

## **DEVON ENERGY CORPORATION AUDIT COMMITTEE CHARTER**

### **A. PURPOSE**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Devon Energy Corporation (the “Company”) is to assist the Board with its oversight of: (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the Company’s independent auditors’ qualifications and independence, and (iv) the performance of the Company’s independent auditors and the Company’s internal audit function. The Committee shall also prepare the Committee’s report, made pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”), to be included in the Company’s annual proxy statement.

The Company’s independent auditors shall report directly to the Committee but the independent auditors are ultimately accountable to the Board, as representatives of the Company’s stockholders.

### **B. STRUCTURE AND ORGANIZATION**

- 1) **Members.** The Committee shall consist of three or more directors, who shall be appointed by the Board and may be removed by the Board. All members of the Committee shall be financially literate. Additionally, at least one member shall have accounting or related financial management expertise sufficient to meet the criteria of a financial expert within the meaning of Section 407 of the Sarbanes Oxley Act of 2002 and any rules promulgated thereunder by the Securities and Exchange Commission (the “SEC”). All members of the Committee shall be independent (as defined by Section 10A(m)(3) of the Exchange Act and any rules and regulations promulgated thereunder), and shall fulfill the independence requirements of the listing standards of the New York Stock Exchange (the “NYSE”). The Chair of the Committee shall be designated by the Board.

Committee members may not simultaneously serve on the audit committees of more than three public companies, including the Company, unless the Board determines that such simultaneous service does not impair the ability of such member to effectively serve on the Committee.

- 2) **Operation.** The Company shall provide the Committee with the resources necessary to satisfy its responsibilities, including the authority to engage, at the expense of the Company, independent counsel, independent auditors and such other advisors, as the Committee deems necessary. The Committee shall have complete access to the employees and the records of the Company.

The Board believes the duties and responsibilities of the Committee should remain flexible in order to best react to changing conditions and to enable it to assure that the Company's financial systems and reporting practices are in accordance with all legal and regulatory requirements and are of the highest quality. The Committee is therefore authorized to take such further actions as are consistent with the following described functions and to perform such other actions as required by law, the listing standards of the NYSE, the Company's charter documents and the Board.

- 3) **Meetings.** The Committee shall meet a minimum of four times per year and shall periodically meet separately with:
- Management
  - The Company's internal auditors
  - The Company's independent auditors

The Committee shall meet in person or telephonically at such times and at such places determined by the Committee Chair, and may act by unanimous written consent.

- 4) **Quorum.** A majority of the members of the Committee, but in no event less than two members, shall constitute a quorum for the meetings of the Committee.
- 5) **Record Keeping.** The Committee Chair shall be responsible for establishing the agenda for a Committee meeting and the agenda shall be distributed to the Committee members prior to each meeting. Minutes of all meetings shall be prepared and submitted for approval at a subsequent Committee meeting.
- 6) **Charter.** The Committee shall annually review and assess the adequacy of this Charter with the Board and recommend any changes to the Board. Consistent with NYSE listing requirements, this Charter will be included on the Company's website. The Company's annual proxy statement will state that this Charter is available on the Company's website.
- 7) **Evaluation.** The Committee shall annually conduct a self-evaluation of the performance of the Committee and its activities and communicate the results to the Board.

**C. DUTIES AND RESPONSIBILITIES**

The Committee shall perform the following duties and responsibilities:

- 1) Oversee the Company's compliance with legal and regulatory requirements.
- 2) Select, appoint, compensate, oversee, evaluate and where appropriate, terminate and replace the Company's independent auditors.
- 3) Annually obtain and review a report by the independent auditors describing:
  - The firm's internal quality control procedures.
  - Any material issue raised by the most recent internal quality control review, or peer reviews of the firm.
  - Any material issue raised by an inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
  - All relationships between the independent auditors and the Company.
- 4) Review the competence of partners and managers of the independent auditors who lead the audit, ensure the regular rotation of the lead audit partner as required by law, and consider the possible rotation of the Company's independent auditors.
- 5) Establish hiring policies for the Company of employees or former employees of the independent auditors and, at least annually, review with the Company's senior internal audit personnel, a list of those individuals currently employed by the Company who have been employed in the past by the independent auditors.
- 6) Take appropriate action to ensure that the independent auditors are independent prior to their appointment and oversee the independence of the auditors throughout the engagement; receive from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company; and engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, as well as any other matters which could affect the independence of the auditors.
- 7) Evaluate the independent auditors' qualifications, performance and independence and, prior to reappointment, present this evaluation to the Board.
- 8) Pre-approve all permissible non-audit services and all audit, review or attestation engagements with the independent auditors and review the scope of audit and non-

audit services provided to the Company and its subsidiaries by the independent auditors and the fees for such services.

- 9) Approve all the fees and terms related to the engagement of the independent auditors, including the scope of the audit of the financial statements of the Company and its subsidiaries; review and approve the independent auditors' engagement letters; direct the attention of the independent auditors to specific matters or areas deemed by the Committee to be of special significance to the Company and its subsidiaries; and authorize such auditors to perform such supplemental reviews or audits as the Committee may deem necessary or appropriate.
- 10) Receive from the independent auditors, prior to the filing of its audit report, a report concerning all matters required to be communicated by the independent auditors to the Committee under auditing standards generally accepted in the United States of America or the SEC rules and regulations.
- 11) Review results of the audit with independent auditors, the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer and senior internal audit personnel.
- 12) Regularly review with the independent auditors any audit problems or difficulties and management's response, including difficulties encountered in the course of the audit work, any restrictions on the scope of the independent auditors' activities or on access to requested information, and any significant disagreements with management.
- 13) Ensure that all disagreements between the Company's independent auditors and management regarding financial reporting are resolved.
- 14) Review the qualifications and work of the Company's internal audit staff, the scope of the internal audit staff's work plan for each year, its budget and staffing and, as appropriate, review significant findings and management's actions to address these findings.
- 15) Review the Company's significant accounting principles and policies and any significant changes thereto; review proposed and implemented changes in accounting standards and principles that have or may have a material impact on the Company's financial statements; review any material correcting adjustments and off-balance sheet financings and relationships, if any; review significant management judgments and accounting estimates used in financial statement preparation; and review the accounting for significant corporate transactions.
- 16) Review the adequacy of the Company's system of internal controls over financial reporting, including the reliability of its financial reporting systems; confer with the

Company's internal and independent auditors with respect to their consideration of such controls and systems; and review management's response to any significant deficiencies and material weaknesses in the Company's internal controls over financial reporting that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data.

- 17) Receive reports from the Chief Executive Officer and Chief Financial Officer related to their certifications for the Forms 10-K and 10-Q, including all significant deficiencies in the design or operations of internal control and financial reporting and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control and financial reporting.
- 18) Review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditors, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes thereto which are included in the Company's annual report on Form 10-K and quarterly reports on Form 10-Q; review the independent auditors' letter delivered in connection with their audit of the annual financial statements to the Company and its subsidiaries.
- 19) Review and discuss earnings press releases, financial information and earnings guidance provided to analysts and rating agencies.
- 20) Discuss guidelines and policies to govern the process by which risk assessment and management is undertaken; discuss major financial risk exposures and the steps management has taken to monitor and control such exposures; review, in a general manner, the processes the Company utilizes to manage and assess risk through mechanisms other than the Committee.
- 21) Establish formal procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters, and the protection of reporting employees from retaliation.
- 22) Oversee the establishment and compliance with the actions and reports of the Company's Disclosure Committee.
- 23) Review and oversee related party transactions and other potential conflicts of interest situations where appropriate.
- 24) Prepare the Committee report for the Company's annual proxy statement as required by the rules of the SEC.

- 25) Monitor the business practices and ethical standards of the Company; and periodically review the Company's policies with respect to conflicts of interest and ethical conduct and recommend to the Board any changes in these policies that the Committee deems appropriate.
- 26) Review annually with the Company's chief legal officer (or his or her designee) the Company's business ethics program, including the Company's Code of Business Conduct and Ethics and Anti-Corruption Policy and Procedures.
- 27) Review and approve the Company's decisions to claim and enter into swap transactions in reliance on the end-user exception to the mandatory swap clearing and mandatory exchange-trading requirements of the Commodity Exchange Act and the rules of the U.S. Commodity Futures Trading Commission; review and approve, at least annually, policies governing the Company's use of the end-user exception and entry into swaps subject to mandatory swap clearing and, if applicable, mandatory exchange-trading.
- 28) Perform such other duties and responsibilities as the Board shall approve and assign to the Committee.

#### **D. REPORTING**

The Committee shall report to the Board not less than once each year, and review any issues that arise with respect to:

- 1) The quality and integrity of the Company's financial statements and reporting system.
- 2) The Company's compliance with legal or regulatory requirements.
- 3) The qualifications, independence and performance of the Company's independent auditors and the performance of the internal audit function.
- 4) All other significant issues which arise in the course of performing its responsibilities.

The Committee shall make recommendations for action by the full Board when appropriate.

**E. DELEGATION**

The Committee may delegate its responsibilities under this Charter to a subcommittee comprised of one or more members of the Committee. The creation of such a subcommittee, as well as its purpose, shall be reported to the Board.