

DEVON ENERGY CORP/DE

Form PRE 14A

April 16, 2008

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

Devon Energy Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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April 28, 2008

**Notice of 2008
Annual Meeting of
Stockholders**

and

Proxy Statement

Wednesday, June 4, 2008
8:00 a.m. (local time)

Third Floor
Chase Tower
100 North Broadway
Oklahoma City, Oklahoma

Dear Devon Stockholder,

The 2008 Annual Meeting of Stockholders of Devon Energy Corporation will be held on Wednesday, June 4, 2008, on the Third Floor of Chase Tower, 100 North Broadway, Oklahoma City, Oklahoma at 8:00 a.m. local time.

The Annual Meeting will focus on the formal items of business announced in the Notice of the 2008 Annual Meeting and Proxy Statement. Additionally, we will present a report on Devon's operations during 2007.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to vote your proxy. You may vote your shares via a toll-free telephone number or over the Internet, or you may sign, date and mail the enclosed proxy card in the envelope provided. Instructions regarding all three methods of voting are set forth on the proxy card and in the Notice of Annual Meeting of Stockholders.

Sincerely,

J. Larry Nichols
Chairman of the Board and
Chief Executive Officer

Commitment Runs Deep

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 4, 2008**

Time	8:00 a.m. (local time) on Wednesday, June 4, 2008
Place	Chase Tower Third Floor 100 North Broadway Oklahoma City, Oklahoma
Items of Business	To elect three Directors for terms expiring in the year 2011; To ratify the appointment of the independent auditors for 2008; To consider and act upon the adoption of an amendment to the Restated Certificate of Incorporation to increase the number of authorized shares of common stock; To consider and act upon the adoption of an amendment to the Restated Certificate of Incorporation to provide for the annual election of directors; To consider and act upon the stockholder proposal set forth in the accompanying Proxy Statement, if presented; and To transact such other business as may properly come before the meeting or any adjournments of the meeting.
Who Can Vote	Stockholders of record at the close of business on April 7, 2008 are entitled to notice of and to vote at the meeting. You may examine a complete list of stockholders entitled to vote at the meeting during normal business hours for the 10 days prior to the meeting at our offices and at the meeting.

Your proxy is important to assure a quorum at the meeting. Whether or not you expect to attend the meeting, please vote in any one of the following ways:

call the toll-free number listed on the proxy card;

log on to <http://proxy.georgeson.com>; or

mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope.

Please note that all votes cast via telephone or the Internet must be cast before 8:00 p.m. Central Daylight Time on Tuesday, June 3, 2008.

**Important Notice Regarding the Availability of Proxy Materials
for the Stockholder Meeting to be Held on June 4, 2008:**

**Our 2008 Proxy Statement and 2007 Annual Report
are available at www.proxydocs.com/dvn.**

BY ORDER OF THE BOARD OF DIRECTORS

Oklahoma City, Oklahoma
April 28, 2008

Janice A. Dobbs
Corporate Secretary and
Manager - Corporate Governance

Commitment Runs Deep

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**Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260**

Proxy Statement

Annual Meeting Of Stockholders

June 4, 2008

We are furnishing you this Proxy Statement in connection with the solicitation of proxies by our Board of Directors to be used at the Annual Meeting and any adjournment thereof. The Annual Meeting will be held on Wednesday, June 4, 2008 at 8:00 a.m. We are first sending this Proxy Statement to our stockholders on or about April 25, 2008.

All references in this Proxy Statement to we, our, us, or the Company refer to Devon Energy Corporation, including our predecessors, subsidiaries and affiliates.

ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

At our Annual Meeting, stockholders will be asked to:

elect three Directors for terms expiring in 2011;

ratify the appointment of our independent auditors for 2008;

consider and act upon the management proposal to amend the Restated Certificate of Incorporation to increase the number of authorized shares of common stock;

consider and act upon the management proposal to amend the Restated Certificate of Incorporation to provide for the annual election of directors;

consider and act upon the stockholder proposal set forth in the Proxy Statement, if presented; and

transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Who is entitled to vote?

Stockholders as of the close of business on April 7, 2008 (the Record Date) are eligible to vote their shares at the Annual Meeting. As of the Record Date, there were 445,736,749 shares of our common stock outstanding. Each share of common stock is entitled to one vote at the Annual Meeting.

How do I vote?

You may:

attend the Annual Meeting and vote in person; or

if you are calling from the United States or Canada dial the toll-free number listed on the enclosed proxy card or voting instruction form. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Telephone voting for stockholders of record will be available 24 hours a day, and will close at 8:00 p.m. Central Daylight Time on June 3, 2008; or

go to the following website on the Internet: <http://proxy.georgeson.com>

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and simply follow the instructions on the screen, then confirm that your instructions have been properly recorded. If you vote on the Internet, you can request electronic delivery of future proxy materials. Internet voting for stockholders of record will be available 24 hours a day, and will close at 8:00 p.m. Central Daylight Time on June 3, 2008; or

mark your selections on the enclosed proxy card, date and sign the card, and return the card in the pre-addressed, postage-paid envelope provided prior to the Annual Meeting.

If I vote by telephone or Internet, do I need to return my proxy card?

No.

How do I vote the shares held in my 401(k) Plan?

If you are a current employee participating in the Devon Energy Incentive Savings Plan (the 401(k) Plan), please follow the instructions you received via email from our Proxy Solicitor, Georgeson Inc.

If you are a former employee participating in the 401(k) Plan and have shares of our common stock credited to your 401(k) Plan account as of the Record Date, such shares are shown on the enclosed voting instruction form. You have the right to direct Fidelity Management Trust Company (the 401(k) Plan Trustee) regarding how to vote those shares, which you can do by voting your shares in the same manner as provided above in How do I vote?

The 401(k) Plan Trustee will vote your account shares in the 401(k) Plan account in accordance with your instructions. If instructions are not received by June 1, 2008, the shares credited to your account will be voted by the 401(k) Plan Trustee in the same proportion as it votes shares for which it did receive timely instructions.

Will each stockholder in our household receive a Proxy Statement and Annual Report?

Generally, no. We try to provide for only one Proxy Statement and Annual Report to be delivered to multiple stockholders sharing an address unless you have notified us to the contrary. Any stockholder at a shared address to which a single copy of this Proxy Statement and the Annual Report has been sent who would like a separate copy of this Proxy Statement and the Annual Report or who would like separate copies of Proxy Statements and Annual Reports for future meetings may write Devon Energy Corporation, Attention: Corporate Secretary, 20 North Broadway, Oklahoma City, Oklahoma 73102-8260, e-mail: janice.dobbs@dvn.com or call (405) 235-3611. Any stockholder at a shared address to which multiple copies of this Proxy Statement and the Annual Report have been sent may request delivery of a single copy of the Proxy Statement and Annual Report for future meetings by contacting us using the contact information set forth above.

What is the difference between voting via telephone or the Internet or returning a proxy card versus voting in person?

Voting by proxy, regardless of whether it is via telephone or the Internet or by returning your proxy card by mail, appoints J. Larry Nichols, John Richels and Janice A. Dobbs as your proxies. They will be required to vote on the proposal exactly as you specified. However, if any other matter requiring a stockholder vote is properly raised at the Annual Meeting and you are not present to cast your vote, then Messrs. Nichols and Richels and Ms. Dobbs are authorized to use their discretion to vote on the issues on your behalf.

How does discretionary authority apply?

If you sign your proxy card, but do not make any selections, you give authority to Messrs. Nichols and Richels and Ms. Dobbs to vote on the proposals and any other matter that may arise at the Annual Meeting.

If I vote via telephone or the Internet or by mailing my proxy card, may I still attend the Annual Meeting?

Yes.

What if I want to change my vote?

You may revoke your proxy before it is voted by submitting a new proxy with a later date (by mail,

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telephone or Internet), by voting at the Annual Meeting, or by filing a written revocation with our Corporate Secretary. Your attendance at the Annual Meeting will not automatically revoke your proxy.

Is my vote confidential?

Yes. We have procedures to ensure that regardless of whether stockholders vote by mail, telephone, Internet or in person, all proxies, ballots and voting tabulations that identify stockholders are kept permanently confidential, except as disclosure may be required by federal or state law or as expressly permitted by a stockholder.

In addition, special procedures have been established to maintain the confidentiality of shares voted in our 401(k) Plan. None of our employees will have access to voting information for shares in the 401(k) Plan.

Who will count the votes?

Georgeson Inc. will tabulate the votes.

What does it mean if I get more than one proxy card?

Your shares are probably registered differently or are in more than one account. Vote all proxy cards to ensure that all your shares are voted. You should then contact our transfer agent, Computershare Trust Company, N.A., to have your accounts registered in the same name and address.

What constitutes a quorum?

A majority of the shares entitled to vote, present in person or represented by proxy, constitutes a quorum. If you vote by telephone or the Internet or by returning your proxy card, you will be considered part of the quorum. Georgeson Inc., the Inspector of Election, will treat shares represented by a properly executed proxy as present at the meeting. Abstentions and broker non-votes will be counted for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner submits a proxy but does not vote on a particular proposal because the nominee does not have discretionary voting power for that item and has not received instructions from the beneficial owner.

How many votes will be required to approve a proposal?

Election of Directors at the Annual Meeting will be by a plurality of votes cast at the Annual Meeting. Votes may be cast in favor of the election of each Director nominee or withheld.

Our Corporate Governance Guidelines contain a majority voting policy which provides that any nominee for Director in an uncontested election who receives a greater number of votes withheld from his or her election than votes for such election must submit his or her offer of resignation to the Governance Committee of the Board of Directors within 90 days from the date of the election. The Governance Committee will then consider all of the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation.

The proposed amendment to our Restated Certificate of Incorporation to increase the number of authorized shares requires the affirmative vote of at least a majority of the shares of the Company's outstanding common stock.

The proposed amendment to our Restated Certificate of Incorporation to elect directors annually requires the affirmative vote of at least two-thirds of the shares of the Company's outstanding common stock.

With respect to other matters, the affirmative vote of the holders of a majority of the shares, present in person or by proxy, and entitled to vote at the Annual Meeting, is required to take any other action.

Shares cannot be voted at the Annual Meeting unless the holder of record is present in person or by proxy.

Can brokers who hold shares in street name vote those shares with respect to the election of Directors if they have received no instructions?

We believe that brokers that are members of the New York Stock Exchange, the NYSE, and who hold common stock in street name for customers, but have not received instructions from a beneficial owner, have the authority under the

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rules of the NYSE to vote those shares with respect to the election of Directors.

How will you treat abstentions and broker non-votes?

We will (i) count abstentions and broker non-votes for purposes of determining the presence of a quorum at the Annual Meeting; (ii) treat abstentions as votes not cast but as shares represented at the Annual Meeting for determining results on actions requiring a majority of shares present and entitled to vote at the Annual Meeting; (iii) not consider broker non-votes for determining actions requiring a majority of shares present and entitled to vote at the Annual Meeting; and (iv) consider neither abstentions nor broker non-votes in determining results of plurality votes. Because the proposed amendments to our Restated Certificate of Incorporation require the affirmative vote of the holders of the minimum numbers of the shares of our outstanding common stock noted above, abstentions and broker non-votes will have the effect of a vote Against the proposed amendments.

Who pays the solicitation expenses?

We will bear the cost of solicitation of proxies. Proxies may be solicited by mail or personally by our Directors, officers or employees, none of whom will receive additional compensation for such solicitation. We have retained Georgeson Inc. to assist in the solicitation of proxies at an estimated cost of \$9,000, plus reasonable expenses. Those holding shares of common stock of record for the benefit of others, or nominee holders, are being asked to distribute proxy soliciting materials to, and request voting instructions from, the beneficial owners of such shares. We will reimburse nominee holders for their reasonable out-of-pocket expenses.

Where can I find the voting results of the Annual Meeting?

We will announce preliminary voting results at the Annual Meeting, and we will publish final results in our quarterly report on Form 10-Q for the second quarter of 2008 which will be filed with the United States Securities and Exchange Commission (the SEC). You may obtain a copy of this and other reports free of charge on our website at www.devonenergy.com, or by contacting either our Investor Relations Department at (405) 552-4570 or the SEC at (800) 732-0330 or www.sec.gov.

Will your independent auditors be available to respond to stockholder questions?

Yes. The Audit Committee of the Board of Directors has approved KPMG LLP to serve as our independent auditors for the year ending December 31, 2008. Representatives of KPMG LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement, if they desire to do so, and will be available to respond to stockholder questions.

Do you have plans to implement the new rules that allow companies to direct their stockholders to an on-line copy of the proxy materials, rather than mailing paper copies to the stockholders?

As you may have heard, new rules now allow companies to choose to mail their stockholders a notice that their proxy materials can be accessed over the internet instead of mailing a paper copy of the proxy statement and annual report. Stockholders of companies who choose this delivery method can always request delivery of a paper copy of the proxy materials. We have decided not to adopt this new delivery method for this year's Annual Meeting materials. We are considering carefully how to realize the cost savings opportunity and the environmental benefits of avoiding the printing and mailing of these documents to stockholders who do not request paper copies, while still maintaining a meaningful and convenient proxy process for our stockholders.

Where can I reach you?

Our mailing address is:

Devon Energy Corporation
20 North Broadway
Oklahoma City, Oklahoma 73102-8260

Our telephone number is:

(405) 235-3611

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AGENDA ITEM 1. ELECTION OF DIRECTORS

Pursuant to provisions of our Restated Certificate of Incorporation and Bylaws, the Board of Directors shall consist of not less than three nor more than 20 Directors. Currently, the Board is comprised of 11 Directors. Our Restated Certificate of Incorporation and Bylaws provide for three classes of Directors. These three classes of Directors serve staggered three-year terms, with Class I having three Directors, Class II having four Directors and Class III having four Directors.

The Board of Directors has nominated incumbent directors David A. Hager, John A. Hill and Mary P. Ricciardello, whose terms expire at the Annual Meeting, for re-election as Directors for terms expiring at the Annual Meeting in the year 2011. Mr. Hager was recommended to the Governance Committee by the Company's CEO and President, and Ms. Ricciardello was recommended by a third party independent consulting firm. Both were then nominated by the Governance Committee and appointed by the Board of Directors to serve as Directors in 2007, and are standing for election at the 2008 Annual Meeting. Nominees will serve until their successors are elected and qualified. David M. Gavrin was re-elected as a Director for a three-year term in 2007, but as disclosed in the Company's 2007 proxy statement, will retire effective with the Annual Meeting. William J. Johnson's term will expire at the Annual Meeting, at which time he and Mr. Gavrin will retire due to the age requirement for Board members in accordance with the Company's Corporate Governance Guidelines. Other Directors who are remaining on the Board of Directors will continue to serve in accordance with their previous elections until the expiration of their terms at the 2009 or 2010 Annual Meeting, as the case may be.

As a result of these resignations and the election of the Directors at the Annual Meeting, the Board, after the Annual Meeting, will be comprised of nine Directors in three classes, Class I having two Directors, Class II having four Directors and Class III having three Directors.

The Board of Directors recommends a vote FOR each of the nominees for election to the Board of Directors.

It is the intention of the persons named in the proxy to vote proxies **FOR** the election of the three nominees unless they are instructed otherwise. In the event that any of the nominees should fail to stand for election, the persons named in the proxy intend to vote for substitute nominees designated by the Board of Directors, unless the Board of Directors reduces the number of Directors to be elected. Proxies cannot be voted for a greater number of persons than the number of nominees named.

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Nominees for Directors for Terms Expiring in 2011 - Class III

David A. Hager

Director since 2007

Mr. Hager, age 51, joined the Board of Directors in 2007. From 1999 to 2006, Mr. Hager was employed by Kerr-McGee Corporation, serving in various capacities, most recently as Chief Operating Officer. Mr. Hager is also a director of Pride International, Inc., a provider of onshore and offshore drilling and related services to oil and gas companies.

John A. Hill

Director since 2000
Governance Committee Chairman

Mr. Hill, age 66, has been with First Reserve Corporation, an oil and gas investment management company, since 1983 and is currently its Vice Chairman and Managing Director. Prior to creating First Reserve Corporation, Mr. Hill was President and Chief Executive Officer of several investment banking and asset management companies and served as the Deputy Administrator of the Federal Energy Administration during the Ford administration. Mr. Hill is Chairman of the Board of Trustees of the Putnam Funds in Boston, a Trustee of Sarah Lawrence College and a director of various companies controlled by First Reserve Corporation.

Mary P. Ricciardello

Director since 2007

Ms. Ricciardello, age 52, joined the Board of Directors in 2007. She retired in 2002 after a 20-year career with Reliant Energy Incorporated, a leading independent power producer and marketer. Ms. Ricciardello began her career with Reliant in 1982 and served in various financial management positions with the company including Comptroller, Vice President and most recently as Senior Vice President and Chief Accounting Officer. She also serves as a director of U.S. Concrete, Inc. and Noble Corporation. Ms. Ricciardello is a Certified Public Accountant.

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Directors Whose Terms Expire in 2009 - Class II

Robert L. Howard

***Director since 2003
Reserves Committee Chairman***

Mr. Howard, age 71, retired in 1995 from his position as Vice President of Domestic Operations, Exploration and Production of Shell Oil Company. He served as a Director of Ocean Energy, Inc. from 1996 to 2003. Mr. Howard is also a director of Southwestern Energy Company and McDermott International Incorporated.

Michael M. Kanovsky

Director since 1998

Mr. Kanovsky, age 59, was a co-founder of Northstar Energy Corporation and served on Northstar's Board of Directors from 1982 to 1998. He is President of Sky Energy Corporation. Mr. Kanovsky currently serves as a director of Accrete Energy Inc., ARC Resources Ltd., Bonavista Petroleum Ltd., Pure Technologies Ltd. and TransAlta Corporation.

J. Todd Mitchell

Director since 2002

Mr. Mitchell, age 49, served as President of GPM, Inc., a family-owned investment company, from 1998 to 2006, and as Vice President for strategic planning from 2006 to 2007. He currently serves as President of Walton Mitchell & Co., Inc., a private energy investment company. Mr. Mitchell served on the Board of Directors of Mitchell Energy & Development Corp. from 1993 to 2002.

J. Larry Nichols

***Director since 1971
Chairman of the Board
Dividend Committee Chairman***

Mr. Nichols, age 65, is a co-founder of Devon. He was named Chairman of the Board of Directors in 2000. He served as President from 1976 until 2003 and has served as Chief Executive Officer since 1980. Mr. Nichols serves as a director of Baker Hughes Incorporated and Sonic Corp. Mr. Nichols has a Bachelor of Arts degree in Geology from Princeton University and a law degree from the University of Michigan.

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Directors Whose Terms Expire in 2010 - Class I

Thomas F. Ferguson

***Director since 1982
Audit Committee Chairman***

Mr. Ferguson, age 71, retired in 2005 from his position as Managing Director of United Gulf Management Ltd., a wholly-owned subsidiary of Kuwait Investment Projects Company KSC. He has represented Kuwait Investment Projects Company on the boards of various companies in which it invests, including Baltic Transit Bank in Latvia and Tunis International Bank in Tunisia. Mr. Ferguson is a Canadian qualified Certified General Accountant and was formerly employed by the Economist Intelligence Unit of London as a financial consultant.

John Richels

Director since 2007

Mr. Richels, age 57, was elected President of Devon in 2004 and he became a member of the Board in 2007. He previously served as a Senior Vice President of Devon and President and Chief Executive Officer of Devon's Canadian subsidiary. Mr. Richels joined Devon through its 1998 acquisition of Canadian-based Northstar Energy Corporation. Prior to joining Northstar, Mr. Richels was Managing and Chief Operating Partner of the Canadian-based national law firm, Bennett Jones. He holds a bachelor's degree in economics from York University and a law degree from the University of Windsor.

Chairman Emeritus

John W. Nichols

Director 1971-1999

Mr. Nichols, age 93, is one of our co-founders. He was named Chairman Emeritus in 1999. Mr. Nichols was Chairman of our Board of Directors when we began operations in 1971 and continued in this capacity until 1999. He is a founding partner of Blackwood & Nichols Co., which developed the conventional reserves in the Northeast Blanco Unit of the San Juan Basin. Mr. Nichols is a non-practicing Certified Public Accountant.

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CORPORATE GOVERNANCE

Board of Directors Information

Our Board of Directors met eight times in 2007. All Directors attended 75% or more of the total meetings of the Board of Directors and Committees on which they served. We require a majority of our Directors be in attendance at our annual meetings of stockholders. All Directors attended the 2007 Annual Meeting.

The Board is governed by the laws of the State of Delaware, our Restated Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, charters of the Board's standing committees and various federal laws. Copies of the following governance documents are available on our website at www.devonenergy.com and are available in print to any stockholder upon request:

Restated Certificate of Incorporation;

Bylaws;

Corporate Governance Guidelines;

Code of Business Conduct and Ethics;

Code of Ethics for Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Accounting Officer (CAO);

Foreign Corrupt Practices Act Policy and Procedures; and
Committee Charters

Amendments to and waivers from any provision of the Code of Ethics for the CEO, CFO and CAO will be posted on our website.

Also, on our website is information on our Environmental, Health and Safety Philosophy, and our Corporate Social Responsibility Report.

Committees

The Board of Directors has a standing Audit Committee, Compensation Committee, Dividend Committee, Governance Committee and Reserves Committee. The following table shows the current membership of each committee, each committee's functions, and the number of meetings each committee held in 2007:

Committee and Members	Function of Committee	Number of Meetings in 2007
Audit		
Thomas F. Ferguson ⁽¹⁾⁽²⁾	Monitors the integrity of the Company's financial statements and reporting system	9
Michael M. Kanovsky	Ensures that the Company complies with legal and regulatory requirements	
J. Todd Mitchell		
Mary P. Ricciardello	Monitors the independent auditors' qualifications and independence	

Monitors the performance of the Company's internal auditors and independent auditors

Monitors the Company's corporate risk exposure and the procedures the Company has undertaken to monitor, control, and report corporate risk

Monitors the business practices and ethical standards of the Company

Performs such other duties and responsibilities as the Board shall approve and assign to the Committee

Compensation

David M. Gavrin⁽¹⁾

David A. Hager

John A. Hill

Robert L. Howard

Reviews and approves compensation philosophy and strategy for the Company

Directs management to administer the annual compensation process in accordance with the stated compensation strategy of the Company and any requirements of the appropriate regulatory bodies

Reviews and approves compensation philosophy and strategy for the Company

Reviews and approves the Company's employee benefit and incentive programs

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Committee and Members	Function of Committee	Number of Meetings in 2007
	Annually reviews and determines total compensation for any employee that is a member of the Board of Directors, currently the CEO and the President	
	Reviews and approves total compensation for the Company's executive officers in consultation with the CEO	
	Reviews with the CEO and advises the Board with regard to executive officer succession planning	7
	Performs such other duties and responsibilities as the Board shall approve and assign to the Committee	
Dividend J. Larry Nichols ⁽¹⁾	Declares the per share dividend together with the payable date and record date of the dividends as authorized by the Board of Directors	4 ⁽³⁾
Governance John A. Hill ⁽¹⁾ William J. Johnson Michael M. Kanovsky Mary P. Ricciardello	Identifies and recommends qualified individuals to become Board members	5
	Evaluates and recommends nominees for election as Directors at the annual stockholders' meetings or for appointment between annual stockholders' meetings	
	Evaluates and recommends compensation or revisions to compensation for members of the Board	
	Develops, recommends and reviews corporate governance guidelines for the Company	
	Performs such other duties and responsibilities as the Board shall approve and assign to the Committee	
Reserves Robert L. Howard ⁽¹⁾ David A. Hager William J. Johnson J. Todd Mitchell	Performs an annual review and evaluation of the Company's consolidated petroleum and natural gas reserves	2
	Verifies the integrity of the Company's reserves evaluation and reporting system	
	Evaluates, prepares and discloses the Company's compliance with legal and regulatory requirements related to its oil and gas reserves	
	Investigates and verifies the qualifications and independence of the Company's independent engineering consultants	
	Monitors the performance of the Company's independent engineering consultants	

Monitors and evaluates the business practices and ethical standards of the Company in relation to the preparation and disclosure of its oil and gas reserves

- (1) Chairman
- (2) Audit Committee financial expert
- (3) By written consent

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Director Independence

In accordance with our Corporate Governance Guidelines, the Board considered transactions and relationships between each Director or any member of the Director's immediate family and us, our subsidiaries and affiliates. The Board has affirmatively determined that each of the current Directors and Peter J. Fluor, who served as a Director for a portion of 2007, with the exception of our Chairman and Chief Executive Officer, J. Larry Nichols, and our President, John Richels, is an independent Director as defined by the standards for director independence established by applicable laws, rules, and listing standards, including, without limitation, the standards for independent directors established by the NYSE, and the SEC, have no material relationship with us that would interfere with the exercise of independent judgment and, therefore, is independent under our Corporate Governance Guidelines and the NYSE.

Lead Director

The Board has a Lead Director whose primary responsibility is to preside over the executive session of the Board meeting in which Mr. Nichols, Mr. Richels and other members of management do not participate. The Lead Director also performs other duties that the Board may from time to time delegate to assist the Board in the fulfillment of its responsibilities. In 2007, the Lead Director presided over four executive sessions of the Board.

David M. Gavrin has served as our Lead Director since 2005 and will serve in that position until his retirement and a successor is named by the Board of Directors.

Director Communication

Any stockholder or other interested party may contact any of the Devon Directors, including the Lead Director or non-management directors as a group, by (i) U.S. mail c/o Office of the Corporate Secretary, Devon Energy Corporation, 20 North Broadway, Oklahoma City, Oklahoma 73102-8260; (ii) contacting the Office of the Corporate Secretary at 405-235-3611; or (iii) sending an email to janice.dobbs@devonenergy.com. All calls or correspondence are anonymous and confidential. All such communications, other than advertisements or commercial solicitations, will be forwarded to the appropriate Director(s) for review.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is composed of four independent non-management Directors with no interlocking relationships as defined by the SEC.

Related Party Transactions

We have adopted a Code of Business Conduct and Ethics which applies to all of our Directors, officers and employees. The Code of Business Conduct and Ethics is posted on our website at www.devonenergy.com. The Code of Business Conduct and Ethics describes our policies and standards for protecting our integrity and provides guidance to our Directors, officers and employees in recognizing and properly resolving any ethical and legal issues that may be encountered while conducting our business. The Code of Business Conduct and Ethics provides that our Directors or officers may not act on our behalf as a principal in any transaction with a supplier, competitor or customer in which an affiliate of such Director or officer is a principal, officer or representative in such transaction, without prior approval of the Audit Committee. It is the policy of the Audit Committee to review the terms and substance of any potential related party transaction for purposes of determining whether a waiver to the Code of Business Conduct and Ethics should be granted.

Our Audit Committee reviews information provided in the annual Director questionnaire relating to transactions between us and the Director to determine if the Director meets our and the NYSE's independence standards. The Board confirms the independence of each Director upon receiving the Audit Committee recommendation.

During 2007 there have been no related person transactions as defined by applicable SEC regulations.

Table of Contents**Director Compensation for the Year Ended December 31, 2007**

Under our Corporate Governance Guidelines, non-management Director compensation is determined annually by the Board of Directors acting upon the recommendation of the Governance Committee. Directors who are also our employees receive no additional compensation for service as a Director. The following table shows compensation for non-management Directors for 2007:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ^{(1) (2)}	Option Awards (\$) ^{(1) (2)}	Total (\$)
Thomas F. Ferguson	93,000	88,579	116,918	298,497
Peter J. Fluor	33,000			33,000
David M. Gavrin	85,000	88,579	116,918	290,497
David A. Hager	25,833	12,577	109,447	147,857
John A. Hill	89,000	88,579	116,918	294,497
Robert L. Howard	87,000	88,579	116,918	292,497
William J. Johnson	76,000	88,579	116,918	281,497
Michael M. Kanovsky	88,000	88,579	116,918	293,497
J. Todd Mitchell	79,000	88,579	116,918	284,497
Mary P. Ricciardello	10,333	3,514	118,438	132,285

- (1) Restricted stock grants were made on June 6, 2007 and valued at \$79.57 per share. Restricted stock grants were also made on August 31, 2007 to Mr. Hager and November 30, 2007 to Ms. Ricciardello and valued at \$75.31 and \$82.81 per share, respectively. Stock option grants were made on June 6, 2007 at an exercise price of \$79.57 and a SFAS 123(R) value of \$38.97 per share. A stock option grant was also made on August 31, 2007 to Mr. Hager and on November 30, 2007 to Ms. Ricciardello at an exercise price of \$75.31 and \$82.81, respectively, and a SFAS 123(R) value of \$36.48 and \$39.47 per share, respectively. The dollar amounts reported in these columns are compensation costs recognized in our 2007 financial statements pursuant to SFAS No. 123(R) (disregarding any estimate of forfeitures related to service-based vesting conditions) on a grant-by-grant basis. Peter J. Fluor did not stand for re-election for the Board of Directors at the 2007 Annual Meeting of Stockholders and forfeited 3,000 shares of restricted stock that had not vested on that date. For a discussion of valuation assumptions, see *Note 9 - Share-Based Compensation* of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.
- (2) The following table represents the number of outstanding and unexercised option awards and the number of unvested stock awards held by each of our non-management Directors as of December 31, 2007:

Name	Outstanding Stock Awards	Outstanding Option Awards
Thomas F. Ferguson	5,000	40,000
Peter J. Fluor	(a)	41,152
David M. Gavrin	5,000	46,000
David A. Hager	2,000	3,000
John A. Hill	5,000	36,800
Robert L. Howard	5,000	42,412

William J. Johnson	5,000	34,000
Michael M. Kanovsky	5,000	40,000
J. Todd Mitchell	5,000	22,000
Mary P. Ricciardello	2,000	3,000

- (a) Peter J. Fluor did not stand for re-election for the Board of Directors at the 2007 Annual Meeting of Stockholders and forfeited 3,000 shares of restricted stock that had not vested on that date.

Table of Contents**Annual Retainer and Meeting Fees**

The following is a schedule of annual retainers and meeting fees for non-management Directors in effect during 2007:

<i>Type of Fee</i>	<i>Amount</i>
Annual Board Retainer	\$ 50,000
Additional Annual Retainer to Chairman of Audit Committee	\$ 15,000
Additional Annual Retainer to Chairman of Compensation, Governance and Reserves Committees	\$ 10,000
Additional Annual Retainer to Audit Committee Members	\$ 2,000
Fee for each Board Meeting attended in person	\$ 2,000
Fee for each Board Meeting attended via telephone	\$ 1,000
Fee for each Committee Meeting attended in person	\$ 2,000
Fee for each Committee Meeting attended via telephone	\$ 1,000

All non-management Directors are reimbursed for out-of-pocket expenses they incur serving as Directors.

Annual Equity Awards

In June 2007, our non-management Directors were granted an annual award of 3,000 stock options and 2,000 shares of restricted stock under our 2005 Long-Term Incentive Plan. Stock and option awards to non-management Directors are granted immediately following each Annual Meeting. Options vest on the date of grant and are granted at an exercise price equal to the closing price of our common stock on that date. Unexercised options will expire eight years from the date of grant. Stock awards vest 25% on each anniversary of the date of grant. Cash dividends on shares of restricted stock are paid at the same times and in the same amounts as on other shares of our common stock.

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GOVERNANCE COMMITTEE REPORT

The Governance Committee operates under a written charter approved by the Board of Directors. The charter may be viewed on the Company's website at www.devonenergy.com. The Governance Committee is comprised of four independent Directors.

The Governance Committee is responsible for proposing qualified candidates to serve on the Board of Directors, and reviews with the Board special director qualifications, taking into account the composition and skills of the entire Board, and specifically ensuring a sufficient number of the members of the Board are financially literate. The Governance Committee will consider nominees recommended by stockholders and will give appropriate consideration in the same manner as given to other nominees. Stockholders who wish to submit director nominees for election at our 2009 Annual Meeting of Stockholders may do so by submitting in writing such nominee's name in compliance with the procedures required by our Bylaws, to the Governance Committee of the Board of Directors, Attention: Chairman, c/o Office of the Corporate Secretary, Devon Energy Corporation, 20 North Broadway, Oklahoma City, Oklahoma 73102-8260. Pursuant to our Bylaws, stockholders may nominate a person for election or re-election as a director by delivering a timely notice to our Corporate Secretary at the address above. Please see Submission of Stockholder Proposals and Nominees for a discussion of the deadlines for delivering such notice. The stockholder's notice must contain:

all information relating to each person being nominated that is required to be disclosed with respect to such person pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected;

the name and address of the stockholder giving the notice and the beneficial owner, if any;

the class and number of shares of our stock which are owned beneficially and of record by the stockholder giving the notice and the beneficial owner, if any;

a description of all arrangements or understandings between the stockholder giving the notice and any other person or persons (including their names) in connection with the nomination; and

a representation that the stockholder intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting.

The Board will take reasonable steps to ensure that a diverse group of qualified candidates are in the pool from which the nominees for the Board are chosen. The Governance Committee may, at its discretion, seek third-party resources to assist in the process and will make final director candidate recommendations to the Board. The basic qualifications, which are identified in our Corporate Governance Guidelines, that the Governance Committee looks for in a director are:

independence;

integrity and accountability;

informed judgment;

peer respect;

high performance standards;

passion for the Company's performance; and

creativity.

Following election to the Board, the Corporate Governance Guidelines provide for:

mandatory retirement at the Annual Meeting following the 73rd birthday of a Director;

a recommendation that a director not serve on more than five public company boards in addition to serving on the Company's Board;

majority voting, which requires a nominee for director in an uncontested election to submit an offer of resignation to the Governance Committee within 90 days of the date of the election if the Director receives a greater number

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of withheld votes than for votes. The Governance Committee will then consider all of the relevant facts and circumstances and recommend to the full Board the action to be taken with respect to the offer to resign;

approval of the Governance Committee to serve as a director, officer or employee of a competitor of the Company; and

prompt notification to the Chairman of the Board and Chairman of the Governance Committee upon the acceptance of a directorship of any other public company or any assignment to the Audit or Compensation Committees of the board of any public company.

The Governance Committee also plays a leadership role in shaping the Company's corporate governance. It undertakes an annual corporate governance self-assessment, consisting of a thorough review of the Company's corporate governance practices. The Governance Committee reviews the Company's practices and best practices followed by other companies. The goal is to maintain a corporate governance framework for the Company that is effective and functional and that fully addresses the interests of the Company's stakeholders. The Governance Committee determined that the Company operates under many corporate governance best practices. The Governance Committee may from time to time recommend enhanced corporate governance standards to the Board. The Board voted to approve these standards which are reflected in:

the Corporate Governance Guidelines;

the charters for each of the Board's Committees; and

an expanded Code of Business Conduct and Ethics for all Directors, officers and employees.

The standards reflected in these documents implement and strengthen the Company's corporate governance practices. These documents, and others related to corporate governance, are available on the Company's website at www.devonenergy.com.

With the Company's fundamental corporate governance practices firmly in place and annually evaluated, the Governance Committee is prepared to respond quickly to new regulatory requirements and emerging best practices. The Governance Committee intends to continue to require an annual evaluation of the effectiveness of the Board and its Committees and an annual self-assessment of the performance and effectiveness by each member of the Board to enable the Company to maintain its position at the forefront of corporate governance best practices.

John A. Hill, Chairman
William J. Johnson
Michael M. Kanovsky
Mary P. Ricciardello

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AUDIT COMMITTEE REPORT

The Board of Directors maintains an Audit Committee which is comprised of four independent Directors. The Board and the Audit Committee believes that the Audit Committee's current membership satisfies the rules of the NYSE that govern audit committee composition, including the requirement that audit committee members all be independent directors as that term is defined under the listing standards of the NYSE. Also, for purposes of complying with the listing standards of the NYSE, the Board has determined that Michael M. Kanovsky's simultaneous service on the audit committees of three other public companies does not impair his ability to serve on the Company's Audit Committee. The Audit Committee operates under a written charter approved by the Board of Directors. The Charter is available on the Company's website at www.devonenergy.com.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the preparation of the financial statements and the establishment and maintenance of the system of internal controls. This system is designed to provide reasonable assurance regarding the achievement of objectives in the areas of reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board, and the audited financial statements in the Annual Report. This review included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

In fulfilling its duties during 2007, the Audit Committee:

- reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of the Company's audited financial statements with accounting principles generally accepted in the United States, and the effective operation of, the Company's internal controls over financial reporting;

- reviewed with independent auditors their judgments as to the quality, not just the acceptability, of the Company's accounting principles and other matters;

- discussed with the independent auditors other matters under generally accepted auditing standards, including Statement on Auditing Standards No. 61, *Communications with Audit Committee*;

- discussed with the independent auditors the auditors' independence, including the matters in the written disclosures and the letter received from the independent auditors required by the Independence Standards Board Standard No. 1;

- discussed with the independent auditors the overall scope and plans for their audit; and

- met with the independent auditors, with and without management present, to discuss the results of their audit and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the SEC. The Audit Committee has approved KPMG LLP as the Company's independent auditors for the year ending December 31, 2008.

Thomas F. Ferguson, Chairman

Michael M. Kanovsky
J. Todd Mitchell
Mary P. Ricciardello

Table of Contents**Independent Auditors Fees**

Under the terms of its charter, the Audit Committee approves the fees we pay our independent auditors. For the years ended December 31, 2007 and December 31, 2006, we paid the following fees to KPMG LLP:

	2007	2006
Audit fees	\$ 3,719,000	\$ 3,300,000
Audit related fees	\$ 275,000	\$ 290,000
Tax fees	\$ 205,000	\$ 323,000
All other fees	\$	\$
	\$ 4,199,000	\$ 3,913,000

Audit fees include services for the audits of the financial statements and the effective operation of our internal controls over financial reporting. Audit related fees consisted principally of audits of financial statements of employee benefit plans and certain affiliates and subsidiaries and certain accounting consultation. Tax fees consisted of tax compliance and tax consulting fees. The Audit Committee has considered whether the provisions of audit related services and tax services are compatible with maintaining KPMG LLP's independence and has determined the auditors' independence is not impaired.

Audit Committee Pre-Approval Policies and Procedures

All of the 2007 and 2006 audit and non-audit services provided by KPMG LLP were approved by the Audit Committee. The non-audit services which were approved by the Audit Committee were also reviewed to ensure compatibility with maintaining the auditors' independence.

The Audit Committee has pre-approval policies and procedures related to the provision of audit and non-audit services. Under these procedures, the Audit Committee pre-approves both the type of services to be provided by KPMG LLP and the estimated fees related to these services. During the approval process, the Audit Committee considers the impact of the types of services and the related fees on the independence of the auditors. The services and fees must be deemed compatible with the maintenance of the auditors' independence, including compliance with SEC rules and regulations.

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RESERVES COMMITTEE REPORT

The Board of Directors established a Reserves Committee in 2004, comprised of four independent Directors, Messrs. Hager, Howard, Johnson and Mitchell. The Reserves Committee operates under a charter approved by the Board of Directors. The charter is available on the Company's website at www.devonenergy.com. The Reserves Committee oversees, on behalf of the Board, the evaluation and reporting process of the Company's oil, gas and natural gas liquids reserves data. Management and our independent engineering consultants have the primary responsibility for the preparation of the reserves reports. In fulfilling its oversight responsibilities, the Reserves Committee reviewed with management the internal procedures relating to the disclosure in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 of reserves, having regard to industry practices and all applicable laws and regulations. In fulfilling its duties during 2007, the Reserves Committee has:

approved AJM Petroleum Consultants, LaRoche Petroleum Consultants, Ltd. and Ryder Scott Company L.P., as the Company's independent engineering consultants for the year ending December 31, 2007;

reviewed with the independent engineering consultants the scope of the annual review of the Company's reserves;

met with the independent engineering consultants, with and without management, to review and consider the evaluation of the reserves and any other matters of concern in respect to the evaluation of the reserves;

reviewed and approved any statement of reserves data or similar reserves information, and any report of the independent engineering consultants regarding such reserves to be filed with any securities regulatory authorities or to be disseminated to the public;

reviewed the internal procedures relating to the disclosure of reserves; and

ensured that the independent engineering consultants were independent prior to their appointment and throughout their engagement.

In reliance on the reviews and discussions referred to above, the Reserves Committee recommended to the Board of Directors, and the Board has approved, that the reserves reports be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the SEC.

Robert L. Howard, Chairman

David A. Hager

William J. Johnson

J. Todd Mitchell

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COMPENSATION DISCUSSION AND ANALYSIS

Introduction

We depend on the performance of highly-trained, experienced and committed executive officers who have the skill sets, education, experience, and personal qualities necessary to manage an oil and gas business to the benefit of its stockholders. Accordingly, our executive compensation program is designed and administered to attract and retain such individuals in a competitive market for talent. At the same time, we must be flexible enough to adapt to unexpected developments in the oil and gas industry and volatility in the commodities markets.

As used in this Compensation Discussion and Analysis:

the terms *senior executive officers* and *senior executives* refer to the Company's Senior Vice Presidents, President and Chief Executive Officer (CEO);

the terms *executive officers* and *executives* refers to the Company's senior executive officers and the Company's Vice Presidents; and

the terms *named executive officers* and *named executives* refer to the Company's CEO, the Company's principal financial officer, and three most highly compensated other executive officers.

Compensation Philosophy and Objectives

Overview

The Company has a two-pronged operating strategy, which includes:

the investment of the majority of our capital budget in low-risk exploitation and development projects capable of producing reliable, repeatable results over the near-term; and

the investment of a measured amount of our capital budget in longer-term initiatives with higher-impact potential to replenish our development inventory for the future.

We believe that this operating strategy requires a compensation philosophy that recognizes near-term operational and financial success as well as decision-making that supports long-term value creation. For these reasons, our executive compensation program is designed to strike the appropriate balance between the near-term and the long-term.

The goals of the program are to:

motivate, reward and retain management talent to support our goal of increasing shareholder value;

effectively compete against other oil and gas companies for executive talent;

take into consideration developments within the oil and gas industry;

provide a balance between the achievement of near-term and long-term objectives; and

emphasize direct compensation over indirect compensation, such as benefits and perquisites.

The following table gives a broad overview of the elements of our executive compensation program, including the description and purpose of each element as well as market guidelines generally targeted by us. In each case, the desired market position is relative to executives at peer companies, which is discussed in further detail below under Benchmarking.

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Compensation Component	Description and Purpose	Desired Market Position Relative to Peer Group
Base Salary	Provides fixed compensation to pay for experience, expertise, and knowledge	At or above the 50 th percentile
Annual Cash Bonus	Emphasizes near-term performance results and current decision-making that affects long-term value creation	Near the 75 th percentile based on performance
Long-Term Incentive Awards	Aligns executives' long-term interests with those of our shareholders	Near the 75 th percentile based on performance
	Promotes retention of executives through time-based vesting of awards	
	Provides for meaningful share ownership opportunities	
Retirement and Other Benefits	Emphasizes long-term performance results	
	Retirement benefits provide long-term financial security	Provide program offerings competitive with the peer group
	Other benefits include basic health and welfare programs provided to all employees	
	Severance benefits allow for financial security in certain cases of termination	

Generally, we target total direct compensation for executive officers, which we define as the aggregate of base salary, annual cash bonus, and long-term incentive awards, between the 60th and 75th percentiles of the peer group. The most recent data available to the Company in 2007 indicated that its total direct compensation for named executive officers ranged from below the median to approximately the 75th percentile at that time.

Balancing Pay for Near-Term and Long-Term Performance

To reinforce the goals of delivering both near-term results and long-term shareholder value, the Company provides executives both annual cash bonuses and long-term incentive awards. We believe that properly allocating these pay components is critical in motivating executives to carry out our two-pronged operating strategy. Overall, the value of an executive's total compensation is weighted in favor of long-term incentives.

Compensation Weighted Toward Incentive Pay

We believe that the proportion of an employee's total direct compensation that varies based on performance should increase as the scope of the individual's ability to influence our results increases. Since executive officers have the greatest responsibility for, and influence over, our results, a significant portion of their overall compensation

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consists of incentive pay that is at risk. In 2007, for example, approximately 90% of the estimated value of the total direct compensation of our CEO was at risk. The estimated value of the total direct compensation at risk in 2007 for all other named executive officers ranged from approximately 80% to 90% of their total direct compensation.

Compensation Process

Our process for reviewing and determining the compensation for named executive officers involves the Compensation Committee of the Board of Directors (the Committee), senior executive officers of the Company, and an independent compensation consultant. The roles of these individual parties are described further in the following sections.

Role of the Compensation Committee and Senior Executive Officers

Our executive compensation philosophy is established by the Committee, which also administers the overall executive compensation program. The Committee operates under a written charter approved by the Board of Directors. The charter is available on our website at www.devonenergy.com.

Each year, the Committee conducts an individual, in-depth interview of each senior executive officer to discuss the officer's analysis of the Company's performance for the year and the performance within his or her area of responsibility. We believe this to be a unique practice among compensation committees. In addition, the CEO and the President discuss with the Committee their evaluation of each senior executive's performance, role, development, and potential to take on greater or different responsibilities. The CEO and President then make recommendations to the Committee for changes to compensation for senior executive officers. Neither the CEO nor the President makes any recommendation to the Committee regarding his own pay.

The Committee takes into consideration the CEO's and President's recommendations, the Committee's own review of competitive market data, recent Company performance, interviews with the senior executives and our compensation philosophy. The Committee then determines the pay levels for each named executive officer. In executive session and without any executive officer present, the Committee determines the CEO's and President's pay levels.

Mr. Heatly, the Company's vice president of accounting, is included in the group of named executive officers solely because he is the Company's principal financial officer and not because he was one of the most highly paid senior executive officers. Mr. Heatly was not a senior executive officer in 2007. Therefore, his salary and bonus were determined in accordance with the compensation practices applied to the other non-executive officers of the Company. For the purposes of the discussion of executive officer compensation practices set forth in this Compensation Discussion and Analysis, the term named executive officers does not include Mr. Heatly.

2007 pay decisions are discussed further in the Executive Compensation in 2007 section below.

Role of the Independent Compensation Consultant

In 2007, the Committee retained the services of an independent compensation consulting firm, Hewitt Associates (the Compensation Consultant), to evaluate the competitiveness of our programs and assist with executive compensation program design. The Committee did not direct Hewitt to perform the above services in any particular manner or under any particular method. All of the decisions with respect to the Company's executive compensation were made by the Committee alone. The Committee has the final authority to hire and terminate the Compensation Consultant, and the Committee evaluates the Compensation Consultant annually. The Company's Board has adopted a policy that prohibits the Compensation Consultant from providing any service to the Company, or its management, other than the services provided to the Committee.

Benchmarking

To successfully compete for executive talent, the Company annually compares the compensation of its executives against the compensation of comparable executives. The Company

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Commitment Runs Deep

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establishes a peer group consisting of oil and gas and energy services companies having similar asset, revenue and enterprise value profiles as the Company. The Committee believes these metrics are appropriate for determining peers because they provide a reasonable point of reference for comparing similar positions and scope of responsibility.

For 2007, the Committee approved a peer group of 21 companies listed below:

Anadarko Petroleum Corporation
Apache Corporation
Baker Hughes Incorporated
Chesapeake Energy Corporation
Chevron Corporation
ConocoPhillips
Dominion Resources, Inc.
El Paso Corporation
EnCana Corporation
EOG Resources, Inc.
Halliburton Company
Hess Corporation
Marathon Oil Corporation
Murphy Oil Corporation
Nabors Industries Ltd.
Occidental Petroleum Corporation
Schlumberger Limited
Tesoro Corporation
Transocean Inc.
Valero Energy Corporation
The Williams Companies, Inc.

The Company's benchmarking analysis consists of all components of total direct compensation, including base salary, annual bonus and long-term incentives. The Compensation Consultant collected and summarized compensation data from the proxy statements of the peer group and the Compensation Consultant's proprietary databases. The information available in comparing compensation paid by the Company in the past as well as setting current compensation typically is from the prior year. Thus, when setting current compensation, the Committee works with the Compensation Consultant to adjust the data to account for known or perceived changes in the market between the effective date of the data and the current date.

For 2007, the named executive officers were included in the benchmarking analysis. The Committee did not place any particular emphasis on the market benchmark data for Mr. Smette, as he has a unique role relative to other executives in the peer group. Please see the Material Differences in Pay Decisions for Named Executive Officers section for additional information.

Executive Compensation in 2007

Overview

We use several different compensation elements in our executive compensation program for the purpose of addressing both near-term and longer-term value creation for the Company. As described earlier, the primary components of our executive compensation program are:

base salary;
annual cash bonus;
long-term incentives; and
retirement and other benefits.

The design of each compensation element and 2007 pay decisions are described further in the sections that follow.

Base Salary

The Committee reviews and determines, on an annual basis, the base salaries of our named executive officers. Mr. Heatly's base salary is determined by Mr. Richels. We consider a competitive base salary vital to ensuring the continuity of our management. The following factors are considered when establishing base salaries for the named executive officers:

external market forces and data, including the competitive market information provided by the Compensation Consultant;
the scope of responsibility, experience and tenure of each executive;
the development plans for the executive and his potential to take on greater or different responsibilities; and
internal equity considerations.

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We believe that the Company's ability to achieve its objectives depends in large part on employing an executive leadership team that has a combination of significant industry experience and longevity with the Company. In order to attract and retain such executives, their base salaries must be competitive with the base salaries of executive officers of peer companies with whom we compete for executive personnel. Therefore, the primary driver for setting base salaries is market competitiveness. We believe that targeting base salaries at or slightly above the market median enables us to compete successfully and allows us to emphasize variable compensation appropriately.

The 2007 benchmarking indicated that base salaries for the named executive officers would generally meet the Company's market objective on an overall basis, with individual salaries ranging from slightly below the median to above the 75th percentile of the benchmarking data.

Please refer to the Summary Compensation Table for further information on the base salaries of named executive officers.

Annual Cash Bonus

The Committee awards, on an annual basis, cash bonuses to our named executive officers. Mr. Heatly's cash bonus is determined by Mr. Richels. The Committee believes that executives' cash bonuses should reflect, above all, the ongoing enhancement of shareholder value, both in the short-term and the long-term. In that regard, bonuses awarded by the Committee are intended to be competitive with the market while rewarding senior executives for:

delivering near-term financial and operating results;

developing long-term growth prospects;

fostering internal talent;

ensuring positive relationships with regulators, landowners and other stakeholders;

continuous improvement in the efficiency and effectiveness of business processes; and

building a culture of mutual respect and teamwork focused on creating long-term shareholder value.

To that end, in determining the appropriate bonus amounts, the Committee considers recent Company performance; each senior executive officer's individual performance during the year; competitive market conditions; historical practices; incentive awards for others in the organization; and our compensation philosophy. The Committee does not assign target or maximum cash bonus award levels to the named executives.

When evaluating recent Company performance, the Committee considers performance against goals approved by the Board at the beginning of the year. The Company's performance goals cover a number of both quantitative and qualitative targets. Consistent with the flexible nature of the annual bonus program, the Committee does not assign any specific weight to any particular performance goal nor is any specific weight assigned to the performance goals in the aggregate.

The Committee considers not only the Company's performance during the year with respect to the quantitative and qualitative goals set at the beginning of the year, but also market and economic trends and forces, extraordinary internal and market-driven events, unanticipated developments, and other extenuating circumstances. In short, the Committee analyzes the total mix of available information (including performance against any quantitative

performance goals) on a qualitative, rather than quantitative, basis in making bonus determinations.

For 2007, the Committee noted, in its evaluation of Company performance:

continued success and leadership in developing the Barnett Shale in north Texas;

the commencement of production by the Company from the Merganser field in the deepwater Gulf of Mexico;

completion of construction at the Jackfish project in the Alberta oil sands;

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increased production from the Lloydminster area of Canada;
initial production in the Polvo field offshore Brazil; and
progress in developing discoveries in the Lower Tertiary trend of the Gulf of Mexico.

Further, the Committee determined that the Company substantially met the goals related to:

production volumes;
reserves additions;
execution of the capital budget;
both drill-bit and all-sources finding and development costs;
operating expenses; and
operating profit from both the exploration and production business and the marketing and midstream business.

With respect to finding and development costs, the Committee especially noted that the Company achieved competitive costs even while it invested significant capital in long-term projects that were not expected to yield new reserve additions in 2007. The Committee concluded that negative variances from performance goals were minor and due to circumstances largely beyond management's control.

The Committee determined that the Company had substantially met the goals related to environmental, health and safety performance, though it noted that improvement was needed in the area of tracking corrective actions. With respect to regulatory matters, the Committee determined that the Company managed favorable permitting turnaround times and conducted our operations in a manner so as to avoid any material operational delays related to regulatory action. The Committee also found that considerable efforts had been made to broaden and strengthen the Company's relationships with key stakeholders. In addition, the Committee considered the significant strides made by the Company in improving the efficiency of business processes. The Committee did note that workforce planning and leadership development efforts had been delayed but that momentum had been achieved in each of these areas.

The Committee conducted a thorough evaluation of individual senior executive performance, including the individual, in-depth interviews described above. Among the named executives for which it made bonus determinations, the Committee determined that each had made the expected balanced contribution to overall results.

While our approach to annual bonuses is not formulaic, it is methodical and purposeful. We have considered the relative merits of a non-formulaic, subjective approach to paying annual bonuses versus a formulaic approach. We have concluded that the present non-formulaic approach results in the creation of a highly-effective, nimble management team that is evaluated on its ability to be flexible in addressing changing market and industry conditions while executing the Company's overall business strategy. We think the Company's recent and long-term performance demonstrate that this flexible approach works well.

The 2007 benchmarking indicated that bonuses for the named executive officers would generally meet the Company's market objective on an overall basis, with individual bonuses ranging from below to above the 75th percentile of the benchmarking data.

For additional detail on the bonuses awarded in 2007, please refer to the Summary Compensation Table.

Long-Term Incentives

Overview

A key component of our compensation program is to reward executives for long-term strategic accomplishments and enhancement of longer-term shareholder value through equity-based long-term incentives. We believe that long-term incentive compensation plays an essential role in attracting and retaining executive officers and aligns their interests with the goal of maximizing shareholder value.

The Company grants long-term incentive awards to named executive officers at the year-end Committee meeting in December. The Committee

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does not backdate stock option grants and does not time the grant of awards in coordination with the release of material nonpublic information.

We have established long-term incentive target values for each level of responsibility within the Company, including the named executive officers. Similar to our process for annual cash bonuses, in determining the value of long-term incentives to be awarded to our executives, the Committee takes into account:

recent Company performance;

each executive officer's individual performance during the year;

competitive market conditions;

historical practices;

incentive awards for others in the organization;

the Company's desire for its long-term incentive plans to accommodate an awards program lasting between four and six years; and

our compensation philosophy.

For 2007, the Company made grants of long-term incentive awards to named executive officers in the form of stock options and time-vested restricted stock. One-half of the total award value was granted in options, and one-half of the award value was granted in restricted stock. We believe this combination provides a balance between shareholder value creation and executive stock ownership and retention.

Benchmarking conducted in 2007 indicated that the value of long-term incentives awarded to the named executive officers in 2006 generally fell below the Company's market objective on an overall basis, with individual long-term incentive opportunities ranging from below to above the median.

Based on the 2007 benchmarking results and the Company's compensation philosophy, the Committee approved the following grants during its year-end meeting:

Name	2007 Option Awards	2007 Stock Awards
J. Larry Nichols	153,400	58,500
John Richels	76,800	29,200
Danny J. Heatly	18,000	6,936
Stephen J. Hadden	46,100	17,500
Darryl G. Smette	30,200	11,500

Each type of award is described further below. For additional detail on the Company's long-term incentive award grants in 2007, please refer to the Summary Compensation Table and the Grants of Plan-Based Awards Table.

Stock Options

Stock options are intended to align executives' interests with those of shareholders by providing an incentive for executives to enhance shareholder value. Due to the significance of the risk/reward profile of stock options, executives stand to gain from their receipt of stock options only to the extent our common stock appreciates in value. The vesting schedule provides incentive to continue service with the Company for an extended period. For awards made in 2007, 20% of the stock options immediately vested and became exercisable on the grant date. An additional 20% of each grant vests and becomes exercisable on each of the first four anniversaries of the original grant.

Restricted Stock

Restricted stock awards are grants of our common stock that will only be earned by an executive officer when the restrictions lapse and only if the individual continues to be employed by us at that time. During the vesting period, the forfeitable value of a restricted stock award is less volatile than the forfeitable value of a stock option award with same economic value at grant. A more constant forfeitable value makes restricted shares an effective tool for

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attracting and retaining top executive talent in a competitive industry. For awards made in 2007, one quarter of each award vests on each of the first four anniversary dates of the original grant. As with stock options, the vesting schedule provides incentive to continue service with the Company for an extended period.

Stock Ownership

While we encourage executives to own and hold our stock, we have not adopted any specific executive stock ownership criteria. We periodically review the number of shares owned by our executives and note that they generally maintain ownership levels we believe align their interests with those of shareholders. For additional detail on the stock owned by our named executive officers, please refer to the Stock Ownership Table on page 49.

Retirement and Other Benefits

Overview

Our executive officers are eligible for the same medical and dental insurance, accidental death insurance, disability insurance, vacation, and other similar benefits as the rest of our full-time employees. We offer all employees participation in two types of retirement plans.

Our retirement plans and other benefits for our employees, including the named executive officers, are described in the sections that follow.

Defined Contribution Retirement Plans

Our 401(k) Plan allows employees to defer a portion of their compensation into a retirement savings account. We match up to the first six percent of each employee's compensation (base pay and bonus) contributed to this plan, up to certain limits imposed by the IRS. Additionally, executives and certain other employees can elect to participate in our non-qualified deferred compensation plan (the Deferred Compensation Plan). The Deferred Compensation Plan allows participants to set aside more of their compensation for retirement than is allowed in the 401(k) Plan. In addition, to the extent that tax rules limit our ability to make the full six percent match to the 401(k) Plan, such contribution is made to the Deferred Compensation Plan. Our matching contributions to the 401(k) Plan and Deferred Compensation Plans are included in the All Other Compensation column of the Summary Compensation Table on page 30.

Defined Benefit Retirement Plans

Our named executive officers participate in our qualified Retirement Plan for Employees of Devon Energy (the Defined Benefit Plan). This plan provides benefits based on compensation and years of employment service with us. Each eligible employee who retires is entitled to receive annual retirement income of 65% (or 60% if compensation exceeds \$220,000) of his or her final average compensation (which consists of the average of the highest three consecutive years' compensation out of the last 10 years), less any benefits due to the participant under Social Security, times a fraction, the numerator of which is credited years of service up to a maximum of 25 and the denominator of which is 25 (or service projected to age 65 if greater, for employees whose compensation exceeds \$220,000). This fraction cannot be greater than one. Employee contributions to this plan are neither required nor permitted. Benefits under this plan are reduced for certain highly compensated employees, including our named executives, in order to comply with certain requirements of the Employee Retirement Income Security Act of 1974, as amended, (ERISA) and the Code.

Executive officers and certain other employees are also eligible to participate in the non-qualified Benefit Restoration Plan (BRP). The purpose of this plan is to restore the benefits for selected employees because their benefits under the

Defined Benefit Plan are reduced due to Code limitations. The provisions of the BRP essentially mirror those of the Defined Benefit Plan. Any benefits to which an employee is entitled under this plan are offset by benefits payable under the Defined Benefit Plan.

We also offer participation in the Supplemental Retirement Income Plan (SRIP) to a certain group of senior officers, including all of the named executive officers. The purpose of this non-qualified plan is to provide additional retirement benefits for these executives. Executive officers may receive benefits under

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the SRIP or the BRP but no duplication of benefits is allowed. The SRIP provides superior benefits to the BRP; however, an executive's benefits under the SRIP vest after 10 years of service compared to five years of service required for vesting under the BRP. Superior benefits under the SRIP as compared to the BRP are the following:

benefits under the SRIP are accrued over 20 years of service while benefits under the BRP are accrued over 25 years of service; and

the executive is paid a lump sum equivalent of the benefits accrued under the SRIP if the executive is terminated without cause after a change in control of the Company. The BRP does not contain a similar provision.

The present values of the accumulated benefits of our named executive officers under the Defined Benefit Plan and the SRIP are disclosed in the Pension Benefits Table on page 37.

Changes to Defined Contribution and Defined Benefit Retirement Plans

In 2007, we adopted an enhanced defined contribution structure related to our 401(k) Plan that became effective January 1, 2008. Participants in this enhanced defined contribution structure will continue to receive a discretionary matching contribution of 6% of their contributions to the 401(k) Plan, or 3% in the case of participants with less than five years of benefit service. These participants will also receive additional, nondiscretionary contributions by Devon calculated as a percentage of annual compensation. The percentage will vary based on the employee's years of service.

On or before November 15, 2007, existing eligible employees elected to either continue to participate in the defined benefit plan or participate in the enhanced defined contribution structure of the 401(k) Plan. Employees who elected to continue participating in the defined benefit plan will continue to accrue benefits under the existing provisions of such plans and will receive a matching contribution of 6% of their contributions to the 401(k) Plan. Employees who elected to participate in the enhanced defined contribution structure will receive enhanced contributions to the 401(k) Plan and will retain the benefits that they have accrued under the defined benefit plan as of December 31, 2007. However, such employees will only be entitled to the benefits that they have accrued in the defined benefit plan as of December 31, 2007, after all applicable vesting requirements have been met. Employees hired on or after October 1, 2007 will not have an election and will only participate in the 401(k) Plan and the enhanced defined contribution structure.

Material Differences in Pay Decisions for Named Executive Officers

Mr. Nichols' compensation is higher than that of other currently employed executives primarily because of his seniority, his long tenure with the Company, his status as a founder of the Company, the compensation levels of comparable executives of other companies against whom his compensation is targeted, and his greater influence over and responsibility for the entire Company (as opposed to a distinct division or function). In addition, Mr. Nichols' compensation recognizes the larger leadership role he has taken with respect to matters affecting the oil and gas industry, generally, at a time that the industry has been subjected to increased legislative, regulatory and media scrutiny.

Mr. Richels' total compensation is higher than that of other named executive officers, except for Mr. Nichols, primarily because of his seniority, experience and stature in the industry, his reporting relationship to the CEO, the compensation levels of comparable executives of other companies against whom his compensation is targeted, and his greater influence over and responsibility for the entire Company (as opposed to a distinct division or function). In addition, Mr. Richels' compensation recognizes the larger leadership role he has taken with respect to day-to-day Company matters as Mr. Nichols has been required to give more attention to industry matters.

Mr. Hadden's and Mr. Smette's total compensation levels reflect their roles and responsibilities as the heads of the Company's two operating divisions - Mr. Hadden for

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Commitment Runs Deep

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exploration and production and Mr. Smette for midstream and marketing - their individual contributions to the Company and the officer team, and pay levels for similar positions at our peer companies. Because Mr. Smette also is responsible for the Company's hedging program and procurement strategy, his role is somewhat unique versus our peer companies, and the Committee places less emphasis on market benchmarks when determining his compensation.

Mr. Heatly, the Company's vice president of accounting, is included in the group of named executive officers solely because he is the Company's principal financial officer and not because he was one of the most highly paid executive officers. As described above, Mr. Heatly was not a senior executive officer in 2007. Accordingly, his compensation arrangements are more in line with other non-senior executive officers.

Other Benefits

We provide executive officers with other perquisites on a limited basis. For example, Messrs. Nichols and Richels may make personal use of our aircraft on a very limited basis; however, in most circumstances, they do not use the Company aircraft for personal trips. Additionally, personal use of our aircraft by other officers may be appropriate if there is a health-related or other emergency reason, the flight coincides with a business-related flight, or if there is some urgent matter requiring the executive's attendance.

Post-Termination or Change in Control Benefits

We currently have employment agreements with each of our named executive officers with the exception of Mr. Heatly, with whom we have a severance agreement. These agreements give the named executive officers certain additional compensation if their employment is involuntarily terminated other than for cause or if the executive voluntarily terminates his or her employment for good reason, as those terms are defined in their agreements. Also, in these situations, the unvested long-term incentive awards for each of the named executive officers become fully vested and each of our named executive officers, with the exception of Mr. Heatly, becomes fully vested in his SRIP benefit.

If a named executive officer, other than Mr. Heatly, is terminated within two years of a change in control, the executive is also entitled to an additional three years of service credit and age in determining entitlement to retiree medical benefits and SRIP benefits. If Mr. Heatly is terminated within two years of a change in control, he is entitled to an additional two years of service credit and age in determining his entitlement to retiree medical benefits.

As described earlier, Mr. Heatly was not a senior executive officer in 2007. Accordingly, his benefits arrangements are more in line with other non-senior executive officers.

Please refer to the Potential Payments Upon Termination or Change In Control section for more information.

Consideration of Tax Implications

Section 162(m) of the Internal Revenue Code (the "Code") disallows, with certain exceptions, a federal income tax deduction for compensation over \$1,000,000 paid to the CEO or any other named executive officer except the Chief Financial Officer. One exception applies to performance-based compensation paid pursuant to shareholder-approved employee benefit plans (essentially, compensation that is paid only if the individual's performance meets pre-established objective performance goals using performance measures approved by our shareholders).

Although we have generally attempted to structure executive compensation so as to preserve deductibility, we also believe that there are circumstances where our interests are best served by maintaining flexibility in the way compensation is provided, even if it results in the non-deductibility of certain compensation under the Code. A portion of the payments made under our current annual cash compensation program are not deductible in accordance with the

provisions of Section 162(m). However, the Committee has determined that the benefit of enhanced flexibility in program design outweighs the value of the lost deduction.

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A portion of the stock options we granted to our executives are incentive stock options, which allow the executives to defer the payment of certain taxes upon exercise of the options and provide for the characterization of certain gains as long-term capital gains.

Section 422 of the Code limits the amount of incentive stock options that may vest for any one employee each year. Section 422 provides that, to the extent the aggregate fair market value of stock with respect to which incentive stock options become exercisable each year exceeds \$100,000, such stock options will be treated as nonqualified stock options. We take this \$100,000 limit into consideration when granting incentive stock options to our executives, so that their incentive stock options will not be recharacterized as nonqualified stock options.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

David M. Gavrin, Chairman

David A. Hager

John A. Hill

Robert L. Howard

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The following table summarizes the compensation of our named executive officers for the years ended December 31, 2007 and 2006. The named executive officers are our Chief Executive Officer, our principal financial officer and our three other most highly compensated executive officers for the year ended December 31, 2007.

Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards \$(⁽¹⁾)	Option Awards \$(⁽¹⁾)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(⁽²⁾)	All Other Compensation \$(⁽³⁾)	
Chairman of the Board and Chief Executive Officer	2007	1,200,000	2,600,600	2,898,547	3,229,752	2,425,191	306,409	1
	2006	1,200,000	2,600,600	2,108,855	2,357,432	4,402,009	302,958	1
President	2007	950,000	1,750,600	1,170,183	1,023,815	577,484	148,111	3
	2006	825,000	1,500,600	810,596	816,747	1,098,086	146,108	3
Chief Financial Officer	2007	300,000	320,600	409,489	371,934	157,740	37,787	1
	2006	280,000	250,600	311,850	367,213	179,983	33,469	1
Chief Operating Officer	2007	625,000	950,600	733,224	623,554	283,730	63,144	3
	2006	575,000	875,600	559,365	387,580	207,655	68,717	2
Chief Accounting Officer	2007	575,000	875,600	723,748	634,635	758,532	107,965	3
	2006	550,000	850,600	562,411	637,772	1,363,390	103,204	4

(1) The dollar amounts reported in these columns are compensation costs recognized in our financial statements for the applicable year pursuant to SFAS No. 123(R). For a discussion of the valuation assumptions, see *Note 9 Share Based Compensation* of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2007. No option or stock awards granted to our named executive officers were forfeited during either year.

(2) The amounts in this column reflect the aggregate change in the actuarial present value of each executive officer's accumulated benefits under our Defined Benefit Plan and the SRIP during the applicable year. The amounts shown were not paid to the executives. None of our named executive officers received above market or preferential earnings on deferred compensation in either year.

(3) Details of the amounts in this column are shown in the following table.

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The following table shows the components of All Other Compensation in the previous table.

Name	Year	Dividends	Group	401(k)	Deferred	Personal	Total
		on	Term		Compensation		
		Unvested	Life	Plan	Plan	Air	
		Restricted	Insurance	Employer	Employer	Travel	
		Stock	Premiums	Match	Match	(\$) ⁽¹⁾	(\$)
		Awards (\$)	(\$)	(\$)	(\$)		
J. Larry Nichols	2007	59,346	14,478	13,500	190,800	28,285	306,409
	2006	59,009	7,524	13,200	185,400	37,825	302,958
John Richels	2007	21,928	4,902	13,500	103,800	3,981	148,111
	2006	19,306	4,902	13,200	99,900	8,800	146,108
Danny J. Heatly	2007	8,369	1,518	13,500	14,400		37,787
	2006	8,823	1,408	13,200	10,038		33,469
Stephen J.	2007	14,909	2,622	13,500	30,000	2,113	63,144
Hadden	2006	15,095	2,622	13,200	37,800		68,717
Darryl G. Smette	2007	14,837	7,524	13,500	67,800	4,304	107,965
	2006	15,922	4,902	13,200	65,400	3,780	103,204

- (1) The incremental cost of personal use of our aircraft is calculated based on our average variable operating costs. Variable operating costs include fuel, engine reserves, maintenance, weather-monitoring, on-board catering, landing/ramp fees and other miscellaneous variable costs. The total annual variable costs are divided by the annual number of hours our aircraft flew to determine an average variable cost per hour. This average variable cost per hour is then multiplied by the hours flown for personal use to determine the incremental cost. The methodology excludes fixed costs that do not change based on usage, such as pilots and other employees salaries, purchase costs of the aircraft and non-trip related hangar expenses.

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Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh) ⁽³⁾	Grant Date Fair Value of Stock and Option Awards (\$) ⁽⁴⁾
J. Larry Nichols ⁽¹⁾⁽²⁾	12/10/07	58,500			5,215,275
	12/10/07		153,400	89.15	6,519,791
John Richels ⁽¹⁾⁽²⁾	12/10/07	29,200			2,603,180
	12/10/07		76,800	89.15	2,265,446
Danny J. Heatly ⁽¹⁾⁽²⁾	12/10/07	6,936			618,344
	12/10/07		18,000	89.15	530,964
Stephen J. Hadden ⁽¹⁾⁽²⁾	12/10/07	17,500			1,560,125
	12/10/07		46,100	89.15	1,359,858
Darryl G. Smette ⁽¹⁾⁽²⁾	12/10/07	11,500			1,025,225
	12/10/07		30,200	89.15	890,840

- (1) Restricted stock vests at the rate of 25% on each of the first four anniversary dates of the original grant. Restricted stock award recipients are entitled to receive dividends on their unvested shares of restricted stock.
- (2) Stock options vest at the rate of 20% on the date of grant and 20% on each of the first four anniversary dates of the grant date.
- (3) The exercise price for stock options is equal to the closing price of our common stock on the date of grant.
- (4) The dollar amounts shown represent the aggregate fair value of options and restricted stock granted during the year (disregarding any estimate of forfeitures related to service-based vesting conditions) on a grant-by-grant basis. For a discussion of the valuation assumptions, see *Note 9 Share-Based Compensation* of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

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The following table shows the number of shares covered by exercisable and unexercisable options and unvested restricted stock awards held by our named executive officers on December 31, 2007.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ⁽⁹⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾
J. Larry Nichols	80,000 ⁽²⁾		18.38	01/21/2008		
	80,000 ⁽³⁾		14.56	12/11/2008		
	140,000 ⁽⁴⁾		15.47	12/09/2009		
	140,000 ⁽⁵⁾		25.85	11/29/2010		
	120,000 ⁽⁶⁾		26.43	12/03/2011		
	210,000 ⁽⁶⁾		17.43	12/04/2011		
	40,000 ⁽⁷⁾		34.27	09/14/2012		
	210,000 ⁽⁶⁾		23.05	12/02/2012		
	100,000 ⁽⁶⁾	25,000	38.45	12/08/2012		
	84,660 ⁽⁶⁾	56,440	66.39	12/11/2013		
	57,440 ⁽⁶⁾	86,160	71.01	12/11/2014		
	30,680 ⁽⁶⁾	122,720	89.15	12/09/2015		
					15,625	1,389,219
					27,100	2,409,461
John Richels	70,000 ⁽⁵⁾		25.85	11/29/2010		
	56,000 ⁽⁶⁾		26.43	12/03/2011		
	106,000 ⁽⁶⁾		17.43	12/04/2011		
	12,000 ⁽⁷⁾		34.27	09/14/2012		
	106,000 ⁽⁶⁾		23.05	12/02/2012		
	44,000 ⁽⁶⁾	11,000	38.45	12/08/2012		
	26,040 ⁽⁶⁾	17,360	66.39	12/11/2013		
	25,440 ⁽⁶⁾	38,160	71.01	12/11/2014		
	15,360 ⁽⁶⁾	61,440	89.15	12/09/2015		
					6,875	611,256
					8,350	742,399
					18,450	1,640,390
					29,200	2,596,172

Danny J. Heatly	30,000 ₍₆₎		26.43	12/03/2011		
	29,000 ₍₆₎		23.05	12/02/2012		
	24,000 ₍₆₎	6,000	38.45	12/08/2012		
	9,480 ₍₆₎	6,320	66.39	12/11/2013		
	6,840 ₍₆₎	10,260	71.01	12/11/2014		
	3,600 ₍₆₎	14,400	89.15	12/09/2015		
					2,500	222,275
					3,500	311,185
					5,382	478,514
					6,936	616,680

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Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) ⁽⁹⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾
Stephen J. Hadden	19,000 ⁽⁸⁾		34.75	07/29/2012		
	32,000 ⁽⁶⁾	8,000	38.45	12/08/2012		
	19,560 ⁽⁶⁾	13,040	66.39	12/11/2013		
	14,560 ⁽⁶⁾	21,840	71.01	12/11/2014		
	9,220 ⁽⁶⁾	36,880	89.15	12/09/2015		
					5,000	444,550
					6,250	555,688
					10,575	940,223
					17,500	1,555,925
Darryl G. Smette	23,700 ⁽⁴⁾		15.47	12/09/2009		
	70,000 ⁽⁵⁾		25.85	11/29/2010		
	56,000 ⁽⁶⁾		26.43	12/03/2011		
	106,000 ⁽⁶⁾		17.43	12/04/2011		
	106,000 ⁽⁶⁾		23.05	12/02/2012		
	32,000 ⁽⁶⁾	8,000	38.45	12/08/2012		
	17,640 ⁽⁶⁾	11,760	66.39	12/11/2013		
	12,720 ⁽⁶⁾	19,080	71.01	12/11/2014		
	6,040 ⁽⁶⁾	24,160	89.15	12/09/2015		
					5,000	444,550
					5,650	502,342
					9,225	820,195
					11,500	1,022,465

(1) Based on a stock price of \$88.91, the closing price of our common stock on December 31, 2007 (the last business day of 2007).

(2) Options granted January 21, 1998 vested on December 10, 1998.

(3) Options granted December 11, 1998 vested on December 11, 1998.

(4) Options granted December 9, 1999 vested on August 29, 2000.

(5) Options granted November 29, 2000 vested on November 29, 2000.

(6) Options granted December 4, 2001, December 2, 2002, December 4, 2003, December 9, 2004, December 12, 2005, December 12, 2006, and December 10, 2007 vest 20% on the date of grant and an additional 20% on

each of the first, second, third, and fourth anniversaries of the grant date.

- (7) Options granted September 15, 2004 vest 20% on September 15, 2004, December 4, 2004, December 4, 2005, December 4, 2006, and December 4, 2007.
- (8) Options granted July 30, 2004 vest 20% on July 30, 2004, December 4, 2004, December 4, 2005, December 4, 2006, and December 4, 2007.
- (9) Restricted stock awards granted December 9, 2004, December 12, 2005, December 12, 2006, and December 10, 2007 vest 25% on each of the first, second, third, and fourth anniversaries of the grant date.

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**OPTION EXERCISES AND STOCK VESTED DURING THE YEAR ENDED
DECEMBER 31, 2007**

The table below shows the number of shares of our common stock acquired during 2007 upon the exercise of options. This table also includes information regarding the vesting during 2007 of stock awards previously granted to the named executive officers.

Name	Option Awards		Stock Awards	
	Number of Shares		Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽²⁾
	Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾		
J. Larry Nichols			57,025	4,978,717
John Richels			23,084	2,014,121
Danny J. Heatly	15,500	918,585	8,544	745,207
Stephen J. Hadden	9,000	508,185	14,684	1,261,990
Darryl G. Smette	76,300	5,037,967	15,450	1,346,582

- (1) The dollar amounts shown in this column are determined by multiplying the number of options exercised by the difference between the per share exercise price of the options and the closing price of our common stock on the exercise date.
- (2) The dollar amounts shown in this column are determined by multiplying the number of stock awards that vested by the per share closing price of our common stock on the vesting date.

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PENSION BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2007

We maintain three defined benefit retirement plans in which our named executive officers may participate:

A tax qualified defined benefit retirement plan and related trust for all employees (the Defined Benefit Plan);

A nonqualified Benefit Restoration Plan (the BRP) that provides benefits that would be provided under the Defined Benefit Plan except for (i) limitations imposed by the Code, (ii) limitations imposed for those who earned greater than \$220,000, and (iii) the inclusion of nonqualified deferred compensation in the definition of compensation; and

A nonqualified Supplemental Retirement Income Plan (the SRIP) for a small group of executives that provides the benefits similar to those provided by the BRP plus certain additional benefits.

The the following table shows the estimated present value of accumulated retirement benefits as provided under the Defined Benefit Plan and the SRIP to the named executive officers. All named executive officers are or were participants in the SRIP, therefore BRP benefits are not included in the table below. SRIP benefits vest after 10 years of service. Participants who voluntarily terminate their employment with less than 10 years of service or who are terminated for cause lose their SRIP benefits and are instead paid under the BRP. Amounts payable under the SRIP or the BRP are reduced by the amounts payable under the Defined Benefit Plan so there is no duplication of benefits. Retirement benefits are calculated based upon years of service and final average compensation. Final average compensation consists of the average of the highest three consecutive years compensation out of the last 10 years. Under the SRIP and BRP, compensation includes base salary, bonus, overtime and 401(k) and Section 125 deferrals. The definition of compensation under the Defined Benefit Plan is the same as the definition under the SRIP and BRP except nonqualified deferred compensation is excluded and compensation is limited by Code compensation limits.

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Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$) ⁽¹⁾	Payments During Last Fiscal Year (\$)
J. Larry Nichols ⁽²⁾	Defined Benefit Plan	38	1,133,397	
John Richels ⁽²⁾⁽³⁾⁽⁴⁾	SRIP	38	19,720,385	
	Defined Benefit Plan	4	104,552	
Danny J. Heatly ⁽²⁾	SRIP	12	3,839,023	
	Defined Benefit Plan	19	289,975	
Stephen J. Hadden	SRIP	19	798,872	
	Defined Benefit Plan	4	83,109	
Darryl G. Smette ⁽⁵⁾	SRIP	4	555,867	
	Defined Benefit Plan	21	664,914	
	SRIP	21	5,602,885	

- (1) We calculated the present value of each named executive officer's accumulated benefits as of December 31, 2007 under our pension plans on a single life annuity basis. We assumed that each named executive officer began receiving payments at normal retirement age (age 65) and were vested in those payments. The present value is calculated using the RP 2000 mortality table (no collar) with projected improvements to 2015, and a discount rate of 6.25%. No pre-retirement decrements were used in this calculation.
- (2) Messrs. Nichols, Smette and Richels are eligible for early retirement under the Defined Benefit Plan and the SRIP. See Defined Benefit Plan - Early Retirement below for a description of the eligibility requirements and benefits payable under our defined benefit plans.
- (3) Years of Credited Service for Mr. Richels for the Defined Benefit Plan are determined based on time worked in the U.S. For the SRIP, Mr. Richels' service is based on time worked in the U.S. and Canada while with the Company. Mr. Richels' Canadian service is included for benefit eligibility purposes (vesting and early retirement) in both plans.
- (4) Benefits payable to Mr. Richels under the SRIP are reduced by benefits payable to Mr. Richels under our Pension Plan for Employees of Devon Canada Corporation. Mr. Richels' benefit under the Canadian Pension Plan is frozen and Mr. Richels' future pension benefits are accruing under the Defined Benefit Plan and the SRIP.

Table of Contents**Defined Benefit Plan**

The Defined Benefit Plan is a qualified defined benefit retirement plan which provides benefits based upon employment service with us. Employees hired before October 1, 2007, become eligible to participate in the Defined Benefit Plan when they earn one year of service and attain the age of 21 years. Employees who are hired after September 30, 2007, are not eligible to participate in the Defined Benefit Plan. Each eligible employee who retires is entitled to receive monthly retirement income, based upon their final average compensation, and credited years of service. Contributions by employees are neither required nor permitted under the Defined Benefit Plan. Benefits are computed based on straight-life annuity amounts and are reduced by Social Security benefits payable to the employee. Benefits under the Defined Benefit Plan are reduced for certain highly compensated employees, including our named executive officers, in order to comply with certain requirements of ERISA and the Code.

Normal Retirement

Employees, including the named executive officers, are eligible for normal retirement benefits under the Defined Benefit Plan upon reaching age 65. Normal retirement benefits for the named executive officers are equal to 60% of the executive's final average compensation less any benefits due to the participant under Social Security, multiplied by a fraction, the numerator of which is his or her credited years of service and the denominator of which is his or her estimated years of service at normal retirement age (not less than 25 years).

Early Retirement

Employees, including the named executive officers, are eligible for early retirement benefits under the Defined Benefit Plan after (i) attaining age 55, and (ii) earning at least 10 years of credited service. Early retirement benefits are equal to a percentage of the normal retirement income the participant would otherwise be entitled to if he or she had retired at age 65 depending on the participant's age when he or she elects to begin receiving benefits:

Age When Benefits Begin	Percentage of Normal Retirement Income
65	100%
64	97%
63	94%
62	91%
61	88%
60	85%
59	80%
58	75%
57	70%
56	65%
55	60%

Deferred Vested Pension

Participants in the Defined Benefit Plan are fully vested in their accrued benefits after five years of service. If the participant's employment is terminated after attaining five years of service but before eligibility for Early Retirement,

the participant is entitled to a deferred vested pension based on his or her accrued benefit on the date of termination. An unreduced deferred vested pension is payable at age 65. Alternatively, the participant may elect to receive a reduced benefit as early as age 55. The benefit payable prior to age 65 is a percentage of his or her normal retirement benefit based on his or her age at the time the benefit begins, as shown in the table below:

Age at Election to Receive Deferred Vested Pension	Percentage of Normal Retirement Income
65	100.00%
64	90.35%
63	81.88%
62	74.40%
61	67.79%
60	61.91%
59	56.68%
58	52.00%
57	47.80%
56	44.03%
55	40.63%

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If a participant is (i) involuntarily terminated for any reason other than death or cause, is between the ages of 50 and 55 and has at least 10 years of credited service, or (ii) involuntarily terminated for any reason other than cause within two years following a change in control and has at least 10 years of credited service regardless of the participant's age, then the participant may elect to have his or her benefits under the Defined Benefit Plan paid at any time on or after the age of 55 subject to the same percentage reduction in benefits as set forth under Early Retirement applicable to the participant.

Benefit Restoration Plan

The BRP is a nonqualified retirement defined benefit plan, the purpose of which is to restore retirement benefits for certain selected key management and highly compensated employees because their benefits under the Defined Benefit Plan are limited in order to comply with certain requirements of ERISA and the Code or because their final average compensation is reduced as a result of contributions into our Deferred Compensation Plan. Benefits under the BRP are equal to 65% of the executive's final average compensation less any benefits due to the executive under Social Security, multiplied by a fraction, the numerator of which is his or her years of credited service (not to exceed 25) and the denominator of which is 25. The BRP benefit is reduced by the benefit that is otherwise payable under the Defined Benefit Plan. An employee must be selected by the Compensation Committee in order to be eligible for participation in the BRP. The same early retirement and deferred vested pension provisions that apply under the Defined Benefit Plan are available under the BRP. Participants become vested in retirement benefits under the BRP at the same time as the participant become vested for retirement benefits under the Defined Benefit Plan.

Supplemental Retirement Income Plan

The SRIP is another nonqualified defined benefit retirement plan for a small group of our key executives, the purpose of which is to provide additional retirement benefits for these executives. An employee must be selected by the Compensation Committee in order to be eligible for participation in the SRIP. Participants in the SRIP become vested in the SRIP benefits after 10 years of service. If the executive is terminated for cause as that term is defined in the executive's employment agreement, then all benefits under the SRIP are forfeited and the executive would receive benefits under the BRP if he is a participant in the BRP.

The SRIP provides for retirement income equal to 65% of the executive's final average compensation less any benefits due to the participant under Social Security (and the Canadian Pension Plan in the case of Mr. Richels), multiplied by a fraction, the numerator of which is his credited years of service (not to exceed 20) and the denominator of which is 20. For those participating in the plan as of January 24, 2002 (Grandfathered Participants), the SRIP benefit is reduced by a fraction of the benefits otherwise accrued under the Defined Benefit Plan, the numerator of which is credited years of service (not greater than 20) and the denominator of which is 20. For those who became participants after January 24, 2002, the SRIP benefit is reduced by the full benefits otherwise accrued under the defined benefit plan. Of the named executive officers, Messrs. Hadden and Richels are not Grandfathered Participants. In the case of Mr. Richels, his SRIP benefit is also reduced by amounts payable to him under our Canadian Pension Plan. The same early retirement and deferred vested pension provisions that apply under the Defined Benefit Plan are available under the SRIP, except that early retirement benefits are payable under the SRIP after 20 years of service regardless of age. The early retirement benefit prior to age 55 is the actuarial equivalent to the age 55 early retirement benefit. In the event that a named executive officer, other than Mr. Heatly, is terminated without cause or terminates his or her employment for good reason as those terms are defined in our employment agreements with our named executive officers, then the executive will be 100% vested in his SRIP benefit. If a named executive officer is terminated within two years following a change in control his or her benefit will be paid in a single lump sum payment of the

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normal retirement annuity payable immediately, unreduced for early commencement. Otherwise, the benefit will be paid monthly for the life of the executive. The SRIP is informally funded through a rabbi trust arrangement.

NONQUALIFIED DEFERRED COMPENSATION IN 2007

The table below shows information about our Deferred Compensation Plan. The Deferred Compensation Plan is designed to allow each executive to contribute up to 50% of his or her base salary and up to 100% of his or her bonus, and receive a Company match beyond the contribution limits prescribed by the IRS with regard to our 401(k) Plan. The Deferred Compensation Plan allows executives to defer a portion of their cash compensation in a tax effective way at a minimal cost to us.

	Executive	Company	Aggregate	Aggregate	Aggregate
	Contributions in	Contributions	Earnings in	Distributions in	Balance at Last
	Last Fiscal Year	in Last Fiscal	Last Fiscal	Last Fiscal	Fiscal Year End
Name	(\$) ⁽¹⁾	Year (\$) ⁽²⁾	Year (\$)	Year (\$)	(\$)
J. Larry Nichols	228,000	190,800	55,422	203,498	1,320,031
John Richels	147,000	103,800	50,852		667,685
Danny J. Heatly	155,000	14,400	50,320	87,056	712,907
Stephen J. Hadden	37,500	30,000	6,288		176,010
Darryl G. Smette	85,500	67,800	114,116		1,025,627

- (1) The amounts in this column are also included in the Summary Compensation Table on page 30, in the salary column or the bonus column.
- (2) The amounts in this column are also included in the Summary Compensation Table on page 30, in the All Other Compensation column as the Deferred Compensation Plan employer match.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

We will be obligated to make certain payments to our named executive officers or potentially accelerate the vesting of their equity awards and pension benefits upon termination of their employment or upon a change in control pursuant to the following plans or agreements:

employment agreements entered into with each of our named executive officers (a severance agreement in the case of Mr. Heatly);

the Defined Benefit Plan;

the BRP or the SRIP depending on the circumstances of the executive officer's termination; and

the 2005 Long-Term Incentive Plan.

The following tables provide the estimated compensation and present value of benefits potentially payable to each named executive officer upon a change in control of the Company or a termination of employment of the named executive officer. The benefit values shown do not include benefits that are broadly available to substantially all

salaried employees. The amounts shown assume that the termination or change in control occurred on December 31, 2007. The actual amounts to be paid can only be determined at the time of such executive's actual separation from the Company.

Please see the narrative following the tables below for a discussion of the methods of calculating the payments required upon termination of our named executive officers in the manners set forth in each column below. The footnotes to the following tables apply to all of our named executive officers and are presented after the table for the last named executive officer.

Table of Contents**J. Larry Nichols**

Benefits and Payments (\$)	Retirement/ Voluntary Termination (\$)	Termination without Cause (\$)	Termination with Cause (\$)	Change in Control (\$)	Disability (\$)	Death (payable to spouse) (\$)
Base Salary/Bonus ⁽¹⁾		11,400,000		11,400,000		
SRIP ⁽²⁾⁽³⁾	19,720,000	19,720,000		28,132,000 ⁽⁴⁾	19,720,000	18,309,000 ⁽⁵⁾
BRP ⁽²⁾⁽³⁾			19,720,000			
Accelerated Vesting of Stock Options ⁽⁶⁾		4,074,792		4,074,792		4,074,792
Accelerated Vesting of Restricted Stock ⁽⁷⁾		12,694,129		12,694,129		12,694,129
Health Care Benefits ⁽⁸⁾		30,577		30,577		
Post-Retirement Health Care ⁽⁹⁾						
Outplacement Services ⁽¹⁰⁾		30,000		30,000		
280G Tax Gross-Up				10,463,337		
Total⁽¹¹⁾	19,720,000	47,949,498	19,720,000	66,824,835	19,720,000	35,077,921

John Richels

Benefits and Payments (\$)	Retirement/ Voluntary Termination (\$)	Termination without Cause (\$)	Termination with Cause (\$)	Change in Control (\$)	Disability (\$)	Death (payable to spouse) (\$)
Base Salary/Bonus ⁽¹⁾		8,100,000		8,100,000		
SRIP ⁽²⁾⁽³⁾	5,171,000	5,171,000		16,492,000 ⁽⁴⁾	5,171,000	4,944,000 ⁽⁵⁾
BRP ⁽²⁾⁽³⁾						
Accelerated Vesting of Stock Options ⁽⁶⁾		1,629,072		1,629,072		1,629,072
Accelerated Vesting of Restricted Stock ⁽⁷⁾		5,590,216		5,590,216		5,590,216
Health Care Benefits ⁽⁸⁾		30,577		30,577		
Post-Retirement Health Care ⁽⁹⁾				15,686		
Outplacement Services ⁽¹⁰⁾		30,000		30,000		
280G Tax Gross-Up				11,450,840		
Total⁽¹¹⁾	5,171,000	20,550,865		43,338,391	5,171,000	12,163,288

Table of Contents**Danny J. Heatly**

Benefits and Payments (\$)	Retirement/ Voluntary Termination (\$)	Termination without Cause (\$)	Termination with Cause (\$)	Change in Control (\$)	Disability (\$)	Death (payable to spouse) (\$)
Base Salary/Bonus ⁽¹⁾		1,200,000		1,200,000		
SRIP ⁽²⁾⁽³⁾	718,000	1,061,000		2,629,000 ⁽⁴⁾	1,271,000	984,000 ⁽⁵⁾
BRP ⁽²⁾⁽³⁾			512,000			
Accelerated Vesting of Stock Options ⁽⁶⁾		628,740		628,740		628,740
Accelerated Vesting of Restricted Stock ⁽⁷⁾		1,628,656		1,628,656		1,628,656
Health Care Benefits ⁽⁸⁾				30,266		
Post-Retirement Health Care ⁽⁹⁾						
Outplacement Services ⁽¹⁰⁾		30,000		30,000		
280G Tax Gross-Up				1,432,424		
Total⁽¹¹⁾	718,000	4,548,396	512,000	7,579,086	1,271,000	3,241,396

Stephen J. Hadden

Benefits and Payments (\$)	Retirement/ Voluntary Termination (\$)	Termination without Cause (\$)	Termination with Cause (\$)	Change in Control (\$)	Disability (\$)	Death (payable to spouse) (\$)
Base Salary/Bonus ⁽¹⁾		4,725,000		4,725,000		
SRIP ⁽²⁾⁽³⁾				5,181,000 ⁽⁴⁾	500,000	724,000 ⁽⁵⁾
BRP ⁽²⁾						
Accelerated Vesting of Stock Options ⁽⁶⁾		1,088,276		1,088,276		1,088,276
Accelerated Vesting of Restricted Stock ⁽⁷⁾		3,496,386		3,496,386		3,496,386
Health Care Benefits ⁽⁸⁾		45,399		45,399		
Post-Retirement Health Care ⁽⁹⁾						
Outplacement Services ⁽¹⁰⁾		30,000		30,000		
280G Tax Gross-Up				5,525,307		
Total⁽¹¹⁾		9,385,061		20,091,368	500,000	5,308,662

Table of Contents**Darryl G. Smette**

Benefits and Payments (\$)	Retirement/ Voluntary Termination (\$)	Termination without Cause (\$)	Termination with Cause (\$)	Change in Control (\$)	Disability (\$)	Death (payable to spouse) (\$)
Base Salary/Bonus ⁽¹⁾		4,350,000		4,350,000		
SRIP ⁽²⁾⁽³⁾	7,019,000	7,019,000		11,088,000 ⁽⁴⁾	7,019,000	6,455,000 ⁽⁵⁾
BRP ⁽²⁾⁽³⁾			5,857,000			
Accelerated Vesting of Stock Options ⁽⁶⁾		1,010,048		1,010,048		1,010,048
Accelerated Vesting of Restricted Stock ⁽⁷⁾		2,789,550		2,789,550		2,789,550
Health Care Benefits ⁽⁸⁾		45,399		45,399		
Post-Retirement Health Care ⁽⁹⁾				11,187		
Outplacement Services ⁽¹⁰⁾		30,000		30,000		
280G Tax Gross-Up				4,630,631		
Total ⁽¹¹⁾	7,019,000					