

DEVON ENERGY CORP/DE
Form DEF 14A
April 22, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

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 under Rule 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)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Dear Fellow Devon Stockholders,

You are invited to attend the 2014 Annual Meeting of Stockholders of Devon Energy Corporation to be held at 8:00 a.m. Central Time on Wednesday, June 4, 2014, in the Devon Energy Center Auditorium located at 333 W. Sheridan Avenue, Oklahoma City, Oklahoma.

2013 was a significant year for Devon as the Company embarked on a number of strategic initiatives to serve its stockholders, both today and over the long term. In November, Devon announced the acquisition of GeoSouthern Energy's assets in the Eagle Ford oil field. The wells drilled in the acquired acreage are consistently yielding some of the highest initial production rates and estimated ultimate recoveries in the entire play. The GeoSouthern transaction closed on February 28, 2014.

Also in 2013, Devon announced the strategic combination of its U.S. midstream assets with Crosstex to form EnLink Midstream. EnLink Midstream consists of two publicly traded entities: a master limited partnership, EnLink Midstream Partners, LP, and a publicly traded general partner entity, EnLink Midstream, LLC. This transaction closed on March 7, 2014 and the common units of both EnLink Midstream Partners, LP and EnLink Midstream, LLC began trading on March 10, 2014, on the New York Stock Exchange under the symbols ENLK and ENLC, respectively.

These transactions provide a platform for Devon to achieve attractive high-margin growth in 2014 and for many years to come.

The 2014 Annual Meeting will focus on the items of business listed in the Notice of Annual Meeting of Stockholders and Proxy Statement that follows. During the Annual Meeting we will also present a report on Devon's operations during 2013.

It is important that your shares be represented and voted at the meeting. I urge you to submit your proxy using the Internet or telephone or by completing and mailing your Proxy Card in the envelope provided. If you decide to attend the Annual Meeting, you will be able to vote in person, even if you have previously submitted your proxy.

Sincerely,

J. Larry Nichols

Executive Chairman of the Board

Commitment Runs Deep

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DEVON ENERGY CORPORATION
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Time 8:00 a.m. (local time) on Wednesday, June 4, 2014

Place Devon Energy Center Auditorium
333 W. Sheridan Avenue
Oklahoma City, Oklahoma

Items of Business Elect ten directors for a term of one year;
Approve, in an advisory vote, executive compensation;
Ratify the appointment of the independent auditors for 2014;
Consider and vote upon the stockholder proposals set forth in this Proxy Statement, if presented; and
Transact such other business as may properly come before the meeting or any adjournment of the meeting.

Who Can Vote Stockholders of record at the close of business on April 7, 2014 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 ten days prior to the meeting at our offices and at the meeting.

Voting by Proxy Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy by:

Internet;
telephone; or
mail

For specific information, please refer to the section entitled "Information About the Annual Meeting" beginning on page 4.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on June 4, 2014:

Our 2014 Proxy Materials, including the 2014 Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2013, are available at www.proxydocs.com/dvn.

BY ORDER OF THE BOARD OF DIRECTORS

Carla D. Brockman

Vice President Corporate Governance

and Corporate Secretary

Oklahoma City, Oklahoma

April 22, 2014

Commitment Runs Deep

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We provide below highlights of certain information in this Proxy Statement. As it is only a summary, please refer to the complete 2014 Proxy Statement and Annual Report before you vote.

2014 ANNUAL MEETING OF SHAREHOLDERS

Date and Time:

June 4, 2014, 8:00 a.m. (central time)

Place:

Devon Energy Center Auditorium

333 W. Sheridan Avenue

Oklahoma City, Oklahoma

Record Date:

April 7, 2014

Voting:

Internet
telephone; or
mail

CORPORATE GOVERNANCE

Corporate Governance Highlights

Annual Election of All Directors

Majority Voting and a Director Resignation Policy in Uncontested Elections

Stockholder Right to Call a Special Meeting

Independent Lead Director

80% of Directors Are Independent

All Current Directors Then Serving Attended 2013 Annual Meeting of Stockholders

Executive Sessions of Independent Directors Held at Each Regularly Scheduled Board Meeting

Director Stock Ownership Guidelines

Board Participation in Succession Planning

STOCKHOLDER ENGAGEMENT

We conduct investor outreach throughout the year to ensure that management and the Board understand and consider the issues that matter most to our stockholders. After considering feedback from our investors over the course of the past year, the Board (i) adopted an amendment to the Company's Bylaws to implement a majority vote standard for director elections, with a plurality vote standard retained for contested elections, (ii) adopted a clawback policy that allows for the recoupment of compensation in the event of a financial restatement, and (iii) increased the rigor of performance targets used for Executive compensation.

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EXECUTIVE COMPENSATION PROGRAMS***Our Executive Compensation Programs Include the Following Factors***

Long-Term Incentive Stock Awards are Performance-Based

Quantitative Process Utilized for Performance Cash Bonus Awards

Realizable Pay Opportunities are Tied to Company Performance

Stock Ownership Requirements

Say-on-Pay Vote and Response to Stockholder Feedback

At the Company's 2013 Annual Meeting, 62% of the Company's stockholders voted to approve the Company's executive compensation for 2012. As with prior years, Company management engaged in discussions with many stockholders on a variety of topics during 2013, including executive compensation and its tie to Company performance. In response to stockholders feedback and the Compensation Committee's independent evaluation of the Company's compensation practices, the Committee in 2013 made further changes to the Company's executive compensation program, which are detailed below.

Key Changes to Compensation Program in 2013

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Additional disclosure on weightings assigned to performance measures and the bonus process

Changes to the bonus determination process that we expect will qualify bonuses as performance-based compensation for tax purposes
Adoption of a policy for recovery of Compensation in the event of financial restatement (a clawback policy)

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2013 Company Performance and Pay Alignment

The Company posted a 2013 total stockholder return (TSR) of almost 21%, but fell just short of our goal of ranking in the top half of our peer group for TSR for the year. In 2013, Devon made great strides in delivering improved performance on key performance metrics that we believe will lead to improved TSR over the long term; on most metrics, the Company's performance results for 2013 were materially better than for 2012. Additionally, the Company's entrance into two significant business transactions in 2013 greatly strengthen Devon's opportunities to grow margins and increase cash flows as soon as 2014.

Through its quantitative performance cash bonus process, the Compensation Committee awarded performance cash bonuses at target levels for the named executive officers (other than Mr. Agosta), largely due to the Company's improved performance and strategic repositioning. The Committee granted long-term incentives (also referred to as LTI) to the same group of officers in order to incent the achievement of future goals. Messrs. Richels and Smette were awarded LTI at approximately the same level as the prior year whereas Mr. Hager received an increase due to his promotion and corresponding increase in responsibilities. In addition, Messrs. Richels, Hager and Smette were awarded salary increases ranging from 3% to 5%. As compared to the prior year, Mr. Vaughn received significant increases in salary and LTI in recognition of his increased responsibilities.

Please see the Compensation Discussion and Analysis section beginning on page 32 of this Proxy Statement for a detailed description of our executive compensation.

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We are furnishing you this Proxy Statement in connection with the solicitation of proxies by our Board of Directors (Board) to be used at the Annual Meeting and any adjournment thereof. The Annual Meeting will be held on Wednesday, June 4, 2014 at 8:00 a.m. Central Time. We are sending this Proxy Statement to our stockholders on or about April 22, 2014.

All references in this Proxy Statement to we, our, us, or the Company refer to Devon Energy Corporation.

What are the Board of Directors voting recommendations?

For the election of the ten Director nominees named in this Proxy Statement for a term expiring at the next Annual Meeting of Stockholders;

For the approval, on an advisory basis, of executive compensation;

For the ratification of the appointment of our independent auditors for 2014; and

Against the stockholder proposals set forth in this Proxy Statement, if presented.

Who is entitled to vote?

Stockholders as of the close of business on April 7, 2014 (the Record Date) are eligible to vote their shares at the Annual Meeting. As of the Record Date, there were 407,752,953 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
dial the toll-free number listed on the Proxy Card or Voting Instruction Form. Easy-to-follow voice prompts allow you to vote your shares and confirm that your voting instructions have been properly recorded. Telephone voting will be available 24 hours a day, and will close at 11:59 p.m. Eastern Time on June 3, 2014; or

go to the website www.proxyvote.com and follow the instructions, then confirm that your voting instructions have been properly recorded. If you vote using the website, you can request electronic delivery of future proxy materials. Internet voting will be available 24 hours a day, and will close at 11:59 p.m. Eastern Time on June 3, 2014; or

if you elected to receive a paper copy of your proxy materials, mark your selections on the Proxy Card, date and sign it, and return the card in the pre-addressed, postage-paid envelope provided.

Why did I receive a Notice Regarding the Internet Availability of Proxy Materials in the mail instead of a full set of proxy materials?

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United States Securities and Exchange Commission (the SEC) rules allow companies to furnish proxy materials over the Internet. We have sent a Notice of Internet Availability of Proxy Materials (the Notice) to most of our stockholders instead of a paper copy of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found in the Notice. In addition, stockholders may request to receive future proxy materials in printed form by mail or electronically by email. A stockholder's election to receive proxy materials by mail or email will remain in effect until the stockholder terminates it.

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Why did I receive paper copies of proxy materials?

We are providing paper copies of the proxy materials instead of a Notice to certain stockholders, including those who have previously requested to receive them. If you prefer to no longer receive printed proxy materials, you may consent to receive all future proxy materials electronically via email or the Internet. To sign up for electronic delivery, please follow the instructions provided in your proxy materials. When prompted, indicate that you agree to receive or access stockholder communications electronically in the future.

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

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 Broadridge Financial Solutions, Inc. (Broadridge).

If you are a former employee 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 Voting Instruction Form you received from Broadridge. 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.

The 401(k) Plan Trustee will vote your shares in the 401(k) Plan account in accordance with your instructions. **If instructions are not received by June 1, 2014, the shares credited to your account will not be voted.**

Will each stockholder in our household receive proxy materials?

Generally, no. We try to provide only one set of proxy materials to be delivered to multiple stockholders sharing an address unless you have given us other instructions. Any stockholder at a shared address may request delivery of single or multiple copies of proxy materials for future meetings by contacting us at Devon Energy Corporation, Attention: Corporate Secretary, 333 W. Sheridan Avenue, Oklahoma City, Oklahoma 73102, email: CorporateSecretary@dvn.com or by calling (405) 235-3611.

Who will be admitted to the Annual Meeting?

Admission to the Annual Meeting will be limited to our stockholders of record, persons holding proxies from our stockholders, beneficial owners of our common stock and our employees. If your shares are registered in your name, we will verify your ownership at the meeting in our list of stockholders as of the Record Date. If your shares are held through a broker, bank or other nominee, you must bring proof of your ownership of the shares. This proof could consist of, for example, a bank or brokerage firm account statement or a letter from your bank or broker confirming your ownership as of the Record Date.

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, 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.

Who will count the votes?

Broadridge will tabulate the votes.

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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 Internet or by returning your Proxy Card, you will be considered part of the quorum. Broadridge, 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?

For the election of Directors, in an uncontested election, the affirmative vote of a majority of the votes cast at the Annual Meeting with respect to the nominee for director is required for election. Any nominee for Director in a contested election shall be elected by a plurality of the votes cast.

Our Corporate Governance Guidelines and Bylaws contain a director resignation 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 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.

With respect to other matters, the affirmative vote of a majority of the votes cast 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 if they have received no instructions?

Under the rules of the New York Stock Exchange (the NYSE), brokers may not vote the shares held by them in street name for their customers and for which they have not received instructions, except with respect to a routine matter. The only matter to be voted on at the Annual Meeting that is considered routine for these purposes is the ratification of the appointment of the independent auditors. This means that brokers may not vote your shares on any other matter if you have not given specific instructions as to how to vote. Please be sure to give specific voting instructions to your broker so that your vote will be counted.

How will you treat abstentions and broker non-votes?

We will:

count abstentions and broker non-votes for purposes of determining the presence of a quorum at the Annual Meeting;

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;

not consider broker non-votes for determining actions requiring a majority of shares present and entitled to vote at the Annual Meeting;
and

consider neither abstentions nor broker non-votes in determining results of plurality votes.

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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 Phoenix Advisory Partners to assist in the solicitation of proxies at an estimated cost of \$10,500 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 a Form 8-K that will be filed with the SEC within four business days after the Annual Meeting. You may obtain a copy of this and other

reports free of charge at www.devonenergy.com, or by contacting us at (405) 235-3611 or corporatesecretary@dvn.com, or by accessing the SEC's website at www.sec.gov.

Will the Company's independent auditors be available at the Annual Meeting to respond to 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, 2014. Representatives of KPMG LLP will 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.

Where can I contact the Company?

Our contact information is:

Devon Energy Corporation

333 W. Sheridan Avenue

Oklahoma City, Oklahoma 73102

(405) 235-3611

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Our Board of Directors has nominated ten directors for election at the Annual Meeting. The Directors will hold office from election until the next Annual Meeting and until their respective successors are duly elected and qualified or appointed, or until the earliest of their death, resignation or removal. All of the nominees are currently Devon directors who were elected by stockholders at the 2013 Annual Meeting, except for Barbara M. Baumann and John E. Bethancourt, who were appointed by the Board of Directors effective in January 2014.

Within each nominee's biography below, we have highlighted certain notable skills and qualifications that contributed to his or her selection as a member of our Board of Directors.

We have no reason to believe that any of the nominees for director will be unable to serve if elected. However, if any of these nominees becomes unavailable, the persons named in the proxy intend to vote for any alternate designated by the current Board. Proxies cannot be voted for a greater number of persons than the nominees named.

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Director Nominees

Experience and Qualifications

Barbara M. Baumann

Director since 2014

Age 58

Committees:

Audit

Governance

Barbara M. Baumann is a former BP Amoco executive who currently serves as president and owner of Cross Creek Energy Corporation, an energy advisory firm with investments in the domestic oil and gas business. Prior to founding her own firm in 2003, Baumann was executive vice president of Associated Energy Managers, a private equity firm investing in small energy companies. Ms. Baumann began her 18-year career with Amoco (later BP Amoco) in 1981. She served in various areas of finance and operations, including chief financial officer of Ecova Corporation, Amoco's wholly-owned environmental remediation business, and vice president of Amoco's San Juan Basin business unit. She brings to the Board her extensive knowledge of the energy industry and her experience as an accomplished leader and business professional. Ms. Baumann was recommended as a nominee to the Board by a non-management director.

Education

Ms. Baumann earned a bachelor's degree from Mount Holyoke College and a master's in business administration from the Wharton School of the University of Pennsylvania.

Other Boards and Appointments

Ms. Baumann is a director of SM Energy Company where she chairs the Compensation Committee and serves on the Executive Committee. She is also a director of UNS Energy Corporation where she serves on the Audit, Finance and Compensation Committees. Ms. Baumann is also an independent trustee of Putnam Investments, Inc., and previously served on the board of CVR Energy Corporation Inc. She is a director of privately held Cody Resources Management, LLC.

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Experience and Qualifications

John E. Bethancourt

Director since 2014

Age 62

Committees:

Compensation

Governance

Reserves

John E. Bethancourt is a retired Chevron executive. He most recently served as executive vice president for technology and services where he was responsible for overseeing Chevron's environmental, health and safety efforts, major project management, procurement and mining operations. Mr. Bethancourt began his career in 1974 with Getty Oil Company and joined Texaco Inc. in 1984 when the two companies merged. During his career with Texaco and later Chevron, Mr. Bethancourt served in various executive leadership roles overseeing business development, worldwide production operations and human resources. He brings to the Board his extensive knowledge of the energy industry and his experience as an accomplished leader and business professional. Mr. Bethancourt was recommended as a nominee to the Board by a third-party search firm.

Education

Mr. Bethancourt earned a bachelor's degree in petroleum engineering from Texas A&M University.

Other Boards and Appointments

Mr. Bethancourt serves on the board of trustees of the Texas A&M Foundation and is a past director of both the Society of Petroleum Engineers and the National Action Council for Minorities in Engineering, Inc.

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Experience and Qualifications

Robert H. Henry

Director since 2010

Age 61

Committees:

Audit

Governance

Robert H. Henry is a legal and foreign relations scholar, public servant and leader. He has served as the President and Chief Executive Officer of Oklahoma City University since 2010. Mr. Henry brings to the Board his experience and knowledge of the law, which enable him to provide valuable insights in the areas of governance and public policy.

Mr. Henry has had a distinguished career in public service. In 1994, President Bill Clinton appointed Mr. Henry to the United States Court of Appeals for the Tenth Circuit, where he served until June 2010, most recently as Chief Judge. Mr. Henry was elected and re-elected Attorney General of the State of Oklahoma from 1986 to 1991. He served in the Oklahoma House of Representatives from 1976 to 1986 where he was principal author of the 1986 Oklahoma General Corporation Act that moved Oklahoma law to the Delaware corporate law model.

Mr. Henry was Dean and Professor of Law at Oklahoma City University School of Law from 1991 to 1994. Mr. Henry also taught at the University of Oklahoma Honors College (Oxford Program), the University of Oklahoma College of Law, and Oklahoma Baptist University (Business Law) and served as Distinguished Judge in Residence at the University of Tulsa College of Law.

Education

Mr. Henry received his bachelor's degree and Juris Doctorate from the University of Oklahoma. He received an honorary degree of Doctor of Humane letters from the University of Tulsa and an honorary degree of Doctor of Laws from Oklahoma City University.

Other Boards and Appointments

Mr. Henry is a director of LSB Industries, Inc. and serves on the Nominating and Corporate Governance Committee. He is a life member of the National Conference of Commissioners on Uniform State Laws, and a member of the Council on Foreign Relations, the American Law Institute, and the William J. Holloway, Jr. American Inn of Court, Master of the Court. While a federal judge, Mr. Henry served as Chair of the Committee on International Relations of the Judicial Conference of the United States. He is a life and founding member of the Tenth Judicial Circuit's Historical Society. Mr. Henry serves on the Board of Directors of the VERA Institute of Justice in New York and the Oklahoma Medical Research Foundation.

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Experience and Qualifications

John A. Hill

Director since 2000

Age 72

Lead Director

Committees:

Chair, Compensation

John A. Hill is a senior advisor on private equity investments and government policy liaison. He is a founder, the Vice Chairman and a Managing Director of First Reserve Corporation, an oil and gas investment management company formed in 1983. Mr. Hill brings to the Board his extensive knowledge of investment management and more than 35 years of experience investing in the oil and gas business.

Prior to founding First Reserve Corporation, Mr. Hill held executive positions in investment banking and investment management with several firms in New York. He co-founded Meridien Capital Company, a private equity firm. From 1976 to 1981, he served as senior vice president of F. Eberstadt & Co., Inc., an investment banking, research and institutional brokerage firm, and as president and chief executive officer of Eberstadt Asset Management. He was founding chairman of the board of Eberstadt Energy Fund. Prior to 1976, Mr. Hill spent seven years in the U.S. Federal Government, first as Deputy Associate Director of the Office of Management and Budget and subsequently as Deputy Administrator of the Federal Energy Administration during the Ford administration.

Education

Mr. Hill received a bachelor's degree in economics from Southern Methodist University and pursued graduate studies there as a Woodrow Wilson Fellow. He received an honorary Doctor of Philosophy degree from Bethel College.

Other Boards and Appointments

Mr. Hill has been a member of the Board of Trustees of the Putnam Funds in Boston since 1985 and currently serves on Putnam's Audit Committee. He served as the Independent Chairman of Putnam from 2000 to 2011. Mr. Hill is Chairman of the Board of Trustees of Sarah Lawrence College and a member of the Advisory Board of the Millstein Center for Global Markets and Corporate Ownership at Columbia Law School.

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Experience and Qualifications

Michael M. Kanovsky

Director since 1999

Age 65

Committees:

Chair, Reserves

Audit

Michael Kanovsky is a Professional Engineer and has been involved with investment banking and oil and gas businesses for over 40 years. He has been President of Sky Energy Corporation since 1993. Mr. Kanovsky brings to the Board an extensive knowledge of the energy industry and finance, with a wealth of experience with Canadian assets and areas of operation.

In 1997, Mr. Kanovsky founded Bonavista Energy Corporation, which has grown to a present day market capitalization of approximately \$3 billion. In 1978, he co-founded Canadian Northstar Corporation and its successor, Northstar Energy Corporation, where he was primarily responsible for strategic development, finance and acquisitions until its acquisition by Devon Energy Corporation in 1998. Mr. Kanovsky has also held other executive positions, including chief executive officer of Arrowstar Drilling and vice president of corporate finance, Western Canada, for a large Canadian investment dealer.

Education

Mr. Kanovsky received a bachelor's degree in mechanical engineering from Queen's University as well as a master's degree in business administration from the Richard Ivey School of Business at Western University.

Other Boards and Appointments

Mr. Kanovsky has been a director of Bonavista Petroleum Ltd. since 1997 and serves as its Lead Director as well as a member of its Compensation, Reserves and Audit Committees. He has been a director of Pure Technologies Ltd. since 2003 and serves as its Lead Director and on its Audit and Governance Committees. Mr. Kanovsky has also been a director of TransAlta Corporation since 2004 and chairs its Governance and Environment Committee.

Mr. Kanovsky served on the boards of ARC Resources Ltd. from 1996 until 2012 and Argosy Energy from 2008 until 2011. He also served as Chairman of the Board of Taro Industries and Vice Chairman of Precision Drilling, Inc. He co-founded PowerLink Corporation, an electrical cogeneration company and former subsidiary of Northstar Energy Corporation, and served as its Senior Executive Board Chairman.

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Experience and Qualifications

Robert A. Mosbacher, Jr.

Director since 2009

Age 62

Committees:

Chair, Governance

Compensation

Robert A. Mosbacher, Jr. is an accomplished business leader with more than 30 years in the energy industry. He is Chairman of Mosbacher Energy Company, an independent oil and gas exploration and production company. Mr. Mosbacher brings to the Board his extensive background in the energy industry and his leadership skills, which contributed to the development of the global marketplace.

In 2005, Mr. Mosbacher was appointed by President George W. Bush to the position of president and chief executive officer of the Overseas Private Investment Corporation, an independent agency of the U.S. government that supports private capital investment in emerging markets around the world. He served in that capacity until 2009. From 1986 to 2005, he served as president and chief executive officer of Mosbacher Energy Company. He was also vice chairman of Mosbacher Power Group, an independent electric power developer, from 1995 to 2003. Mr. Mosbacher had a distinguished public service career that included serving as chairman of the board of the Texas Department of Human Services and as a staff member in the office of Senator Howard Baker of Tennessee.

Education

Mr. Mosbacher received a bachelor's degree in political science from Georgetown University and a Juris Doctorate degree from Southern Methodist University.

Other Boards and Appointments

Mr. Mosbacher has been a director of Calpine Corporation since 2009 and currently serves on Calpine's Nominating and Governance Committee and Compensation Committee. As noted above, he is Chairman of Mosbacher Energy Company. In addition, Mr. Mosbacher is Chairman of the Board of Global Communities and the Initiative for Global Development and serves on the Board of the Americas Society. Mr. Mosbacher previously served as a member of Devon's Board from 1999 until 2005.

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Experience and Qualifications

J. Larry Nichols

Director since 1971

Age 71

Executive Chairman

J. Larry Nichols is the Executive Chairman of Devon's Board. Mr. Nichols and his father, John Nichols, founded Devon in 1971. His leadership and commitment have been seminal factors in the Company's development and growth and vital to the energy industry in general. Mr. Nichols brings to the Board his knowledge and experience as a founder of the Company and a proven leader for more than 40 years.

Mr. Nichols served as the Company's president from 1976 until 2003 and as chief executive officer from 1980 to 2010. He has served on the Board since the Company's inception and became board chair in 2000. At the end of 2012, Mr. Nichols retired as an employee of the Company, but he continues in the role of Executive Chairman of the Board.

Prior to founding Devon in 1971, Mr. Nichols served as law clerk to Chief Justice Earl Warren and Justice Tom Clark of the United States Supreme Court. He also worked in the United States Department of Justice's Office of Legal Counsel under Assistant Attorney General William Rehnquist, who later became the Chief Justice of the United States Supreme Court.

Education

Mr. Nichols received a bachelor's degree in Geology from Princeton University and a Juris Doctorate degree from the University of Michigan Law School.

Other Boards and Appointments

Mr. Nichols has been a director of Baker Hughes Inc. since 2001 and currently serves as its Lead Director, as Chairman of its Governance and Health, Safety and Environmental Committee, and as a member of the Audit Committee. He has also been a director of Sonic Corp. since 2007 and serves as Chairman of its Nominating and Governance Committee and on its Audit Committee.

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Mr. Nichols is on the Executive Committee and the Board of Directors of the American Petroleum Institute Inc. and the National Association of Manufacturers. He is on the Executive Committee and Board of Directors of the American Natural Gas Association. He is also a member of the Independent Petroleum Association of America and the National Petroleum Council. Mr. Nichols also served on the Board of Governors of the American Stock Exchange. He has been inducted into the Oklahoma Hall of Fame.

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Experience and Qualifications

Duane C. Radtke

Director since 2010

Age 65

Committees:

Compensation

Reserves

Duane C. Radtke has over 40 years of experience in management, engineering and business development in the energy industry. Mr. Radtke has been President and Chief Executive Officer of Valiant Exploration LLC since 2008. Mr. Radtke brings to the Board extensive knowledge of the energy business, including experience with the Company's assets and operations.

Mr. Radtke served as the chief executive officer and president of Dominion Exploration and Production, a subsidiary of Dominion Resources, Inc., from 2001 to 2007. During that period, he also served as executive vice president of Consolidated Natural Gas Company, a subsidiary of Dominion Resources Inc. Prior to his tenure with Dominion Resources, Inc., Mr. Radtke was an executive with Santa Fe Snyder where he served in various capacities, including executive vice president of production. Following Santa Fe Snyder's acquisition by Devon in 2000, Mr. Radtke served as president of the Company's international division until joining Dominion.

Education

Mr. Radtke holds a bachelor's degree in mining engineering from the University of Wisconsin.

Other Boards and Appointments

Since 2007, Mr. Radtke has served on the Board of Sabine Oil & Gas LLC, (formerly NFR Energy LLC) and serves as its Non-Executive Chairman, as Chairman of its Audit Committee and as a member of its Compensation Committee. Mr. Radtke has been a director of Kris Energy Ltd. since 2010 and serves on the Compensation, Audit and Governance Committees. He served as a director of Smith International, Inc. from 2009 until 2010, at which time Smith merged with Schlumberger Limited. Mr. Radtke also served as Chairman of the American Exploration and Production Council and as a Director of Consolidated Natural Gas Company.

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Experience and Qualifications

Mary P. Ricciardello

Director since 2007

Age 58

Committees:

Chair, Audit

Governance

Mary P. Ricciardello is a licensed Certified Public Accountant and a financial executive with over 30 years of experience in the energy industry. She brings to the Board her qualifications as a financial expert and her extensive experience in the energy industry, corporate finance and tax matters.

In 2002, Ms. Ricciardello retired after a 20-year career with Reliant Energy Inc., a leading independent power producer and marketer. She served in various financial management positions with the company, including comptroller, vice president and most recently senior vice president and chief accounting officer.

Education

Ms. Ricciardello holds a bachelor's degree in business administration from the University of South Dakota and a master's degree in business administration with an emphasis in finance from the University of Houston.

Other Boards and Appointments

Ms. Ricciardello is currently a director of Noble Corporation and Midstates Petroleum Company, Inc. For each company, she is the designated financial expert, serves as the Audit Committee chairperson and is a member of the Nominating & Governance Committee. Ms. Ricciardello serves on the boards of EnLink Midstream, LLC (ENLC) and EnLink Midstream Partners, LP (ENLK) and serves on their audit committees. Devon owns 70 percent of ENLC and 53 percent of ENLK. She also serves on the Board of the National Association of Corporate Directors Houston Chapter. From 2003 to 2010, Ms. Ricciardello was a director, the Audit Committee chairperson and a member of the Nominating & Governance Committee for US Concrete. Ms. Ricciardello is an editorial advisor for the Journal of Accountancy.

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Experience and Qualifications

John Richels

Director since 2007

Age 63

John Richels is an accomplished business leader with 35 years of experience in the oil and gas industry and legal profession. He has been the Company's President since 2004 and Chief Executive Officer since 2010. Mr. Richels brings to the Board an extensive knowledge of the energy industry, including his experience with the Company's assets and operations.

Mr. Richels joined Devon in 1998 when the Company acquired Northstar Energy Corporation, where he held the office of executive vice president and chief financial officer. After the acquisition, he served as senior vice president of Devon and president and chief executive officer of Devon's Canadian subsidiary.

Prior to joining Northstar, Mr. Richels was managing partner, chief operating partner and a member of the executive committee of the Canadian-based national law firm Bennett Jones. He joined Bennett Jones in 1978 practicing in the mergers and acquisitions, securities and corporate law areas, primarily in the oil and gas sector. During his legal career, Mr. Richels also served, on loan from Bennett Jones, as an officer of the XV Olympic Winter Games Organizing Committee in Calgary.

Education

Mr. Richels received a bachelor's degree in economics from York University. He also received a Law degree from the University of Windsor.

Other Boards and Appointments

Mr. Richels is currently a director of BOK Financial Corporation and serves on the Audit Committee. He is also a director of TransCanada Corporation and serves on the Governance and Human Resources Committees.

He is past chairman of the Oklahoma City National Memorial and past president of the Oklahoma City Philharmonic and the Petroleum Club of Oklahoma City. He is a member of the executive committee and board of directors of the Greater Oklahoma City Chamber of Commerce and serves on the boards of trustees of the Oklahoma City National Memorial, Oklahoma City University and SSM Health Care of Oklahoma. Mr. Richels

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also serves as a director and is a member of the executive committee of the American Exploration and Production Council and the Independent Petroleum Association of America and is a member of the University of Oklahoma's International Programs Center's Board of Visitors. He also served as Vice-Chairman of the board of governors of the Canadian Association of Petroleum Producers.

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Board of Directors Information

Our Board of Directors met seven times in 2013. All Directors attended 75% or more of the total meetings of the Board of Directors and the respective Committees on which they served. We require a majority of our Directors to be in attendance at our Annual Meetings of Stockholders. All Directors attended the 2013 Annual Meeting.

Copies of the following governance documents are available at www.devonenergy.com and in print to any stockholder upon request:

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); and

Anti-Corruption Policy and Procedure.

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

Our website also includes our Corporate Responsibility Report and information on our Environmental, Health and Safety Initiatives.

Practices for Considering Diversity

The Charter of the Governance Committee provides that the Committee shall periodically review the appropriate skills and characteristics of members of the Board of Directors in the context of the then current composition of the Board. This assessment includes the following factors: diversity (including diversity of skills, background and experience); business and professional background; financial literacy and expertise; availability and commitment; independence; and other criteria that the Governance Committee or the full Board finds relevant. It is the practice of the Governance Committee to consider these factors when screening and evaluating candidates for nomination to the Board of Directors.

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Committees

The Board of Directors has four standing Committees: Audit, Compensation, Governance and Reserves. The Charters for these Committees are available on the Company's website www.devonenergy.com. The following table shows each Committee's current membership, function and the number of meetings each Committee held in 2013:

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¹ Chairman

² Audit Committee financial expert

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Commitment Runs Deep

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Director Independence

The Company's Corporate Governance Guidelines provide that an independent director is a director who meets the New York Stock Exchange (NYSE) definition of independence, as determined by the Board. In making this determination, the Board considers transactions and relationships between each Director or any member of the Director's immediate family and the Company, our subsidiaries and affiliates. The Board has affirmatively determined that each of the current Directors and each person who served as a Director during 2013, with the exception of our Executive Chairman, J. Larry Nichols, and our President and CEO, John Richels, was or 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, has or had no material relationship with us that would interfere with the exercise of independent judgment and, therefore, is or was independent under our Corporate Governance Guidelines and the standards established by the NYSE.

In evaluating the independence of Mr. Robert H. Henry, the Board has considered the charitable contributions made by Devon to Oklahoma City University (OCU) in recent years. While these charitable contributions do not affect Mr. Henry's independence status, disclosure of the contributions are provided herein. Consistent with the Company's practice of making contributions to other major universities in Oklahoma, in 2011, 2012 and 2013, the Company made charitable contributions to OCU of \$157,500, \$125,000 and \$625,750, respectively.

Lead Director

The Board has a Lead Director whose primary responsibility is to preside over the executive session of the Board meetings in which 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 2013, the Lead Director presided over four executive sessions of the Board.

John A. Hill has served as our Lead Director since June 2010 and will serve in that position until a successor is named by the Board.

Board Involvement in Risk Oversight

The full Board has primary responsibility for risk oversight, with the Board's standing Committees supporting the Board by addressing the risks inherent in their respective areas of oversight. The Audit, Governance, Compensation and Reserves Committees have been delegated certain risk oversight responsibilities.

Leadership Structure

As stated in the Company's Corporate Governance Guidelines, the Board reserves the right to determine, from time to time, how to configure the leadership of the Board and the Company in the way that best serves the Company. The Board specifically reserves the right to vest the responsibilities of Chairman of the Board and CEO in the same or in different individuals. The Board currently has no fixed policy with respect to combining or separating the positions of Chairman of the Board and CEO.

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Separate individuals currently serve as Chairman and CEO of the Company. J. Larry Nichols, who retired as an employee of the Company effective December 31, 2012, serves as Executive Chairman of the Board. The Board believes that Mr. Nichols' knowledge and experience as a founder and proven leader of the Company for more than 40 years blends well with the skills and attributes of the Company's CEO, John Richels. The current structure fosters consensus building and tactical execution of a Board-approved vision and strategy at the top levels of the Company, which we believe promotes long-term stockholder value. Although the Board believes this structure is in the Company's best interest at the present time, the Board may combine these positions in the future should circumstances change.

The Company's Corporate Governance Guidelines provide that at any time the CEO holds the position of Chairman of the Board, the Board shall appoint an independent Director to serve as the Lead Director. These positions are currently held by different individuals; however, the Chairman is not independent and the Board has appointed John Hill to serve as Lead Director.

Director Communication

Any stockholder or other interested party may contact any of our Non-Management Directors, including the Lead Director or Non-Management Directors as a group, by:

U.S. mail to the Lead Director or to Non-Management Directors, c/o Office of the Corporate Secretary, Devon Energy Corporation, 333 W. Sheridan Avenue, Oklahoma City, Oklahoma 73102;

calling our Non-Management Directors access line at (866) 888-6179; or

sending an email to nonmanagement.directors@dvn.com.

A Management Director may be contacted by:

U.S. mail to Management Directors, c/o Office of the Corporate Secretary, Devon Energy Corporation, 333 W. Sheridan Avenue, Oklahoma City, Oklahoma 73102;

contacting the Office of the Corporate Secretary at (405) 235-3611; or

sending an email to CorporateSecretary@dvn.com.

All calls or correspondence are anonymous and kept confidential to the extent possible. 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

During 2013, the Compensation Committee was comprised of three independent Non-Management Directors with no interlocking relationships as defined by the SEC.

Related Party Transactions

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The Company maintains a policy concerning related person transactions as defined by the SEC. Related persons include the Company's directors and executive officers and their immediate family members and beneficial owners of more than five percent of the Company's common stock.

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The Board's Audit Committee considers information about transactions involving related persons. If the transaction at issue involves a member of the Audit Committee, or a family member of a member, then that member of the Committee would not participate in discussions. In the event the Committee concludes that a related person has a material interest in any Company transaction, the Committee then reviews the transaction to determine whether to approve or ratify it. Any transaction that meets the monetary threshold under the SEC rules and is determined to have a direct or indirect material benefit to a related party would be disclosed in accordance with SEC rules.

Mr. Nichols' son-in-law is employed by the Company as an attorney. His total 2013 taxable compensation, including salary, bonus and stock grants was approximately \$200,000, which was commensurate with the compensation provided to similarly situated employees of the Company. Mr. Nichols was not involved in the evaluation of his son-in-law's performance and his son-in-law's compensation was determined in accordance with the Company's standard human resources policies and procedures.

Director Compensation for the Year Ended December 31, 2013

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 employees receive no Director compensation. The following table shows compensation for the following Non-Management Directors for 2013:

Name	Fees Earned or Paid in Cash (\$)	Stock Awards ¹ (\$)	Option Awards ² (\$)	All Other Compensation ³	Total (\$)
Robert H. Henry	106,000	230,015	0	0	336,015
John A. Hill	113,000	230,015	0	0	343,015
Michael M. Kanovsky	111,000	230,015	0	0	341,015
Robert A					