BE IT RESOLVED:

Shareholders of Devon Energy request that, to help ensure the Company responds appropriately to climate-change induced market changes, the Compensation Committee adopt a policy to not use "oil and gas reserve addition" metrics to determine the amount of senior executive's incentive compensation.

SUPPORTING STATEMENT:

As long-term shareholders, we believe that incentive compensation metrics should promote the creation of sustainable value. The recent Paris agreement by 195 nations, to accelerate global greenhouse gas emissions reductions, underscores the challenges faced by the oil and gas industry in maintaining value as the need to limit global climate change becomes more urgent.

Climate change has prompted investors and analysts to consider scenarios in which climate change regulations significantly diminish oil demand. In an article entitled "What a Carbon-Constrained Future Could Mean for Oil Companies' Creditworthiness" (March 1, 2013), Standard and Poor's notes that under a low price "stress scenario" associated with declining demand, the speed with which companies react and modify their strategies, including their investments, would be an important potential rating consideration.

The recent volatility in oil and gas prices has heightened the importance of evaluating break-even costs of producing oil and gas in a carbon constrained environment rather than simply amassing additional reserves and resources. Devon however continues to use reserves additions as one of the metrics to determine named executive compensation, without reference to the economic viability of those reserves at varying cost and price levels.

We are concerned that basing executive compensation on reserves growth may encourage the addition of reserves that are so costly to produce that projects may be cancelled or impairments taken if prices fall due to low demand associated with climate change factors.

Accordingly, we believe that severing the link between reserves growth and executive compensation would better reflect increasing uncertainty over climate regulation and future oil and gas demand and would more closely align senior executives' and long-term shareholders' interests.