) The reported Canadian gas volumes include volumes that are produced from certain of our leases and then transported to our Jackfish operations where the gas is used as fuel. However, the revenues and expenses related to this consumed gas are eliminated in our consolidated financials.

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**CONSOLIDATED STATEMENTS OF EARNINGS**

(in millions, except per share amounts)

|  | Quarter Ended<br>March 31, |                         |
|--|----------------------------|-------------------------|
|  | 2016                       | 2015                    |
| Oil, gas and NGL sales                                       | \$ 825                     | \$ 1,339                |
| Oil, gas and NGL derivatives                                 | 33                         | 294                     |
| Marketing and midstream revenues                             | 1,268                      | 1,632                   |
| Total operating revenues                                     | <u>2,126</u>               | <u>3,265</u>            |
| Lease operating expenses                                     | 444                        | 553                     |
| Marketing and midstream operating expenses                   | 1,066                      | 1,439                   |
| General and administrative expenses                          | 194                        | 251                     |
| Production and property taxes                                | 78                         | 108                     |
| Depreciation, depletion and amortization                     | 542                        | 930                     |
| Asset impairments  | 3,035                      | 5,460                   |
| Restructuring and transaction costs                          | 247                        | —                       |
| Other operating items  | 20                         | 19                      |
| Total operating expenses                                     | <u>5,626</u>               | <u>8,760</u>            |
| Operating loss   | (3,500)                    | (5,495)                 |
| Net financing costs  | 164                        | 117                     |
| Other nonoperating items                                     | 21                         | 12                      |
| Loss before income taxes                                     | (3,685)                    | (5,624)                 |
| Income tax benefit   | (217)                      | (2,035)                 |
| Net loss   | (3,468)                    | (3,589)                 |
| Net earnings (loss) attributable to noncontrolling interests | (412)                      | 10                      |
| Net loss attributable to Devon                               | <u><u>\$(3,056)</u></u>    | <u><u>\$(3,599)</u></u> |
| Net loss per share attributable to Devon:                    |                            |                         |
| Basic  | \$ (6.44)                  | \$ (8.88)               |
| Diluted  | \$ (6.44)                  | \$ (8.88)               |
| Weighted average common shares outstanding:                  |                            |                         |
| Basic  | 479                        | 410                     |
| Diluted  | 479                        | 410                     |

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in millions)

|  | Quarter         |                 |
|--|-----------------|-----------------|
|  | Ended March 31, |                 |
|  | 2016            | 2015            |
| Cash flows from operating activities:                                    |                 |                 |
| Net loss   | \$(3,468)       | \$(3,589)       |
| Adjustments to reconcile net loss to net cash from operating activities: |                 |                 |
| Depreciation, depletion and amortization                                 | 542             | 930             |
| Asset impairments  | 3,035           | 5,460           |
| Deferred income tax benefit  | (207)           | (2,047)         |
| Derivatives and other financial instruments                              | 194             | (430)           |
| Cash settlements on derivatives and financial instruments                | (104)           | 719             |
| Other noncash charges  | (67)            | 225             |
| Net change in working capital  | 198             | 215             |
| Change in long-term other assets   | 53              | 141             |
| Change in long-term other liabilities                                    | (27)            | 24              |
| Net cash from operating activities                                       | <u>149</u>      | <u>1,648</u>    |
| Cash flows from investing activities:                                    |                 |                 |
| Capital expenditures   | (749)           | (1,717)         |
| Acquisitions of property, equipment and businesses                       | (1,627)         | (404)           |
| Divestitures of property and equipment                                   | 18              | 2               |
| Other  | (1)             | 3               |
| Net cash from investing activities                                       | <u>(2,359)</u>  | <u>(2,116)</u>  |
| Cash flows from financing activities:                                    |                 |                 |
| Borrowings of long-term debt, net of issuance costs                      | 396             | 957             |
| Repayments of long-term debt   | (259)           | (487)           |
| Net short-term debt borrowings (repayments)                              | (626)           | 15              |
| Issuance of common stock   | 1,469           | —               |
| Sale of subsidiary units   | —               | 569             |
| Issuance of subsidiary units   | 727             | 2               |
| Dividends paid on common stock   | (125)           | (99)            |
| Distributions to noncontrolling interests                                | (73)            | (53)            |
| Other  | —               | (12)            |
| Net cash from financing activities                                       | <u>1,509</u>    | <u>892</u>      |
| Effect of exchange rate changes on cash                                  | 26              | (46)            |
| Net change in cash and cash equivalents                                  | (675)           | 378             |
| Cash and cash equivalents at beginning of period                         | 2,310           | 1,480           |
| Cash and cash equivalents at end of period                               | <u>\$ 1,635</u> | <u>\$ 1,858</u> |

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**CONSOLIDATED BALANCE SHEETS**

(in millions)

|   | March<br>31,<br>2016    | December 31,<br>2015    |
|---|-------------------------|-------------------------|
| <b>Current assets:</b>                                    |                         |                         |
| Cash and cash equivalents                                 | \$ 1,635                | \$ 2,310                |
| Accounts receivable                                       | 1,023                   | 1,105                   |
| Derivatives, at fair value                                | 54                      | 43                      |
| Income taxes receivable                                   | 24                      | 147                     |
| Other current assets                                      | 214                     | 416                     |
| Total current assets                                      | <u>2,950</u>            | <u>4,021</u>            |
| <b>Property and equipment, at cost:</b>                   |                         |                         |
| Oil and gas, based on full cost accounting:               |                         |                         |
| Subject to amortization                                   | 79,907                  | 78,190                  |
| Not subject to amortization                               | 3,901                   | 2,584                   |
| Total oil and gas   | 83,808                  | 80,774                  |
| Midstream and other                                       | 10,979                  | 10,380                  |
| Total property and equipment, at cost                     | 94,787                  | 91,154                  |
| Less accumulated depreciation, depletion and amortization | (75,523)                | (72,086)                |
| Property and equipment, net                               | <u>19,264</u>           | <u>19,068</u>           |
| Goodwill  | 4,159                   | 5,032                   |
| Other long-term assets                                    | 2,264                   | 1,330                   |
| <b>Total assets</b>                                       | <b><u>\$ 28,637</u></b> | <b><u>\$ 29,451</u></b> |
| <b>Current liabilities:</b>                               |                         |                         |
| Accounts payable  | \$ 640                  | \$ 906                  |
| Revenues and royalties payable                            | 705                     | 763                     |
| Short-term debt   | 350                     | 976                     |
| Other current liabilities                                 | 905                     | 650                     |
| Total current liabilities                                 | <u>2,600</u>            | <u>3,295</u>            |
| Long-term debt  | 12,195                  | 12,056                  |
| Asset retirement obligations                              | 1,491                   | 1,370                   |
| Other long-term liabilities                               | 1,112                   | 853                     |
| Deferred income taxes                                     | 731                     | 888                     |
| <b>Stockholders' equity:</b>                              |                         |                         |
| Common stock  | 52                      | 42                      |
| Additional paid-in capital                                | 7,501                   | 4,996                   |
| Retained earnings (accumulated deficit)                   | (1,400)                 | 1,781                   |
| Accumulated other comprehensive earnings                  | 257                     | 230                     |
| Total stockholders' equity attributable to Devon          | <u>6,410</u>            | <u>7,049</u>            |
| Noncontrolling interests                                  | 4,098                   | 3,940                   |
| Total stockholders' equity                                | <u>10,508</u>           | <u>10,989</u>           |
| <b>Total liabilities and stockholders' equity</b>         | <b><u>\$ 28,637</u></b> | <b><u>\$ 29,451</u></b> |
| Common shares outstanding                                 | 524                     | 418                     |

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**CONSOLIDATING STATEMENTS OF OPERATIONS**

(in millions)

|   | Quarter Ended March 31, 2016 |          |              |            |
|---|------------------------------|----------|--------------|------------|
|   | Devon U.S.<br>& Canada       | EnLink   | Eliminations | Total      |
| Oil, gas and NGL sales                            | \$ 825                       | \$ —     | \$ —         | \$ 825     |
| Oil, gas and NGL derivatives                      | 33                           | —        | —            | 33         |
| Marketing and midstream revenues                  | 561                          | 890      | (183)        | 1,268      |
| Total operating revenues                          | 1,419                        | 890      | (183)        | 2,126      |
| Lease operating expenses                          | 444                          | —        | —            | 444        |
| Marketing and midstream operating expenses        | 576                          | 673      | (183)        | 1,066      |
| General and administrative expenses               | 164                          | 30       | —            | 194        |
| Production and property taxes                     | 67                           | 11       | —            | 78         |
| Depreciation, depletion and amortization          | 420                          | 122      | —            | 542        |
| Asset impairments                                 | 2,162                        | 873      | —            | 3,035      |
| Restructuring and transaction costs               | 242                          | 5        | —            | 247        |
| Other operating items                             | 19                           | 1        | —            | 20         |
| Total operating expenses                          | 4,094                        | 1,715    | (183)        | 5,626      |
| Operating loss                                    | (2,675)                      | (825)    | —            | (3,500)    |
| Net financing costs                               | 120                          | 44       | —            | 164        |
| Other nonoperating items                          | 19                           | 2        | —            | 21         |
| Loss before income taxes                          | (2,814)                      | (871)    | —            | (3,685)    |
| Income tax benefit                                | (213)                        | (4)      | —            | (217)      |
| Net loss  | (2,601)                      | (867)    | —            | (3,468)    |
| Net loss attributable to noncontrolling interests | —                            | (412)    | —            | (412)      |
| Net loss attributable to Devon                    | \$ (2,601)                   | \$ (455) | \$ —         | \$ (3,056) |

**OTHER KEY STATISTICS**

(in millions)

|  | Quarter Ended March 31, 2016 |          |              |            |
|--|------------------------------|----------|--------------|------------|
|  | Devon U.S.<br>& Canada       | EnLink   | Eliminations | Total      |
| <b>Cash flow statement related items:</b>          |                              |          |              |            |
| Operating cash flow                                | \$ (45)                      | \$ 194   | \$ —         | \$ 149     |
| Capital expenditures                               | \$ (614)                     | \$ (135) | \$ —         | \$ (749)   |
| Acquisitions of property, equipment and businesses | \$ (830)                     | \$ (797) | \$ —         | \$ (1,627) |
| EnLink distributions received (paid)               | \$ 66                        | \$ (139) | \$ —         | \$ (73)    |
| Issuance of subsidiary units                       | \$ —                         | \$ 727   | \$ —         | \$ 727     |
| <b>Balance sheet statement items:</b>              |                              |          |              |            |
| Net debt (1)                                       | \$ 7,712                     | \$ 3,198 | \$ —         | \$ 10,910  |

(1) Net debt is a non-GAAP measure. For a reconciliation of the comparable GAAP measure, see “Non-GAAP Financial Measures” later in this release.

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**CAPITAL EXPENDITURES**

(in millions)

|                                     | <b>Quarter Ended March 31, 2016</b> |
|-------------------------------------|-------------------------------------|
| Exploration and development capital | \$ 363                              |
| Capitalized G&A                     | 73                                  |
| Capitalized interest                | 14                                  |
| Acquisitions                        | 1,518                               |
| Midstream                           | 2                                   |
| Corporate and other                 | 4                                   |
| Devon capital expenditures (1)      | <u>\$ 1,974</u>                     |

(1) Excludes \$545 million attributable to EnLink.

DEVON ENERGY CORPORATION  
FINANCIAL AND OPERATIONAL INFORMATION

**NON-GAAP FINANCIAL MEASURES**

The United States Securities and Exchange Commission has adopted disclosure requirements for public companies such as Devon concerning non-GAAP financial measures (GAAP refers to generally accepted accounting principles). The Company must reconcile the non-GAAP financial measure to related GAAP information.

**CORE EARNINGS**

Devon's reported net earnings 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 and core earnings per diluted share. 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 first-quarter 2016 earnings.

(in millions, except per share amounts)

|   | <b>Quarter Ended March 31, 2016</b> |                  |
|---|-------------------------------------|------------------|
|   | <u>Before-Tax</u>                   | <u>After-Tax</u> |
| Net loss attributable to Devon (GAAP)   |                                     | \$ (3,056)       |
| Asset impairments   | 3,035                               | 2,299            |
| Deferred tax asset valuation allowance  |                                     | 808              |
| Restructuring and transaction costs (1) <u>SEE CASH FLOW FOOTNOTE BELOW</u>     | 247                                 | 159              |
| Changes in financial instruments and FX (2) <u>SEE CASH FLOW FOOTNOTE BELOW</u> | 12                                  | (39)             |
| Core earnings before noncontrolling interest (non-GAAP)                         |                                     | 171              |
| Noncontrolling interest   |                                     | 420              |
| Core loss attributable to Devon (non-GAAP)                                      |                                     | <u>\$ (249)</u>  |
| Share count   |                                     | 479              |
| Core loss per share attributable to Devon (non-GAAP)                            |                                     | <u>\$ (0.53)</u> |

**CASH FLOW FOOTNOTES**

- (1) Includes a negative \$167 million impact to cash flow before balance sheet changes that is typically excluded from analyst estimates.  
(2) Includes a negative \$130 million impact to cash flow before balance sheet changes and operating cash flow that is typically excluded from analyst estimates.

**NET DEBT**

Devon defines net debt as debt less cash and cash equivalents and net debt attributable to the consolidation of EnLink Midstream as presented in the following table. Devon believes that netting these sources of cash against debt and adjusting for EnLink net debt provides a clearer picture of the future demands on cash from Devon to repay debt.

(in millions)

|                                | <b>March 31, 2016</b>          |                 |                           |
|--------------------------------|--------------------------------|-----------------|---------------------------|
|                                | <u>Devon U.S. &amp; Canada</u> | <u>EnLink</u>   | <u>Devon Consolidated</u> |
| Total debt (GAAP)              | \$ 9,341                       | \$ 3,204        | \$ 12,545                 |
| Less cash and cash equivalents | (1,629)                        | (6)             | (1,635)                   |
| Net debt (non-GAAP)            | <u>\$ 7,712</u>                | <u>\$ 3,198</u> | <u>\$ 10,910</u>          |

DEVON ENERGY CORPORATION  
FORWARD LOOKING GUIDANCE

**PRODUCTION GUIDANCE**

|                                      | Quarter 2    |              | Full Year    |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
|                                      | Low          | High         | Low          | High         |
| <b>Oil and bitumen (MBbls/d)</b>     |              |              |              |              |
| U. S. - core                         | 103          | 108          | 105          | 110          |
| Heavy Oil                            | 122          | 127          | 128          | 133          |
| Core assets                          | 225          | 235          | 233          | 243          |
| Other                                | 24           | 29           | 20           | 25           |
| Total                                | <u>249</u>   | <u>264</u>   | <u>253</u>   | <u>268</u>   |
| <b>Natural gas liquids (MBbls/d)</b> |              |              |              |              |
| U. S. - core                         | 100          | 105          | 98           | 103          |
| Other                                | 25           | 30           | 22           | 27           |
| Total                                | <u>125</u>   | <u>135</u>   | <u>120</u>   | <u>130</u>   |
| <b>Gas (MMcf/d)</b>                  |              |              |              |              |
| U. S. - core                         | 1,200        | 1,250        | 1,185        | 1,235        |
| Heavy Oil                            | 14           | 17           | 14           | 17           |
| Core assets                          | 1,214        | 1,267        | 1,199        | 1,252        |
| Other                                | 240          | 260          | 228          | 248          |
| Total                                | <u>1,454</u> | <u>1,527</u> | <u>1,427</u> | <u>1,500</u> |
| <b>Oil equivalent (MBoe/d)</b>       |              |              |              |              |
| U. S. - core                         | 403          | 421          | 401          | 419          |
| Heavy Oil                            | 124          | 130          | 130          | 136          |
| Core assets                          | 527          | 551          | 531          | 555          |
| Other                                | 89           | 102          | 80           | 93           |
| Total                                | <u>616</u>   | <u>653</u>   | <u>611</u>   | <u>648</u>   |

**PRICE REALIZATIONS GUIDANCE**

|                              | Quarter 2 |       | Full Year |       |
|------------------------------|-----------|-------|-----------|-------|
|                              | Low       | High  | Low       | High  |
| Oil and bitumen - % of WTI   |           |       |           |       |
| U. S.                        | 83%       | 93%   | 83%       | 93%   |
| Canada                       | 38%       | 48%   | 34%       | 44%   |
| NGL - realized price         | \$ 6      | \$ 10 | \$ 7      | \$ 11 |
| Natural gas - % of Henry Hub | 73%       | 83%   | 75%       | 85%   |



DEVON ENERGY CORPORATION  
FORWARD LOOKING GUIDANCE

**OTHER GUIDANCE ITEMS**

| (\$ millions, except %)                               | Quarter 2 |        | Full Year |          |
|---|-----------|--------|-----------|----------|
|   | Low       | High   | Low       | High     |
| Marketing & midstream operating profit                | \$ 200    | \$ 225 | \$ 875    | \$ 925   |
| Lease operating expenses                              | \$ 440    | \$ 470 | \$ 1,750  | \$ 1,850 |
| General & administrative expenses                     | \$ 150    | \$ 170 | \$ 625    | \$ 675   |
| Production and property taxes                         | \$ 70     | \$ 80  | \$ 285    | \$ 315   |
| Depreciation, depletion and amortization              | \$ 510    | \$ 560 | \$ 2,100  | \$ 2,300 |
| Other operating items                                 | \$ 15     | \$ 20  | \$ 50     | \$ 75    |
| Net financing costs (1)                               | \$ 160    | \$ 170 | \$ 650    | \$ 700   |
| Current income tax rate                               | 0.0%      | 0.0%   | 0.0%      | 0.0%     |
| Deferred income tax rate                              | 35.0%     | 45.0%  | 35.0%     | 45.0%    |
| Total income tax rate                                 | 35.0%     | 45.0%  | 35.0%     | 45.0%    |
| Net earnings attributable to noncontrolling interests | \$ —      | \$ —   | \$ —      | \$ —     |

(1) Full year 2016 includes \$50 million of non-cash accretion on EnLink's installment purchase obligations.

**CAPITAL EXPENDITURES GUIDANCE**

| (in millions)                  | Quarter 2 |       | Full Year |          |
|--------------------------------|-----------|-------|-----------|----------|
|                                | Low       | High  | Low       | High     |
| Exploration and development    | \$250     | \$300 | \$ 900    | \$ 1,100 |
| Capitalized G&A                | 55        | 65    | 200       | 250      |
| Capitalized interest           | 10        | 20    | 40        | 50       |
| Midstream                      | —         | 5     | —         | 10       |
| Corporate and other            | 10        | 15    | 30        | 35       |
| Devon capital expenditures (2) | \$325     | \$405 | \$ 1,170  | \$ 1,445 |

(2) Excludes capital expenditures related to EnLink.

DEVON ENERGY CORPORATION  
FORWARD LOOKING GUIDANCE

COMMODITY HEDGES

| Period  | Oil Commodity Hedges |                                 |                 |                                       |   |                       |                                 |  |
|---------|----------------------|---------------------------------|-----------------|---------------------------------------|---|-----------------------|---------------------------------|--|
|         | Price Swaps          |                                 | Price Collars   |                                       |   | Oil Call Options Sold |                                 |  |
|         | Volume (Bbls/d)      | Weighted Average Price (\$/Bbl) | Volume (Bbls/d) | Weighted Average Floor Price (\$/Bbl) | Weighted Average Ceiling Price (\$/Bbl) | Volume (Bbls/d)       | Weighted Average Price (\$/Bbl) |  |
| Q2-2016 | 30,000               | \$ 39.24                        | 73,000          | \$ 33.85                              | \$ 41.59                                | 18,500                | \$ 60.99                        |  |
| Q3-2016 | 15,000               | \$ 45.63                        | 65,000          | \$ 40.37                              | \$ 46.91                                | 18,500                | \$ 55.00                        |  |
| Q4-2016 | 15,000               | \$ 46.16                        | 20,000          | \$ 40.85                              | \$ 50.85                                | 18,500                | \$ 55.00                        |  |

| Period  | Oil Basis Swaps         |                 |   |
|---------|-------------------------|-----------------|---|
|         | Index                   | Volume (Bbls/d) | Weighted Average Differential to WTI (\$/Bbl) |
| Q2-2016 | Western Canadian Select | 42,000          | \$ (13.31)                                    |
| Q3-2016 | Western Canadian Select | 39,000          | \$ (13.38)                                    |
| Q4-2016 | Western Canadian Select | 33,000          | \$ (13.40)                                    |

| Period  | Natural Gas Commodity Hedges |                                   |                  |   |   |                   |                                   |
|---------|------------------------------|-----------------------------------|------------------|---|---|-------------------|-----------------------------------|
|         | Price Swaps                  |                                   | Price Collars    |   |   | Call Options Sold |                                   |
|         | Volume (MMBtu/d)             | Weighted Average Price (\$/MMBtu) | Volume (MMBtu/d) | Weighted Average Floor Price (\$/MMBtu) | Weighted Average Ceiling Price (\$/MMBtu) | Volume (MMBtu/d)  | Weighted Average Price (\$/MMBtu) |
| Q2-2016 | 481,400                      | \$ 2.73                           | 24,725           | \$ 1.97                                 | \$ 2.30                                   | 400,000           | \$ 2.80                           |
| Q3-2016 | 100,000                      | \$ 2.84                           | —                | \$ —                                    | \$ —                                      | 400,000           | \$ 2.80                           |
| Q4-2016 | —                            | \$ —                              | 70,000           | \$ 2.56                                 | \$ 2.76                                   | 400,000           | \$ 2.80                           |

Devon's oil derivatives settle against the average of the prompt month NYMEX West Texas Intermediate futures price. Devon's natural gas derivatives settle against the Inside FERC first of the month Henry Hub index. Commodity hedge positions are shown as of April 29, 2016.