

DEVON ENERGY CORP/DE

FORM 8-K (Current report filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 7, 2011 (December 1, 2011)

DEVON ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

001-32318
(Commission
File Number)

73-1567067
(IRS Employer
Identification Number)

20 NORTH BROADWAY, OKLAHOMA CITY, OK
(Address of Principal Executive Offices)

73102
(Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(e) On December 1, 2011, the Compensation Committee (the “Committee”) of the Board of Directors of Devon Energy Corporation (the “Company”) granted two new types of awards to certain key employees, including the Company’s executive officers, under the Company’s 2009 Long-Term Incentive Plan (the “Plan”)—Performance Restricted Stock (“PRS”) and Performance Share Unit (“PSU”) awards (together, the “Awards”). The aggregate dollar value of each participant’s 2012 long-term incentive is composed of the following three types of equity awards: approximately one-third in the form of a non-qualified stock option award, one-third in the form of a PRS Award, and one-third in the form of a PSU Award. The terms of the Company’s non-qualified stock option awards granted under the Plan are materially consistent with previously disclosed terms and are subject to the terms and conditions set forth in the Company’s standard form of non-qualified stock option agreement.

Performance Restricted Stock Awards

The PRS Award agreement provides that, if the cash flow performance goal is attained, the Award will vest in four equal installments as follows: 25% of the shares will vest upon completion of the performance period (January 1, 2012 through December 31, 2012) and the Committee’s certification of the attainment of the performance goal, with the balance of the Award to vest in three equal annual installments on the second, third, and fourth anniversaries of the grant date. When this goal was established, the Committee believed that it was challenging, yet achievable based on a review of the Company’s performance and its business goals and objectives for the 2012 performance period. The Company has determined that the cash flow performance goal constitutes confidential information and will disclose it in the 2013 proxy once the performance period has been completed.

If the performance goal is not attained and certified as to attainment by the Committee, the Award will generally be forfeited in its entirety. Except as described below, in the event of a participant’s termination of employment prior to the end of the performance period, any unvested portion of the PRS Award will be forfeited. In the event of a change in control (as defined in the Award agreement) or death of a participant during the performance period, regardless of whether the performance goal is achieved, the performance period will be deemed to end immediately prior to such event and the PRS Award will immediately vest. In the event of a participant’s disability during the performance period, the Committee, in its discretion, may elect to vest all or a portion of the unvested PRS Award at the participant’s employment termination date. If a participant’s employment is terminated and the participant is entitled to a severance payment under certain, specified circumstances and the participant executes a release of claims against the Company, the PRS Award will vest (if the performance goal is attained). If a participant’s termination occurs by reason of certain, specified retirement circumstances, the Committee may determine, in its sole discretion, that the PRS Award will continue to vest following the employment termination date in accordance with the applicable vesting schedule and as otherwise provided in the Award agreement, including requiring the participant to execute a non-disclosure agreement. The holder of a PRS Award has no right to vote or receive dividends upon the PRS Award until after completion of the performance period and the Committee’s certification of attainment of the performance goal. If the Committee certifies that the performance goal has been attained, accrued dividends will be paid to the participant, except that any extraordinary dividends will only be paid if the Award fully vests.

Performance Share Unit Awards

The PSU Award agreement provides that vesting of the PSUs is dependent on the achievement of relative total shareholder return (“TSR”) performance goals (as compared to a peer group of companies) over specified performance periods. 50% of the target PSU Award is subject to a two-year performance period (January 1, 2012 through December 31, 2013) and 50% of the target PSU Award is subject to a three-year performance period (January 1, 2012 through December 31, 2014). Each PSU represents one share of the Company’s common stock. The companies comprising the TSR peer group are as follows: Anadarko Petroleum Corporation, Apache Corporation, Chesapeake Energy Corporation, Chevron Corporation, ConocoPhillips, EnCana Corporation, EOG Resources, Inc., Hess Corporation, Marathon Oil Corporation, Murphy Oil Corporation, Noble Energy, Inc., Occidental Petroleum Corporation, Pioneer Natural Resources Company and Talisman Energy, Inc.

The following chart describes at what levels the PSUs vest, if at all, based on the Company’s TSR ranking relative to the peer companies for each of the two- and three-year performance periods.

Final TSR Company Ranking	Vesting (Percentage of Target Award)
1-3	200%
4	180%
5	160%
6	140%
7	120%
8	100%
9	85%
10	70%
11	60%
12	50%
13-15	0%

If earned, the maximum amount pay-out of any PSU Award is two times the aggregate target Award amount. If a participant's employment terminates by reason of disability or under certain, specified retirement circumstances, the Committee may, in its sole discretion, determine that the PSUs will continue to vest following the termination date and the amount of the Award earned will be based on actual performance as determined by the Committee after the end of the performance period and, if termination is due to retirement, additional conditions may apply such as the participant's execution of a non-disclosure agreement. If a participant's employment is terminated and the participant is entitled to a severance payment under certain specified circumstances and the participant executes a release of claims against the Company, the PSUs will continue to vest following the termination date and the amount of the Award earned will be based on actual performance as determined by the Committee after the end of the performance period. In the event of a change of control (as defined in the Award agreement) or death, the PSU Award will become fully and immediately vested at a target award level. A participant will not have any voting rights with respect to the PSU Award. The PSUs will include dividend equivalent rights which will vest and be paid in cash to the participant at the same time and subject to the same conditions as the PSUs. Such dividend equivalent rights will be forfeited if the PSUs do not vest and are forfeited or canceled.

PRS and PSU Awards Granted to Certain Officers

The below chart details PRS and PSU Awards granted to each of the Company's Chief Executive Officer, Chief Financial Officer and any other officer receiving an Award and included as a "named executive officer" in the Company's proxy statement filed on April 27, 2011 for its annual meeting held on June 8, 2011.

	Number of Shares of Performance Restricted Stock	Target Number of Performance Share
		Units
J. Larry Nichols (Executive Chairman)	61,460	0
John Richels (Chief Executive Officer)	51,220	51,200
Jeffrey A. Agosta (EVP and Chief Financial Officer)	10,260	10,240
David A. Hager (EVP)	15,380	15,360
Darryl G. Smette (EVP)	11,780	11,760
Lyndon C. Taylor (EVP)	9,220	9,200

The description set forth above is not complete and is subject to, and qualified in its entirety by, reference to the complete texts of the Devon Energy Corporation Form of Notice of Grant of Performance Restricted Stock Award Agreement and Award Agreement and Devon Energy Corporation Form of Notice of Grant of Performance Share Unit Award and Award Agreement, copies of which are filed herewith as exhibits to this Current Report on Form 8-K, and the terms of which are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Devon Energy Corporation Form of Notice of Grant of Performance Restricted Stock Award and Award Agreement

10.2 Devon Energy Corporation Form of Notice of Grant of Performance Share Unit Award and Award Agreement

SIGNATURES

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

DEVON ENERGY CORPORATION

By: /s/ Carla D. Brockman

Carla D. Brockman

Vice President Corporate Governance and Secretary

Date: December 7, 2011



**NOTICE OF GRANT OF PERFORMANCE RESTRICTED STOCK AWARD AND
AWARD AGREEMENT**

%%FIRST_NAME%- %MIDDLE_NAME%- %%LAST_NAME%- **Award Number :**

%%OPTION_NUMBER%-

%%ADDRESS_LINE_1%-

%%ADDRESS_LINE_2%-

%%CITY%- , %%STATE%- , %%ZIPCODE%-

Plan: %%EQUITY_PLAN%-

ID: %%EMPLOYEE_IDENTIFIER%-

Effective «**Grant Date**», you have been granted a Performance Restricted Stock Award of %%TOTAL_SHARES_GRANTED%- shares of Devon Energy Corporation (the “Company”) Common Stock (the “Award”) under the Company’s 2009 Long-Term Incentive Plan. None of the shares subject to this Award shall vest, and this Award shall terminate in its entirety, should the Company fail to attain the Performance Goal specified in attached Schedule A for the Performance Period. Except as otherwise provided in the Award Agreement, if such Performance Goal is attained and certified, then the Restricted Shares will vest in four (4) separate installments as follows: (a) twenty-five percent (25%) of the Restricted Shares will vest upon the completion of the Performance Period and the Committee’s certification of the attainment of the Performance Goal, and Vested Stock will be released as soon as practicable following the Committee’s certification of the Company’s attainment of the Performance Goal, and (b) the balance of the Restricted Shares will vest, and Vested Stock will be released, in a series of three (3) successive equal annual installments on the second, third and fourth anniversaries of the Date of Grant.

By accepting this agreement online, you and the Company agree that this award is granted under and governed by the terms and conditions of the Company’s 2009 Long-Term Incentive Plan and the Award Agreement, both of which are attached and made a part of this document.

**DEVON ENERGY CORPORATION
2009 LONG-TERM INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK AWARD AGREEMENT**

THIS PERFORMANCE RESTRICTED STOCK AWARD AGREEMENT (the "Award Agreement") is entered into as of %%
OPTION_DATE%%-%% (the "Date of Grant"), by and between Devon Energy Corporation (the "Company") and %%**FIRST_NAME**%%-%%
%%**MIDDLE_NAME**%%-%% %%**LAST_NAME**%%-%% (the "Participant");

W I T N E S S E T H:

WHEREAS, the Devon Energy Corporation 2009 Long-Term Incentive Plan (the "Plan") permits the grant of Restricted Stock that vests based upon performance standards (referred to herein as a "Performance Restricted Stock") to employees, officers and non-employee directors of the Company and its Subsidiaries and Affiliated Entities, in accordance with the terms and provisions of the Plan; and

WHEREAS, in connection with the Participant's employment with the Company, the Company desires to award to the Participant %%
TOTAL_SHARES_GRANTED%%-%% shares of the Company's Common Stock under the Plan subject to the terms and conditions of this Award Agreement and the Plan; and

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Participant and the Company agree as follows:

1. The Plan. The Plan, a copy of which is attached hereto, is hereby incorporated by reference herein and made a part hereof for all purposes, and when taken with this Award Agreement shall govern the rights of the Participant and the Company with respect to the Award.

2. Grant of Award. The Company hereby grants to the Participant an award (the "Award") of %%**TOTAL_SHARES_GRANTED**%%-%% shares of the Company's Common subject to the restrictions placed thereon pursuant to the terms of this Award Agreement ("Performance Restricted Stock"), on the terms and conditions set forth herein and in the Plan.

3. Terms of Award.

(a) Escrow of Shares. A certificate or book-entry registration representing the Performance Restricted Stock shall be issued in the name of the Participant and shall be escrowed with the Secretary of the Company (the "Escrow Agent") subject to removal of the restrictions placed thereon or forfeiture pursuant to the terms of this Award Agreement.

(b) Vesting. Except as provided in this Section 3, if the Participant's Date of Termination has not occurred as of the vesting dates specified below (the "Vesting Dates"), then, the Participant shall be entitled, subject to the applicable provisions of the Plan and this Award Agreement having been satisfied, to receive on or within a reasonable time after the applicable Vesting Dates the number of shares of Common Stock as described in the following schedule. Once vested pursuant to the terms of this Award Agreement, the Performance Restricted Stock shall be deemed "Vested Stock."

Vesting Schedule

If the Performance Goal (specified in attached Schedule A) for the Performance Period (specified in attached Schedule A) is attained and certified, then the Award will vest in four (4) separate installments as follows:

(i) twenty-five percent (25%) (or [#]) of the Restricted Shares will vest upon the completion of the Performance Period and the Vested Stock will be released within a reasonable time following the Committee's certification of the Company's attainment of the Performance Goal;

(ii) 25% (or [#]) of the Restricted Shares will vest, and the Vested Stock will be released, on **[insert second anniversary of the grant date]** ;

(iii) 25% (or [#]) of the Restricted Shares will vest, and the Vested Stock will be released, on **[insert third anniversary of the grant date]** ; and

(iv) the remaining 25% (or [#]) of the Restricted Shares will vest, and the Vested Stock will be released, on **[insert fourth anniversary of the grant date]** .

Notwithstanding the foregoing, no fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Award Agreement shall be aggregated, and any such aggregated shares will vest, and the Vested Stock will be released, at the time provided in (3)(b)(iv) above.

Except as otherwise provided in Section 3(c) below, none of the shares subject to this Award shall vest should the Company fail to attain the Performance Goal for the Performance Period. Except to the extent that an Award has previously vested pursuant to Section 3(c) below, this Award shall terminate in its entirety and shall not vest should the Company fail to attain the Performance Goal for the Performance Period.

(c) Change in Control Event or Death or Disability . Notwithstanding any provision to the contrary in this Award Agreement, a Participant shall become fully and immediately vested in the Award in the event of the Participant's death or the occurrence of a Change in Control Event, without regard to attainment or certification of the Performance Goal. In the event of the Participant's death or the occurrence of a Change in Control Event, the Vested Stock will be released within a reasonable time thereafter. If the Participant's Date of Termination occurs by reason of disability, the Committee may, in its sole and absolute discretion, elect to vest all or a portion of the unvested Performance Restricted Stock upon the Participant's Date of Termination and the Vested Stock will be released within a reasonable time thereafter.

(d) Termination of Employment . The Participant shall forfeit the unvested portion of the Award (including the underlying Performance Restricted Stock and Accrued Dividends) upon the occurrence of the Participant's Date of Termination unless the Performance Goal is attained and certified and the Award becomes vested under the circumstances described below.

(i) If the Participant’s Date of Termination occurs under circumstances in which the Participant is entitled to a severance payment from the Company, a Subsidiary, or an Affiliated Entity under (1) the Participant’s employment agreement or severance agreement with the Company due to a termination of the Participant’s employment by the Company without “cause” or by the Participant for “good reason” in accordance with the Participant’s employment agreement or severance agreement or (2) the Devon Energy Corporation Severance Plan, and if the Participant signs and returns to the Company a release of claims against the Company in a form prepared by the Company (the “Release”) and such Release becomes effective, the Performance Restricted Stock shall be treated as vested as of the Participant’s Date of Termination, provided the Date of Termination occurs after the Performance Goal is attained and certified, and the Performance Restricted Stock shall be released within a reasonable time thereafter. If the Participant’s Date of Termination occurs before the Performance Goal is attained and certified, the Performance Restricted Stock shall be treated as vested as of the certification of attainment of the Performance Goal, and the Performance Restricted Stock, if vested, shall be released within a reasonable time thereafter. Notwithstanding the foregoing, if the Performance Goal is not attained and certified, or if Participant fails to sign and return the Release to the Company or revokes the Release prior to the date the Release becomes effective, then the unvested shares of Performance Restricted Stock subject to this Award Agreement shall not vest pursuant to this Section 3(d)(i) and shall be forfeited.

(ii) If a Participant’s Date of Termination occurs by reason of Normal Retirement Date, Early Retirement Date, or other special circumstances (as determined by the Committee), and the Committee determines, in its sole and absolute discretion, that the Performance Restricted Stock shall continue to vest following the Participant’s Date of Termination, the Performance Restricted Stock shall continue to vest after the Participant’s Date of Termination in accordance with the Vesting Schedule in Section 3(b) above and the Performance Restricted Stock shall be released within a reasonable time after the applicable Vesting Date; provided that, if the Participant is Retirement Eligible, the Participant shall, subject to the satisfaction of the conditions in Section 16, be eligible to vest in accordance with the Vesting Schedule above in Section 3(b), in the installments of Performance Restricted Stock that remain unvested on the Date of Termination as follows:

Age at Retirement	Percentage of each Unvested Installment of Performance Restricted Stock Eligible to be Earned by the Participant
54 and earlier	0%
55	60%
56	65%
57	70%
58	75%
59	80%
60 and beyond	100%

(e) **Voting Rights and Dividends** . The Participant shall not have voting rights attributable to the shares of Performance Restricted Stock prior to the completion of the Performance Period and the Committee’s certification of the Company’s attainment of the Performance Goal. Any dividends declared and paid by the Company with respect to shares of Performance Restricted Stock prior to the Committee’s certification of the attainment of the Performance Goal (the “Accrued Dividends”) shall not be paid to the Participant until and unless the Committee certifies the attainment of the Performance Goal. Any such Accrued Dividends shall be forfeited if the Award is terminated because the

Performance Goal is not attained. If the Performance Goal is attained and certified, the Accrued Dividends shall be paid to the Participant within a reasonable time thereafter and any dividends or other distributions (in cash or other property, but excluding extraordinary dividends) that are declared and/or paid with respect to the shares of Performance Restricted Stock shall be paid to the Participant on a current basis. Any extraordinary dividends (*i.e.*, special or nonrecurring dividends in excess of the regular dividends paid by the Company), in cash or property, on Performance Restricted Stock shall not be paid until and unless the Performance Restricted Stock becomes Vested Stock.

(f) Certification of Performance Goal . Except in the event of the occurrence of a Change in Control Event, the Committee shall, as soon as practicable following the last day of the Performance Period, determine and certify, based on the Company's financial statements for the fiscal year coincident with the Performance Period, whether the Performance Goal for the Performance Period has been attained. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law.

(g) Vested Stock—Removal of Restrictions . Upon Performance Restricted Stock becoming Vested Stock, all restrictions shall be removed from the certificates or book-entry registrations and the Secretary of the Company shall deliver to the Participant certificates or a Direct Registration Statement for the book-entry registration representing such Vested Stock free and clear of all restrictions, except for any applicable securities laws restrictions, together with a check in the amount of all Accrued Dividends attributed to such Vested Stock without interest thereon.

4. Legends . The shares of Performance Restricted Stock which are the subject of this Award Agreement shall be subject to the following legend:

“THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION ARE SUBJECT TO AND ARE TRANSFERABLE ONLY IN ACCORDANCE WITH THAT CERTAIN AWARD AGREEMENT DATED %%
OPTION_DATE%%-%% FOR THE DEVON ENERGY CORPORATION 2009 LONG-TERM INCENTIVE PLAN. ANY ATTEMPTED TRANSFER OF THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE OR BOOK-ENTRY REGISTRATION IN VIOLATION OF SUCH AWARD AGREEMENT SHALL BE NULL AND VOID AND WITHOUT EFFECT. A COPY OF THE AWARD AGREEMENT MAY BE OBTAINED FROM THE SECRETARY OF DEVON ENERGY CORPORATION.”

5. Delivery of Forfeited Shares . The Participant authorizes the Secretary to deliver to the Company any and all shares of Performance Restricted Stock that are forfeited under the provisions of this Award Agreement. The Participant further authorizes the Company to hold as a general obligation of the Company any Accrued Dividends and to pay the Accrued Dividends to the Participant at the time the underlying Performance Restricted Stock becomes Vested Stock.

6. Certain Corporate Changes . If any change is made to the Common Stock (whether by reason of merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination of shares, or exchange of shares or any other change in capital structure made without receipt of consideration), then unless such event or change results in the termination of all the Performance Restricted Stock granted under this Award Agreement, the Committee shall adjust, in an equitable manner and as provided in the Plan, the number and class of shares underlying the Performance Restricted Stock, the maximum number of shares for which the Award may vest, and the share price or class of Common Stock as appropriate, to reflect the effect of such event or change in the Company's capital structure in such a way as to preserve the value of the Award.

7. Employment. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries or Affiliated Entities, or interfere in any way with the right to terminate the Participant's employment at any time.

8. Nontransferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber or charge any Performance Restricted Stock or any interest therein in any manner whatsoever.

9. Notices. All notices or other communications relating to the Plan and this Award Agreement as it relates to the Participant shall be in writing and shall be delivered electronically, personally or mailed (U.S. mail) by the Company to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing.

10. Binding Effect and Governing Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns except as may be limited by the Plan, and (ii) governed and construed under the laws of the State of Delaware.

11. Company Policies. The Participant agrees that the Award will be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

12. Withholding. The Company and the Participant shall comply with all federal and state laws and regulations respecting the required withholding, deposit and payment of any income, employment or other taxes relating to the Award (including Accrued Dividends). The Company shall withhold the employer's minimum statutory withholding based upon minimum statutory withholding rates for federal and state purposes, including payroll taxes, that are applicable to such supplemental taxable income. Any payment of required withholding taxes by the Participant in the form of Common Stock shall not be permitted if it would result in an accounting charge with respect to such shares used to pay such taxes unless otherwise approved by the Committee.

13. Award Subject to Claims of Creditors. The Participant shall not have any interest in any particular assets of the Company, its parent, if applicable, or any Subsidiary or Affiliated Entity by reason of the right to earn an Award (including Accrued Dividends) under the Plan and this Award Agreement, and the Participant or any other person shall have only the rights of a general unsecured creditor of the Company, its parent, if applicable, or a Subsidiary or Affiliated Entity with respect to any rights under the Plan or this Award Agreement.

14. Captions. The captions of specific provisions of this Award Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope of this Award Agreement or the intent of any provision hereof.

15. Counterparts. This Award Agreement may be executed in any number of identical counterparts, each of which shall be deemed an original for all purposes, but all of which taken together shall form one agreement.

16. Conditions to Post-Retirement Vesting.

(a) Notice of and Conditions to Post-Retirement Vesting. If the Participant is Retirement Eligible, the Company shall, within a reasonable period of time prior to the Participant's Date of Termination, notify the Participant that the Participant has the right, pursuant to this Section 16(a), to continue to vest following the Date of Termination in any unvested installments of Performance Restricted Stock (each such unvested installment, an "Installment"). The Participant shall have the right to vest in such Installments of Performance Restricted Stock, provided that the Participant executes and delivers to the Company, with respect to each such Installment, the following documentation: (i) a non-disclosure letter agreement, in the form attached as Exhibit A, (a "Non-Disclosure Agreement") on or before January 1 of the year in which such Installment vests pursuant to the Vesting Schedule (or, with respect to the calendar year in which the Date of Termination occurs, on or before the Date of Termination), and (ii) a compliance certificate, in the form attached as Exhibit B, (a "Compliance Certificate") indicating the Participant's full compliance with the Non-Disclosure Agreement on or before November 1 of the year in which such Installment vests pursuant to the Vesting Schedule.

(b) Consequences of Failure to Satisfy Vesting Conditions. In the event that, with respect to any given Installment, the Participant fails to deliver either the respective Non-Disclosure Agreement or Compliance Certificate for such Installment on or before the date required for the delivery of such document (such failure, a "Non-Compliance Event"), the Participant shall not be entitled to vest in any unvested Installments that would vest from and after the date of the Non-Compliance Event and the Company shall be authorized to take any and all such actions as are necessary to cause such unvested Performance Restricted Stock to not vest and to terminate. The only remedy of the Company for failure to deliver a Non-Disclosure Agreement or a Compliance Certificate shall be the failure to vest in, and cancellation of, any unvested Installments then held by the Participant.

17. Definitions. Words, terms or phrases used in this Award Agreement shall have the meaning set forth in this Section 17. Capitalized terms used in this Award Agreement but not defined herein shall have the meaning designated in the Plan.

- (a) "Accrued Dividends" has the meaning set forth in Section 3(e).
- (b) "Award" has the meaning set forth in Section 2.
- (c) "Award Agreement" has the meaning set forth in the preamble.
- (d) "Company" has the meaning set forth on the Cover Page.
- (e) "Compliance Certificate" has the meaning set forth in Section 16(a).
- (f) "Date of Grant" has the meaning set forth in the preamble.

(g) "Date of Termination" means the first day occurring on or after the Date of Grant on which the Participant is not employed by the Company, a Subsidiary, or an Affiliated Entity regardless of the reason for the termination of employment; provided, however, that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company, a Subsidiary, and an Affiliated Entity or between two Subsidiaries or two Affiliated Entities. The Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company, a Subsidiary, or an Affiliated Entity approved by the Participant's employer pursuant to

Company policies. If, as a result of a sale or other transaction, the Participant's employer ceases to be either a Subsidiary or an Affiliated Entity, and the Participant is not, at the end of the 30-day period following the transaction, employed by the Company or an entity that is then a Subsidiary or Affiliated Entity, then the date of occurrence of such transaction shall be treated as the Participant's Date of Termination.

(h) "Early Retirement Date" means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant (i) attains age 55 and (ii) earns at least 10 Years of Service.

(i) "Escrow Agent" has the meaning set forth in Section 3(a).

(j) "Installment" has the meaning set forth in Section 16(a).

(k) "Non-Compliance Event" has the meaning set forth in Section 16(b).

(l) "Non-Disclosure Agreement" has the meaning set forth in Section 16(a).

(m) "Normal Retirement Date" means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant attains age 65.

(n) "Participant" has the meaning set forth in the preamble.

(o) "Plan" has the meaning set forth in the preamble.

(p) "Performance Restricted Stock" has the meaning set forth in the preamble and Section 2.

(q) "Retirement Eligible" means the Participant's Date of Termination occurs (i) by reason of the Participant's retirement and (ii) on or after the Participant's Early Retirement Date.

(r) "Vested Stock" has the meaning set forth in Section 3(b).

(s) "Vesting Date" has the meaning set forth in Section 3(b).

(t) "Year of Service" means a calendar year in which the Participant is employed with the Company, a Subsidiary or Affiliated Entity for at least nine months of a calendar year. When calculating Years of Service hereunder, Participant's first hire date with the Company, a Subsidiary or Affiliated Entity shall be used.

"COMPANY"

DEVON ENERGY CORPORATION
a Delaware corporation

"PARTICIPANT"

%%LAST_NAME%-%

%%FIRST_NAME%-% %%MIDDLE_NAME%-%

%%ADDRESS_LINE1%-%

%%ADDRESS_LINE2%-%

%%CITY%-%, %%STATE%-%, %%ZIPECODE%-%

ID <ID>



SCHEDULE A
PERFORMANCE PERIOD AND PERFORMANCE GOAL

1. Performance Period. The measurement period for the Performance Goal shall be the period beginning January 1, 20 and ending December 31, 20 (the "Performance Period").

2. Performance Goal. The Performance Goal is based on the Company's cash flow before balance sheet changes. Vesting will be based on the Company's achievement of \$ billion in cash flow before balance sheet changes during the Performance Period and the Committee's certification of the attainment of the Performance Goal.

3. Certification of Performance Goal. Except in the event of the occurrence of a Change in Control Event, the Committee shall, as soon as practicable following the last day of the Performance Period, determine and certify, based on the Company's financial statements for the fiscal year coincident with the Performance Period, whether the Performance Goal for the Performance Period has been attained. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law.

4. Maximum Award. The maximum number of shares of Performance Restricted Stock that may become earned and vested pursuant to this Award is **%%TOTAL_SHARES_GRANTED%-%** .

EXHIBIT A

Form of Non-Disclosure Agreement

[Insert Date]

Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102

Re: Non-Disclosure Agreement

Ladies and Gentlemen:

This letter agreement is entered between Devon Energy Corporation (together with its subsidiaries and affiliates, the “Company”) and the undersigned (the “Participant”) in connection with that certain Performance Restricted Stock Award Agreement (the “Agreement”) dated , 20 between the Company and the Participant. All capitalized terms used in this letter agreement shall have the same meaning ascribed to them in the Agreement unless specifically denoted otherwise.

The Participant acknowledges that, during the course of and in connection with the employment relationship between the Participant and the Company, the Company provided and the Participant accepted access to the Company’s trade secrets and confidential and proprietary information, which included, without limitation, information pertaining to the Company’s finances, oil and gas properties and prospects, compensation structures, business and litigation strategies and future business plans and other information or material that is of special and unique value to the Company and that the Company maintains as confidential and does not disclose to the general public, whether through its annual report and/or filings with the Securities and Exchange Commission or otherwise (the “Confidential Information”).

The Participant acknowledges that his position with the Company was one of trust and confidence because of the access to the Confidential Information, requiring the Participant’s best efforts and utmost diligence to protect and maintain the confidentiality of the Confidential Information. Unless required by the Company or with the Company’s express written consent, the Participant will not, during the term of this letter agreement, directly or indirectly, disclose to others or use for his own benefit or the benefit of another any of the Confidential Information, whether or not the Confidential Information is acquired, learned, attained or developed by the Participant alone or in conjunction with others.

The Participant agrees that, due to his access to the Confidential Information, the Participant would inevitably use and/or disclose that Confidential Information in breach of his confidentiality and non-disclosure obligations if the Participant worked in certain capacities or engaged in certain activities for a period of time following his employment with the Company, specifically in a position that involves (i) responsibility and decision-making authority or input at the executive level regarding any subject or responsibility, (ii) decision-making responsibility or input at any management level in

the Participant's individual area of assignment with the Company, or (iii) responsibility and decision-making authority or input that otherwise allows the use of the Confidential Information (collectively referred to as the "Restricted Occupation"). Therefore, except with the prior written consent of the Company, during the term of this letter agreement, the Participant agrees not to be employed by, consult for or otherwise act on behalf of any person or entity in any capacity in which he would be involved, directly or indirectly, in a Restricted Occupation. The Participant acknowledges that this commitment is intended to protect the Confidential Information and is not intended to be applied or interpreted as a covenant against competition.

The Participant further agrees that during the term of this letter agreement, the Participant will not, directly or indirectly on behalf of a person or entity or otherwise, (i) solicit any of the established customers of the Company or attempt to induce any of the established customers of the Company to cease doing business with the Company, or (ii) solicit any of the employees of the Company to cease employment with the Company.

This letter agreement shall become effective upon execution by the Participant and the Company and shall terminate on December 31, 20 . **[Note: Insert date that is the end of the calendar year of the letter agreement.]**

If you agree to the above terms and conditions, please execute a copy of this letter agreement below and return a copy to me.

"PARTICIPANT"

[Name of Participant]

THE UNDERSIGNED HEREBY ACCEPTS AND AGREES TO THE TERMS SET FORTH ABOVE AS OF THIS DAY OF , .

"COMPANY"

DEVON ENERGY CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT B

Form of Compliance Certificate

I hereby certify that I am in full compliance with the covenants contained in that certain letter agreement (the "Agreement") dated as of _____, _____, between Devon Energy Corporation and me and have been in full compliance with such covenants at all times during the period ending _____, _____.

Dated: _____

[Name of Participant]



NOTICE OF GRANT OF PERFORMANCE SHARE UNIT AWARD AND AWARD AGREEMENT

%% **FIRST_NAME** %- %%% **MIDDLE_NAME** %- %%% **LAST_NAME** %- %
 %% **OPTION_NUMBER** %- %
 %% **ADDRESS_LINE_1** %- %
 %% **ADDRESS_LINE_2** %- %
 %% **CITY** %-, %% **STATE** %-, %% **ZIPCODE** %- %

Award Number:

Plan: %% **EQUITY_PLAN** %- %
ID: %% **EMPLOYEE_IDENTIFIER** %- %

Effective %%**OPTION_DATE**%- % , you have been granted a target award of %%**TOTAL_SHARES_GRANTED**%- % Performance Share Units (“Award”) under the Devon Energy Corporation 2009 Long-Term Incentive Plan. Each Performance Share Unit that vests entitles you to one share of Devon Energy Corporation (the “Company”) Common Stock. The vesting of these Performance Share Units is dependent upon the Company’s Total Shareholder Return (“TSR”) over the specified Performance Periods. Fifty percent (50%) of the target Award is subject to a two-year Performance Period that begins [**date**] and ends [**date**] (the “20 -20 Performance Period”) and 50% of the target Award is subject to a three-year Performance Period that begins [**date**] and ends [**date**] (the “20 -20 Performance Period”). The 20 -20 and 20 -20 Performance Periods may each be individually referred to as a “Performance Period.” The maximum number of Performance Share Units that you can earn during each Performance Period will be calculated as follows: %%**TOTAL_SHARES_GRANTED**%- % x 50% x 200%, with actual payout based on the performance level achieved by the Company with respect to the Performance Goal set forth on Schedule A.

This Award also entitles you to be paid Dividend Equivalents as set forth in the Award Agreement.

By accepting this agreement online, you and the Company agree that this award is granted under and governed by the terms and conditions of the Company’s 2009 Long-Term Incentive Plan and the Award Agreement, both of which are attached and made a part of this document.

**DEVON ENERGY CORPORATION
2009 LONG-TERM INCENTIVE PLAN
PERFORMANCE SHARE UNIT AGREEMENT**

THIS PERFORMANCE SHARE UNIT AWARD AGREEMENT (the "Award Agreement") is entered into as of %%
OPTION_DATE%%-%% (the "Date of Grant"), by and between Devon Energy Corporation, a Delaware corporation (the "Company") and %%
FIRST_NAME%%-%% %%**MIDDLE_NAME**%%-%% %%**LAST_NAME**%%-%% (the "Participant");

W I T N E S S E T H:

WHEREAS, the Devon Energy Corporation 2009 Long-Term Incentive Plan (the "Plan") permits the grant of Performance Units (hereinafter referred to as "Performance Share Units") to employees, officers and non-employee directors of the Company and its Subsidiaries and Affiliated Entities, in accordance with the terms and provisions of the Plan; and

WHEREAS, in connection with the Participant's employment with the Company, the Company desires to award to the Participant %%**TOTAL_SHARES_GRANTED**%%-%% Performance Share Units subject to the terms and conditions of this Award Agreement and the Plan; and

WHEREAS, the Performance Share Units granted pursuant to this Award Agreement shall vest based on the attainment and certification of the Performance Goal set forth on Schedule A; and

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants herein contained, the Participant and the Company agree as follows:

1. The Plan. The Plan, a copy of which is attached hereto, is hereby incorporated by reference herein and made a part hereof for all purposes, and when taken with this Award Agreement shall govern the rights of the Participant and the Company with respect to the Award.

2. Grant of Award. The Company hereby grants to the Participant a target award (the "Award") of %%**TOTAL_SHARES_GRANTED**%%-%% Performance Share Units, on the terms and conditions set forth herein and in the Plan. Each Performance Share Unit that vests entitles the Participant to one share of Common Stock.

3. Terms of Award.

(a) Performance Share Unit Account. The Company shall establish a bookkeeping account on its records for the Participant and shall credit the Participant's Performance Share Units to the bookkeeping account.

(b) General Vesting Terms. Except as provided in this Section 3, the Participant shall vest in a number of Performance Share Units based on the attainment and certification of the Performance Goal described on Schedule A as of the end of a Performance Period. Any Performance Share Units that do not vest as of the end of a Performance Period shall be forfeited as of the end of the Performance Period. Except as specifically provided below in this Section 3, in the event of a termination of the Participant's employment prior to the end of a Performance Period, all unvested Performance Share Units will be immediately forfeited.

(c) If a Participant's Date of Termination occurs by reason of disability, Normal Retirement Date, Early Retirement Date, or other special circumstances (as determined by the Committee), and the Committee determines, in its sole and absolute discretion, that the Performance Share Units shall continue to vest following the Participant's Date of Termination, the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the actual level at which the Performance Goal is attained and certified for the Performance Period, as if the Participant remained in the employ of the Company through the end of the Performance Period, provided that, if the Participant is Retirement Eligible, such continued vesting shall be subject to the satisfaction of the conditions in Section 15 (except in the case of the Participant's disability).

(d) Performance Share Units shall continue to vest and the Participant shall vest in the maximum number of Performance Share Units in which the Participant could vest, based on the actual level at which the Performance Goal is attained and certified for the Performance Period, as if the Participant remained in the employ of the Company through the end of the Performance Period following the Participant's Date of Termination that occurs under circumstances in which the Participant is entitled to a severance payment from the Company, a Subsidiary, or an Affiliated Entity under (A) the Participant's employment agreement or severance agreement with the Company due to a termination of the Participant's employment by the Company without "cause" or by the Participant for "good reason" in accordance with the Participant's employment agreement or severance agreement or (B) the Devon Energy Corporation Severance Plan, provided that for a severance related termination, the Participant signs and returns to the Company a release of claims against the Company in a form prepared by the Company (the "Release") and such Release becomes effective. If the Participant fails to sign and return the Release to the Company or revokes the Release prior to the date the Release becomes effective, the Performance Share Units (and Dividend Equivalents) subject to this Award Agreement shall be forfeited.

(e) A Participant shall become fully and immediately vested in the Award at the target level of performance for the Performance Period in the event of (1) the Participant's death or (2) the occurrence of a Change in Control Event.

(f) Voting Rights and Dividend Equivalents . The Participant shall not have any voting rights with respect to the Performance Share Units. The Participant shall be credited with dividend equivalents ("Dividend Equivalents") with respect to each outstanding Performance Share Unit to the extent that any dividends or other distributions (in cash or other property) are declared and/or paid with respect to the shares of Common Stock after the commencement of the Performance Period (other than distributions pursuant to a share split, for which an adjustment shall be made as described in Section 4 below). Dividend Equivalents shall be credited to the bookkeeping account established on the records of the Company for the Participant and will vest and be paid in cash to the Participant at the same time, and subject to the same conditions, as are applicable to the underlying Performance Share Units. Accordingly, Dividend Equivalents shall be forfeited to the extent that the Performance Share Units do not vest and are forfeited or cancelled. No interest shall be credited on Dividend Equivalents.

(g) Conversion of Performance Share Units; Delivery of Performance Share Units .

(i) Except in the event of the Participant's death or the occurrence of a Change in Control Event, the Committee shall, within a reasonably practicable time following the last day of the Performance Period, certify the extent, if any, to which the Performance Goal has been achieved with respect to the Performance Period and the number of Performance Share Units, if any, earned upon attainment of the

Performance Goal. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law. Payment in respect of vested Performance Share Units and Dividend Equivalents shall be made promptly following the Committee's certification of the attainment of the Performance Goal, but in any event, no later than March 15 of the year following the year in which the Performance Period ends.

(ii) In the event of the Participant's death or the occurrence of a Change in Control Event, payment in respect of earned and vested Performance Share Units shall be made as soon as reasonably practicable thereafter.

(iii) Notwithstanding any provision of this Award Agreement to the contrary, in no event shall the timing of the Participant's execution of the Compliance Certificate, directly or indirectly, result in the Participant designating the calendar year of payment, and if a payment that is subject to execution of the Compliance Certificate could be made in more than one taxable year, payment shall be made in the later taxable year.

(iv) All payments in respect of earned and vested Performance Share Units shall be made in freely transferable shares of Common Stock. No fractional shares of Common Stock shall be issued pursuant to this Award, and any fractional share resulting from any calculation made in accordance with the terms of this Award Agreement shall be rounded down to the next whole share.

4. Certain Corporate Changes. If any change is made to the Common Stock (whether by reason of merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination of shares, or exchange of shares or any other change in capital structure made without receipt of consideration), then unless such event or change results in the termination of all the Performance Share Units granted under this Award Agreement, the Committee shall adjust, in an equitable manner and as provided in the Plan, the number and class of shares underlying the Performance Share Units, the maximum number of shares for which the Performance Share Units may vest, and the share price or class of Common Stock for purposes of the Performance Goal, as appropriate, to reflect the effect of such event or change in the Company's capital structure in such a way as to preserve the value of the Performance Share Units. Any adjustment that occurs under the terms of this Section 4 or the Plan will not change the timing or form of payment with respect to any Performance Share Units except as permitted in accordance with section 409A of the Code.

5. Employment. Nothing in the Plan or in this Award Agreement shall confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries or Affiliated Entities, or interfere in any way with the right to terminate the Participant's employment at any time.

6. Nontransferability of Award. The Participant shall not have the right to sell, assign, transfer, convey, dispose, pledge, hypothecate, burden, encumber or charge any Performance Share Unit or any interest therein in any manner whatsoever.

7. Notices. All notices or other communications relating to the Plan and this Agreement as it relates to the Participant shall be in writing and shall be delivered personally or mailed (U.S. mail) by the Company to the Participant at the then current address as maintained by the Company or such other address as the Participant may advise the Company in writing.

8. Binding Effect and Governing Law. This Award Agreement shall be (i) binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns except as may be limited by the Plan, and (ii) governed and construed under the laws of the State of Delaware.

9. Company Policies. The Participant agrees that the Award will be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Company's Board of Directors or a duly authorized committee thereof, from time to time.

10. Withholding. The Company and the Participant shall comply with all federal and state laws and regulations respecting the required withholding, deposit and payment of any income, employment or other taxes relating to the Award (including Dividend Equivalents). The Company shall withhold the employer's minimum statutory withholding based upon minimum statutory withholding rates for federal and state purposes, including payroll taxes, that are applicable to such supplemental taxable income. Any payment of required withholding taxes by the Participant in the form of Common Stock shall not be permitted if it would result in an accounting charge with respect to such shares used to pay such taxes unless otherwise approved by the Committee.

11. Award Subject to Claims of Creditors. The Participant shall not have any interest in any particular assets of the Company, its parent, if applicable, or any Subsidiary or Affiliated Entity by reason of the right to earn an Award (including Dividend Equivalents) under the Plan and this Award Agreement, and the Participant or any other person shall have only the rights of a general unsecured creditor of the Company, its parent, if applicable, or a Subsidiary or Affiliated Entity with respect to any rights under the Plan or this Award Agreement.

12. Compliance with Section 409A. This Award is intended to comply with the applicable requirements of section 409A of the Code and shall be administered in accordance with section 409A of the Code. Notwithstanding anything in this Award Agreement to the contrary, if the Performance Share Units constitute "deferred compensation" under section 409A of the Code and any Performance Share Units become payable pursuant to the Participant's termination of employment, settlement of the Performance Share Units shall be delayed for a period of six months after the Participant's termination of employment if the Participant is a "specified employee" as defined under section 409A of the Code and if required pursuant to section 409A of the Code. If settlement of the Performance Share Units is delayed, the Performance Share Units shall be settled within 30 days of the date that is the six-month anniversary of the Participant's termination of employment. If the Participant dies during the six-month delay, the Performance Share Units shall be settled in accordance with the Participant's will or under the applicable laws of descent and distribution. Notwithstanding any provision to the contrary herein, distributions made with respect to this Award may only be made in a manner and upon an event permitted by section 409A of the Code, and all payments to be made upon a termination of employment hereunder may only be made upon a "separation from service" as defined under section 409A of the Code. To the extent that any provision of the Award Agreement would cause a conflict with the requirements of section 409A of the Code, or would cause the administration of the Performance Share Units to fail to satisfy the requirements of section 409A of the Code, such provision shall be deemed null and void to the extent permitted by applicable law. In no event shall a Participant, directly or indirectly, designate the calendar year of payment. This Award Agreement may be amended without the consent of the Participant in any respect deemed by the Board of Directors or its delegate to be necessary in order to preserve compliance with section 409A of the Code.

13. Captions. The captions of specific provisions of this Award Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope of this Award Agreement or the intent of any provision hereof.

14. Counterparts. This Award Agreement may be executed in any number of identical counterparts, each of which shall be deemed an original for all purposes, but all of which taken together shall form one agreement.

15. Conditions to Post-Retirement Vesting.

(a) Notice of and Conditions to Post-Retirement Vesting. If the Participant is Retirement Eligible, the Company shall, within a reasonable period of time prior to the Participant's Date of Termination, notify the Participant that the Participant has the right, pursuant to this Section 15(a), to continue to vest following the Date of Termination in any unvested Performance Share Units provided that the Participant executes and delivers to the Company the following documentation: (i) a non-disclosure letter agreement, in the form attached as Exhibit A, (a "Non-Disclosure Agreement"), on or before the Date of Termination, and (ii) a compliance certificate, in the form attached as Exhibit B, (a "Compliance Certificate"), indicating the Participant's full compliance with the Non-Disclosure Agreement, no later than the time (s) required by the Committee.

(b) Consequences of Failure to Satisfy Vesting Conditions. In the event that, the Participant fails to deliver either the respective Non-Disclosure Agreement or Compliance Certificate on or before the date required for the delivery of such document (such failure, a "Non-Compliance Event"), the Participant shall not be entitled to vest in any unvested Performance Share Units and the unvested Performance Share Units subject to this Award Agreement shall be forfeited. The only remedy of the Company for failure to deliver a Non-Disclosure Agreement or a Compliance Certificate shall be the Participant's failure to vest in, and forfeiture of, any unvested Performance Share Units.

16. Definitions. Words, terms or phrases used in this Award Agreement shall have the meaning set forth in this Section 16. Capitalized terms used in this Award Agreement but not defined herein shall have the meaning designated in the Plan.

- (a) "Award" has the meaning set forth in Section 2.
- (b) "Award Agreement" has the meaning set forth in the preamble.
- (c) "Company" has the meaning set forth on the Cover Page.
- (d) "Compliance Certificate" has the meaning set forth in Section 15(a).
- (e) "Date of Grant" has the meaning set forth in the preamble.

(f) "Date of Termination" means the first day occurring on or after the Date of Grant on which the Participant is not employed by the Company, a Subsidiary, or an Affiliated Entity, regardless of the reason for the termination of employment; provided, however, that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company, a Subsidiary, and an Affiliated Entity or between two Subsidiaries or two Affiliated Entities. The Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company, a Subsidiary, or an Affiliated Entity approved by the Participant's employer pursuant to Company policies. If, as a result of a sale or other transaction, the Participant's employer ceases to be either a Subsidiary or an Affiliated Entity, and the Participant is not, at the end of the 30-day period following the transaction, employed by the Company or an entity that is then a Subsidiary or Affiliated Entity, then the date of occurrence of such transaction shall be treated as the Participant's Date of Termination.

(g) “ Dividend Equivalent ” has the meaning set forth in Section 3(f).

(h) “ Early Retirement Date ” means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant (i) attains age 55 and (ii) earns at least 10 Years of Service.

(i) “ Non-Compliance Event ” has the meaning set forth in Section 15(b).

(j) “ Non-Disclosure Agreement ” has the meaning set forth in Section 15(a).

(k) “ Normal Retirement Date ” means, with respect to the Participant, the first day of a month that occurs on or after the date the Participant attains age 65.

(l) “ Participant ” has the meaning set forth in the preamble.

(m) “ Performance Goal ” shall mean the performance goal specified on attached Schedule A which must be attained and certified in order to satisfy the performance vesting requirements for the shares of Common Stock subject to this Award.

(n) “ Performance Period ” has the meaning set forth on the Cover Page and Schedule A over which the attainment of the Performance Goal is to be measured.

(o) “ Performance Share Unit ” the meaning set forth in the preamble.

(p) “ Plan ” has the meaning set forth in the preamble.

(q) “ Retirement Eligible ” means the Participant’s Date of Termination occurs on or after the Participant’s Early Retirement Date or Normal Retirement Date.

(r) “ Year of Service ” means a calendar year in which the Participant is employed with the Company, a Subsidiary or Affiliated Entity for at least nine months of a calendar year. When calculating Years of Service hereunder, Participant’s first hire date with the Company, a Subsidiary or Affiliated Entity shall be used.

“COMPANY”

DEVON ENERGY CORPORATION,
a Delaware corporation

“PARTICIPANT”

%%FIRST_NAME%- %MIDDLE_NAME%-
%LAST_NAME%- %ADDRESS_LINE_1%-
%ADDRESS_LINE_2%-
%%CITY%-%, %%STATE%-%, %%ZIPCODE%-%
ID %%EMPLOYEE_IDENTIFIER%-%

SCHEDULE A
PERFORMANCE GOALS AND PERFORMANCE PERIOD

1. **Performance Period.** Fifty percent (50%) of the target Award is subject to a two-year Performance Period that begins [date] and ends [date] (the “20 -20 Performance Period”) and 50% of the target Award is subject to a three-year Performance Period that begins [date] and ends [date] (the “20 -20 Performance Period”). The 20 -20 and 20 -20 Performance Periods may each be individually referred to as a “Performance Period.”

2. **Performance Goal.** The Performance Goal is based on total shareholder return (“TSR”). TSR shall mean the rate of return stockholders receive through stock price changes and the assumed reinvestment of dividends over the Performance Period. Vesting will be based on the Company’s TSR ranking relative to the TSR ranking of the Peer Companies (identified in Section 3(d) below). At the end of the Performance Period, the TSR for the Company, and for each Peer Company, shall be determined pursuant to the following formula:

$$\text{TSR} = \frac{(\text{Closing Average Share Value} - \text{Opening Average Share Value}) + \text{Reinvested Dividends}}{\text{Opening Average Share Value}}$$

The result shall be rounded to the nearest hundredth of one percent (.01%).

(a) The term “Closing Average Share Value” means the average value of the common stock for the 30 trading days ending on the last day of the Performance Period, which shall be calculated as follows: (i) determine the closing price of the common stock on each trading date during 30-day period and (ii) average the amounts so determined for the 30-day period.

(b) The term “Opening Average Share Value” means the average value of the common stock for the 30 trading days preceding the start of the Performance Period, which shall be calculated as follows: (i) determine the closing price of the common stock on each trading date during the 30-day period and (ii) average the amounts so determined for the 30-day period.

(c) “Reinvested Dividends” shall be calculated by multiplying (i) the aggregate number of shares (including fractional shares) that could have been purchased during the Performance Period had each cash dividend paid on a single share during that period been immediately reinvested in additional shares (or fractional shares) at the closing selling price per share on the applicable dividend payment date by (ii) the average daily closing price per share calculated for the entire duration of the Performance Period.

(d) Each of the foregoing amounts shall be equitably adjusted for stock splits, stock dividends, recapitalizations and other similar events affecting the shares in question without the issuer’s receipt of consideration.

3. Vesting Schedule. The Performance Share Units will vest based on the Company's relative TSR ranking in respect of the Performance Period as compared to the TSR ranking of the Peer Companies, in accordance with the following schedule:

Devon Energy Corporation Relative TSR Ranking	Vesting (Percentage of Target Award)
1-3	200%
4	180%
5	160%
6	140%
7	120%
8	100%
9	85%
10	70%
11	60%
12	50%
13-15	0%

(a) The actual number of Performance Share Units that vest for each Performance Period may range from 0% to 200% multiplied by 50% of the target Award, with the actual percentage to be determined on the basis of the percentile level at which the Committee certifies that the Performance Goal has been attained in relation to the corresponding Performance Goal for Peer Companies for the Performance Period; provided however, that the maximum number of Performance Share Units that may become earned and vested during each Performance Period will be calculated as follows: $%%TOTAL_SHARES_GRANTED\% - \% \times 50\% \times 200\%$. The Committee retains sole discretion to reduce the vesting percentage (and thus the number of Performance Share Units that vest), including reduction to zero, without regard to the performance of the Company's TSR relative to the TSR of the Peer Companies.

(b) If the Company's final TSR value is equal to the TSR value of a Peer Company, the Committee shall assign the Company the higher ranking.

(c) In addition to the Company, the Peer Companies are Anadarko Petroleum Corporation, Apache Corporation, Chesapeake Energy Corporation, Chevron Corporation, ConocoPhillips, EnCana Corporation, EOG Resources, Inc., Hess Corporation, Marathon Oil Corporation, Murphy Oil Corporation, Noble Energy, Inc., Occidental Petroleum Corporation, Pioneer Natural Resources Company, and Talisman Energy, Inc.

(d) The Peer Companies will be subject to change as follows:

(i) In the event of a merger, acquisition or business combination transaction of a Peer Company, in which the Peer Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Company. Any entity involved in the transaction that is not the surviving company shall no longer be a Peer Company.

(ii) In the event of a merger, acquisition or business combination transaction of a Peer Company, a "going private" transaction or other event involving a Peer Company or the liquidation of a Peer Company, in each case where the Peer Company is not the surviving entity or is no longer publicly traded, the company shall no longer be a Peer Company.

(iii) Notwithstanding the foregoing, in the event of a bankruptcy of a Peer Company where the Peer Company is not publicly traded at the end of the Performance Period, such company shall remain a Peer Company but shall be deemed to have a TSR of negative 100% (-100%).

(iv) If a Peer Company ceases to be a publicly traded company at any time during the Performance Period, such company will be replaced as a Peer Company by a company that has been pre-approved by the Committee as a replacement company, provided that each such replacement company satisfies the requirement to be a Peer Company throughout the Performance Period.

4. General Vesting Terms. Any fractional Performance Share Unit resulting from the vesting of the Performance Share Units in accordance with the Award Agreement shall be rounded down to the nearest whole number. Any portion of the Performance Share Units that does not vest as of the end of the Performance Period shall be forfeited as of the end of the Performance Period.

EXHIBIT A

Form of Non-Disclosure Agreement

[Insert Date]

Devon Energy Corporation
20 North Broadway
Oklahoma City, OK 73102

Re: Non-Disclosure Agreement

Ladies and Gentlemen:

This letter agreement is entered between Devon Energy Corporation (together with its subsidiaries and affiliates, the “Company”) and the undersigned (the “Participant”) in connection with that certain Performance Share Unit Award Agreement (the “Agreement”) dated _____, between the Company and the Participant. All capitalized terms used in this letter agreement shall have the same meaning ascribed to them in the Agreement unless specifically denoted otherwise.

The Participant acknowledges that, during the course of and in connection with the employment relationship between the Participant and the Company, the Company provided and the Participant accepted access to the Company’s trade secrets and confidential and proprietary information, which included, without limitation, information pertaining to the Company’s finances, oil and gas properties and prospects, compensation structures, business and litigation strategies and future business plans and other information or material that is of special and unique value to the Company and that the Company maintains as confidential and does not disclose to the general public, whether through its annual report and/or filings with the Securities and Exchange Commission or otherwise (the “Confidential Information”).

The Participant acknowledges that his position with the Company was one of trust and confidence because of the access to the Confidential Information, requiring the Participant’s best efforts and utmost diligence to protect and maintain the confidentiality of the Confidential Information. Unless required by the Company or with the Company’s express written consent, the Participant will not, during the term of this letter agreement, directly or indirectly, disclose to others or use for his own benefit or the benefit of another any of the Confidential Information, whether or not the Confidential Information is acquired, learned, attained or developed by the Participant alone or in conjunction with others.

The Participant agrees that, due to his access to the Confidential Information, the Participant would inevitably use and/or disclose that Confidential Information in breach of his confidentiality and non-disclosure obligations if the Participant worked in certain capacities or engaged in certain activities for a period of time following his employment with the Company, specifically in a position that involves (i) responsibility and decision-making authority or input at the executive level regarding any subject or responsibility, (ii) decision-making responsibility or input at any management level in the Participant’s individual area of assignment with the Company, or (iii) responsibility and decision-making authority or input that otherwise allows the use of the

Confidential Information (collectively referred to as the "Restricted Occupation"). Therefore, except with the prior written consent of the Company, during the term of this letter agreement, the Participant agrees not to be employed by, consult for or otherwise act on behalf of any person or entity in any capacity in which he would be involved, directly or indirectly, in a Restricted Occupation. The Participant acknowledges that this commitment is intended to protect the Confidential Information and is not intended to be applied or interpreted as a covenant against competition.

The Participant further agrees that during the term of this letter agreement, the Participant will not, directly or indirectly on behalf of a person or entity or otherwise, (i) solicit any of the established customers of the Company or attempt to induce any of the established customers of the Company to cease doing business with the Company, or (ii) solicit any of the employees of the Company to cease employment with the Company.

This letter agreement shall become effective upon execution by the Participant and the Company and shall terminate on December 31, 20 . **[Note: Insert date that is the end of the 20 -20 Performance Period.]**

If you agree to the above terms and conditions, please execute a copy of this letter agreement below and return a copy to me.

"PARTICIPANT"

[Name of Participant]

THE UNDERSIGNED HEREBY ACCEPTS AND AGREES TO THE TERMS SET FORTH ABOVE AS OF THIS DAY OF ,

"COMPANY"

DEVON ENERGY CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT B

Form of Compliance Certificate

I hereby certify that I am in full compliance with the covenants contained in that certain letter agreement (the "Agreement") dated as of _____, _____, between Devon Energy Corporation and me and have been in full compliance with such covenants at all times during the period ending _____, _____.

[Name of Participant]

Dated: _____