

DEVON ENERGY CORPORATION COMPENSATION COMMITTEE CHARTER

A. PURPOSE

The purpose of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Devon Energy Corporation (the "Company") is to assist the Board with its duties and responsibilities in monitoring, approving, and disclosing the Company's compensation philosophies and practices, in accordance with applicable rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), the Internal Revenue Service and the New York Stock Exchange (the "NYSE").

B. STRUCTURE AND ORGANIZATION

- 1) **Members.** The Committee shall consist of two or more directors, who shall be appointed by the Board and may be removed by the Board. All members of the Committee shall fulfill the independence requirements of the listing standards of the NYSE and shall meet the definitions of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, and "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986. The Chair of the Committee shall be designated by the Board.
- 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, compensation consultants, legal counsel, and such other advisers as the Committee deems necessary. The Committee shall have sole authority to retain or terminate any adviser it selects in connection with the discharge of its duties and responsibilities, including sole authority to approve the fees, expenses, and other terms of such adviser's retention.

The Board believes the duties and responsibilities of the Committee should remain flexible in order to best react to changing demands and expectations of the Committee. 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 or the Board.

- 3) **Meetings.** The Committee will meet not less than once each calendar year and will call special meetings as and when a Committee member deems it necessary. The Committee shall meet in person or telephonically at such times and at such places as 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 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 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) Review from time to time and approve the Company's compensation philosophy and strategy and ensure alignment with the Company's objectives and stockholder interests.
- 2) Direct management to ensure that the Company's incentive compensation programs, including annual and long-term incentive plans, are administered in a manner consistent with the Company's compensation strategy as to participation, annual award levels, corporate goals, actual awards made, total funds reserved for payment under compensation plans and shares, options, and other forms of incentives reserved and available for issuance under the Company's long-term incentive plans.
- 3) Annually review, approve and communicate to any management director and, if not also a director, the Chief Executive Officer (collectively, the "Management Directors"), the corporate goals and objectives relevant to that Management Director's compensation.
- 4) Annually evaluate the performance of any Management Director, in light of the corporate goals and objectives relevant to that Management Director's compensation, and communicate to that Management Director and the Board the results of that evaluation.
- 5) Annually review and determine the individual elements of total compensation for any Management Director and the factors and criteria on which that compensation is based, including the relationship between the Company's performance, that Management Director's performance and that Management Director's compensation.
- 6) Review and approve the individual elements of total compensation for the executive officers of the Company including salary range structure, annual salary increase guidelines, annual cash bonus awards, and stock incentive grants.

- 7) Review and approve proposed employment agreements, severance agreements, retention plans or agreements applicable to an executive officer of the Company.
- 8) Approve, subject to Board and stockholder approval where appropriate, all new equity-related incentive plans or amendments to existing plans.
- 9) Review the impact of compensation policies and practices on the Company's risk profile and risk management.
- 10) To the extent it deems necessary, review and approve the terms of any compensation "clawback" or similar policy or agreement between the Company and the Company's executive officers or other employees subject to Section 16 of the Securities Exchange Act of 1934.
- 11) Review and approve the Compensation Discussion and Analysis and other compensation disclosures required by the rules of the SEC to be included in the Company's annual proxy statement.
- 12) Consider the results of the most recent shareholder advisory vote on executive compensation as required by Section 14A of the Securities Exchange Act of 1934 and, to the extent the Committee determines it appropriate to do so, include the results among the factors considered in connection with the review and approval of executive officer compensation.
- 13) Review and approve the Company's employee benefit and incentive programs.
- 14) Review with the Chief Executive Officer and advise the Board with regard to executive officer succession planning.
- 15) 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 with the Board issues that are discussed by the Committee, and the Committee will make recommendations for action by the full Board when appropriate.

E. DELEGATION; ADVISERS

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.

The Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser (each, an “adviser”). The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any adviser retained by the Committee, the expense of which shall be borne by the Company. The Committee may select an adviser to the Committee only after taking into consideration all factors relevant to such adviser's independence from management, including the following:

- 1) the provision of other services to the Company by the person that employs the adviser (the “employer”);
- 2) the amount of fees received from the Company by the employer, as a percentage of the total revenue of the employer;
- 3) the policies and procedures of the employer that are designed to prevent conflicts of interest;
- 4) any business or personal relationship of the adviser with a member of the Committee;
- 5) any stock of the Company owned by the adviser; and
- 6) any business or personal relationship of the adviser or the employer with an executive officer of the Company.

The Committee shall conduct the independence assessment with respect to any adviser that provides advice to the Committee, other than: (i) in-house legal counsel; and (ii) any adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice.

Nothing herein requires an adviser to be independent, only that the Committee consider the enumerated independence factors before selecting or receiving advice from an adviser. The Committee may select or receive advice from any adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

Nothing herein shall be construed: (i) to require the Committee to implement or act consistently with the advice or recommendations of the adviser; or (ii) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.



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