

DEVON ENERGY CORP/DE
Form 11-K
January 26, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

or

· **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-32318

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Devon Energy Corporation Incentive Savings Plan

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

Devon Energy Corporation

20 North Broadway

Oklahoma City, Ok 73102-8260

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DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm

Plan Administrator

Devon Energy Corporation Incentive Savings Plan

We have audited the accompanying statements of net assets available for benefits of Devon Energy Corporation Incentive Savings Plan as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Devon Energy Corporation Incentive Savings Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma

January 26, 2012

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| | 2010 | 2009 |
|---|--------------------|--------------------|
| ASSETS | | |
| Investments, at fair value | \$ 613,531,972 | \$ 568,007,748 |
| Accrued interest and dividends receivable | 861,801 | 1,733,196 |
| Employer contributions receivable | 14,984,484 | 15,579,759 |
| Notes receivable from participants | 10,000,959 | 10,973,491 |
| Total assets | 639,379,216 | 596,294,194 |
| LIABILITIES | | |
| Other liabilities | 2,826,276 | 584,964 |
| Total liabilities | 2,826,276 | 584,964 |
| Net assets reflecting all investments at fair value | 636,552,940 | 595,709,230 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts held by a collective trust | 543,173 | 1,427,579 |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 637,096,113 | \$ 597,136,809 |

See accompanying notes to financial statements

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DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2010

| | |
|---|----------------|
| Additions: | |
| Investment income: | |
| Net appreciation in fair value of investments | \$ 45,307,731 |
| Dividends | 10,096,886 |
| Interest | 170,855 |
| Net investment income | 55,575,472 |
| Interest income on notes receivable from participants | 580,228 |
| Contributions: | |
| Participant, including rollovers | 31,202,309 |
| Employer | 31,278,296 |
| Total contributions | 62,480,605 |
| Total additions | 118,636,305 |
| Deductions: | |
| Distributions to participants | 77,247,131 |
| Administrative expenses | 1,429,870 |
| Total deductions | 78,677,001 |
| Net increase in net assets available for benefits | 39,959,304 |
| Net assets available for benefits: | |
| Beginning of year | 597,136,809 |
| End of year | \$ 637,096,113 |

See accompanying notes to financial statements

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DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF PLAN

The following description of the Plan is provided for general information purposes only. Participants should refer to the plan agreement and respective amendments for a more complete description of the Plan's provisions.

1. General

The Plan is a multiple employer defined contribution plan covering substantially all United States employees of each of Devon Energy Corporation (Devon) and Thunder Creek Gas Services, LLC and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). Employees are eligible to participate in the Plan as soon as administratively possible following the completion of one hour of service. There is no minimum age requirement for the employees to be eligible.

Fidelity Management Trust Company (the Trustee) is the Trustee of the Plan.

The plan administrator is a committee (Benefits Committee) of employees of Devon appointed by, and serving at the direction of Devon. The Benefits Committee has the sole responsibility for the administration of the Plan, except with respect to duties related to the selection and monitoring of investment options in the Plan. The selection and monitoring of investment options, along with related functions, is the responsibility of a separate committee (Investments Committee) of employees that is also appointed by, and serving at the direction of Devon. Devon's Board of Directors, or a committee thereof, has the sole responsibility for appointing and removing the Trustee of the Plan. Under the terms of an agreement between the Trustee and the Plan, the Trustee administers the trust for the Plan, including receiving, investing and holding plan assets and paying benefits to participants in accordance with instructions from the plan administrator.

2. Contributions

Participants elect to contribute from 1% to 50% of their compensation, as defined in the Plan, to the Plan subject to limitations under the Internal Revenue Code (IRC). Amounts contributed are excluded from the participant's taxable income for the year of contribution. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (Rollover Contributions). Participant Rollover Contributions were approximately \$1,032,000 for the year ended December 31, 2010.

Participants may receive an employer match on their contribution to the Plan in an amount determined annually by Devon. The amount of the matching contribution may vary according to the participant's years of service and whether the participant is eligible for enhanced contributions. Participants employed subsequent to October 1, 2007 and participants who opted out of a separate defined benefit plan sponsored by Devon are eligible for enhanced contributions. For the year ended December 31, 2010, for all participants with at least five years of service, Devon contributed amounts equal to 100% of each participant's contributions to the Plan, with the matching contribution being limited to the lesser of 6% of the participant's compensation, or \$14,700. For participants with less than five years of service, Devon's matching contribution was limited to the lesser of 3% of the participant's compensation, or \$7,350 (except that participants who were employed prior to October 1, 2007 and elected to continue to participate in a separate defined benefit plan were not eligible for enhanced contributions and received the higher matching contribution described in the preceding sentence even if they had less than five years of service).

Participants eligible for enhanced contributions also receive additional, nondiscretionary contributions by Devon calculated as a percentage of their compensation, as defined in the Plan. In 2010, the enhanced contribution percentage ranged from 8% to 16%, depending upon a participant's years of service.

3. Participant Accounts

Each participant's account is credited with the participant's contribution, Devon's contribution and allocations of earnings or losses on the investments selected by the participant, and charged with an allocation of administrative expenses. Allocations are based on participant earnings

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on account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

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DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS CONTINUED

4. **Investments**

Participants direct their account balances to be invested in a number of investment options. Participants may change their investment options on a daily basis. Investment options of the Plan as of December 31, 2010 consist of the following:

Large Cap Blend - This domestic equity collective investment trust seeks to provide long-term growth of capital. The trust primarily invests in a diversified portfolio of large and medium-sized US companies and seeks to outperform its benchmark, the S&P 500 Index, within defined risk and return parameters. The fund manager uses a systematic investment process that selects stocks by examining a number of investment criteria, including value-related fundamentals, earning quality and management and market sentiment. Blackrock, Inc. serves as the investment manager.

Large Cap Growth - This domestic equity investment portfolio seeks to provide long-term growth of capital. It seeks to achieve its investment objective by normally investing at least 80% of its net assets (plus borrowings made for investment purposes) in common stocks of companies in the Russell 1000 Growth Index with market capitalizations of at least \$100 million. Cadence Capital Management LLC serves as the investment manager.

Large Cap Value - This domestic equity investment portfolio seeks undervalued large and mid-sized companies with identifiable catalysts that have the potential to improve profitability and appreciate over time. The research team performs extensive bottom-up research on companies and industries focusing on qualitative factors such as restructuring, management strength, shareholder orientation and the ability to capitalize on improving industry fundamentals. In addition, a broad range of quantitative valuation screens are applied-price-to-cash flow, price-to-book, price-to-earnings and quality of earnings. NWQ Investment Management Company serves as the investment manager.

Small/Mid Cap Value - This domestic equity investment portfolio seeks to provide long-term capital appreciation by investing primarily in selected small and mid-sized U.S. companies believed to be priced below their perceived intrinsic value. Thompson, Siegel & Walmsley LLC serves as the investment manager.

Small/Mid Cap Growth - This domestic equity investment portfolio seeks to provide long-term growth of capital. It primarily invests in small to medium sized companies utilizing fundamental analysis. It focuses on investing in high-quality companies with potential for long-term growth. It does not specialize in any given industry and participates in all growth sectors in the economy. Next Century Growth Investors LLC serves as the investment manager.

Artisan International Fund - This investment seeks long-term capital growth. The fund invests primarily in developed markets but also may invest in emerging and less developed markets. Under normal market conditions, the fund substantially fully invests in common stocks and similar securities, and invests at least 65% of net assets at market value at the time of purchase in securities of non-U.S. companies. There are no restrictions on the size of the companies in which the fund may invest.

International Value - This collective investment trusts seeks to provide long-term growth of capital. The trust invests in the stocks of large companies based outside of the United States. The portfolio management team uses a disciplined value approach, applying in-depth global research to carefully select companies they believe to be priced below their long-term earnings power, usually because they are out of favor or in industries that are out of favor. Alliance Bernstein serves as the investment manager.

PIMCO Total Return Fund - This fund seeks maximum total return. It normally invests at least 65% of total assets in a diversified portfolio of fixed-income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. It invests primarily in investment-grade debt securities, but may invest up to 10% of total assets in high-yield securities (junk bonds). The fund may invest in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. Pacific Investment Management Company serves as the investment manager.

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DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS CONTINUED

SEI Stable Asset Fund - This commingled fund seeks preservation of principal and to earn current income while tracking interest rates over the intermediate term. The fund invests in a diversified portfolio of stable value contracts, including wrap contracts issued by insurance companies, banks, and other financial institutions. Dwight Asset Management Company serves as the investment manager.

Target Date Income Fund - This fund seeks to preserve capital during retirement. The portfolio invests in a diverse mix of underlying funds in the Plan, as well as a Real Estate Investment Trust (REIT) and Treasury Inflation Protected Security (TIPS), based on advanced asset allocation methods from Wellington Management Company, LLP. This asset allocation mix becomes more conservative over time.

Target Date Fund 2005, Target Date Fund 2010, Target Date Fund 2015, Target Date Fund 2020, Target Date Fund 2025, Target Date Fund 2030, Target Date Fund 2035, Target Date Fund 2040, Target Date Fund 2045, Target Date Fund 2050 - These target date funds seek to provide growth and a level of risk appropriate for a particular retirement date, while preserving capital during retirement. The respective portfolios invest in a diverse mix of underlying funds in the Plan, as well as a REIT and TIPS, based on advanced asset allocation methods from Wellington Management Company, LLP. For each of these funds, the asset allocation mix becomes more conservative over time, until it is approximately the same as the Target Date Income Fund. At that time, the funds will combine, and shareholders of these funds will become shareholders of the Target Date Income Fund.

Devon Energy Stock - This is a unitized stock fund that invests primarily in the stock of Devon Energy Corporation, as well as short-term investments. A participant may only elect to direct the investment of his or her own contributions to the Plan into this investment option and may not elect to invest more than 15% of his or her contributions. To the extent that a participant's contributions that are directed for investment in this option are subject to a matching contribution, the matching contribution also will be invested in this investment option. Dividends received are reinvested in Devon common stock.

Brokerage Link - This is a self-directed brokerage account that allows participants to invest in a wide variety of securities. Participants can elect to invest their assets in individual securities or mutual funds by establishing a brokerage account with the Trustee.

5. Vesting

Participants are vested immediately in their contributions, plus actual earnings or losses thereon. For each year of service up to four years, a participant becomes 25% vested in employer contributions to their account and the earnings or losses generated thereon. A participant will become vested upon a change of control, as defined in the Plan, of Devon or if the participant dies, becomes totally disabled or reaches age 65 while employed by Devon or another participating employer.

6. Notes Receivable from Participants

Participants may borrow from their fund accounts up to 50% of their vested balance, but such loan may not be less than \$1,000 or greater than \$50,000. A participant may not have more than two loans outstanding at any time. The loans are secured by the balance in the participant's account. The loans bear interest at a fixed rate, which approximates the rate generally charged for consumer loans secured by certificates of deposit or marketable securities. The interest rates ranged from 4.25% to 9.25% at December 31, 2010. The terms of the loans may not exceed five years, except for loans used to purchase a primary residence, in which case the loan term generally will not exceed 15 years. Maturity dates ranged from January 2011 to April 2020 at December 31, 2010. Principal and interest is repaid through biweekly payroll deductions from the participant's wages.

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DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS CONTINUED

7. **Payment of Benefits**

While still employed, a participant who is age 59 1/2 or older may withdraw all or part of the vested interest in his or her account at any time. A participant who is still employed also may withdraw his or her Rollover Contributions regardless of age. In addition, a participant who is still employed and who has taken all other withdrawals and loans available under the Plan may also request a withdrawal in an amount necessary to satisfy an immediate and heavy financial need.

On termination of service due to death, disability or upon retirement, a participant (or a beneficiary in the case of death) may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account or equal installments (monthly, quarterly, semi-annually or annually) for any period less than the life expectancy of the participant and his or her beneficiary. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. Depending on the value of the participant's vested interest in his or her account at the time of his or her termination of service, the value of the participant's vested interest may be automatically paid in a lump-sum distribution, paid in a direct rollover or automatically rolled over to an individual retirement account or annuity established in the participant's (or beneficiary's) name.

8. **Forfeited Accounts**

Upon termination of employment of participants who are not fully vested in Devon's contributions, the nonvested portion is forfeited and used to reduce Devon's future contributions. Employer contributions were reduced by \$1,047,000 in 2010. As of December 31, 2010 and 2009, there were approximately \$1,098,000 and \$1,042,000, respectively, of forfeitures available to reduce future employer contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by the Plan in preparing the accompanying financial statements:

1. **Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

2. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management and the plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

3. **Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note C for discussion of fair value measurements.

Realized gains or losses are calculated based on proceeds from the sale of investments and the fair value of the investments at the beginning of the plan year or at time of purchase if acquired during the current plan year. Unrealized appreciation or depreciation of the investments is calculated based on the fair value of the investments at the end of the plan year and the fair value of the investments at the beginning of the plan year or at time of purchase if acquired during the current plan year. Purchases and sales of securities are recorded on a trade-date basis. Interest

income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS CONTINUED

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statements of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

4. Notes Receivable From Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

5. Payment of Benefits

Benefits are recorded when paid.

6. Administrative

Trustee, audit and certain other administrative fees for 2010 were paid by Devon on behalf of the Plan.

7. Recent Accounting Pronouncements Adopted

In September 2010, the Financial Accounting Standards Board (FASB) issued new accounting guidance, *Plan Accounting - Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans*, which provides guidance on how loans to participants should be classified and measured by defined contribution plans. That guidance requires participant loans to be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. The Plan adopted this new guidance in its December 31, 2010, financial statements and has reclassified participant loans of \$10,973,491 as of December 31, 2009, from investments to notes receivable from participants. Net assets of the Plan were not affected by the adoption of the new guidance.

NOTE C - FAIR VALUE MEASUREMENTS

Fair value measurements are classified according to a hierarchy that prioritizes the inputs underlying the valuation techniques. This hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 measurements are based on inputs other than quoted prices that are generally observable for the asset or liability. Common examples of Level 2 inputs include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in markets not considered to be active. Level 3 measurements have the lowest priority and are based upon inputs that are not observable from objective sources. The Plan had no Level 3 fair value measurements as of December 31, 2010 and 2009.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

Mutual funds and money market funds - Valued at the net asset value (NAV) of shares held by the Plan.

Collective trust funds - Value based on the fair value of the collective trust s underlying investments using information reported by the investment advisor.

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Common stock - Valued at the closing price reported on the active market on which the security is traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following tables set forth by level the Plan's investments at fair value as of December 31:

| | Level 1 | 2010 Level 2 | Total |
|--|-----------------------|-----------------------|-----------------------|
| Mutual funds | | | |
| Growth funds | \$ 58,583,003 | \$ | \$ 58,583,003 |
| Fixed income funds | 82,854,976 | | 82,854,976 |
| Value funds | 1,721,263 | | 1,721,263 |
| Balanced funds | 9,597,936 | | 9,597,936 |
| Target date funds | 558,884 | | 558,884 |
| Short-term investments | 149,991 | | 149,991 |
| Energy funds | 1,540,898 | | 1,540,898 |
| Technology funds | 118,545 | | 118,545 |
| Real estate funds | 344,946 | | 344,946 |
| International funds | 710,644 | | 710,644 |
| Commodity funds | 3,216,800 | | 3,216,800 |
| Other funds | 1,281,083 | | 1,281,083 |
| | 160,678,969 | | 160,678,969 |
| Common stocks | | | |
| Employer stock | 98,847,937 | | 98,847,937 |
| Domestic large cap value | 60,582,670 | | 60,582,670 |
| Domestic large cap growth | 46,264,608 | | 46,264,608 |
| Domestic small cap value | 35,965,786 | | 35,965,786 |
| Domestic small cap growth | 25,041,525 | | 25,041,525 |
| Other | 224,350 | | 224,350 |
| | 266,926,876 | | 266,926,876 |
| Money market funds | 56,224,721 | | 56,224,721 |
| Collective trust funds | | | |
| Domestic large cap blend | | 63,708,372 | 63,708,372 |
| Stable value | | 33,365,497 | 33,365,497 |
| International value | | 30,207,963 | 30,207,963 |
| Real estate investment trust | | 2,419,574 | 2,419,574 |
| | | 129,701,406 | 129,701,406 |
| Total investments at fair value | \$ 483,830,566 | \$ 129,701,406 | \$ 613,531,972 |

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| | Level 1 | 2009 Level 2 | Total |
|--|-----------------------|-----------------------|-----------------------|
| Mutual funds | | | |
| Growth funds | \$ 56,154,011 | \$ | \$ 56,154,011 |
| Fixed income funds | 73,428,961 | | 73,428,961 |
| Value funds | 1,074,546 | | 1,074,546 |
| Balanced funds | 7,854,153 | | 7,854,153 |
| Target date funds | 505,143 | | 505,143 |
| Short-term investments | 563,764 | | 563,764 |
| Energy funds | 2,435,784 | | 2,435,784 |
| Technology funds | 662,172 | | 662,172 |
| Real estate funds | 459,979 | | 459,979 |
| International funds | 814,606 | | 814,606 |
| Other funds | 1,951,339 | | 1,951,339 |
| | 145,904,458 | | 145,904,458 |
| Common stocks | | | |
| Employer stock | 105,212,604 | | 105,212,604 |
| Domestic large cap value | 54,371,740 | | 54,371,740 |
| Domestic large cap growth | 40,259,064 | | 40,259,064 |
| Domestic small cap value | 30,268,305 | | 30,268,305 |
| Domestic small cap growth | 16,196,946 | | 16,196,946 |
| Other | 46,264 | | 46,264 |
| | 246,354,923 | | 246,354,923 |
| Money market funds | 61,731,160 | | 61,731,160 |
| Collective trust funds | | | |
| Domestic large cap blend | | 56,965,727 | 56,965,727 |
| Stable value | | 29,403,640 | 29,403,640 |
| International value | | 25,845,474 | 25,845,474 |
| Real estate investment trust | | 1,802,366 | 1,802,366 |
| | | 114,017,207 | 114,017,207 |
| Total investments at fair value | \$ 453,990,541 | \$ 114,017,207 | \$ 568,007,748 |

During the year ended December 31, 2010, there were no transfers between level 1 or level 2 fair value measurements.

NOTE D - STABLE VALUE FUND

The SEI Stable Asset Fund (the Fund) is a collective trust fund sponsored by SEI Trust Company. The beneficial interest of each participant is represented by units. Units are issued and redeemed daily at the Fund's constant NAV of \$1 per unit. Distribution to the Fund's unit holders are declared daily from the net investment income and automatically reinvested in the Fund on a monthly basis. It is the policy of the Fund to use its best efforts to maintain a stable net asset value of \$1 per unit, although, there is no guarantee that the Fund will be able to maintain this value.

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Participants may direct the withdrawal or transfer of all or a portion of their investment in the Fund at contract value. Contract value represents contributions made to the Fund, plus earnings, less participant withdrawals and administrative expenses. The Fund imposes certain restrictions on the Plan, and the Fund itself may be subject to circumstances that impact its ability to transact at contract value. Plan management believes that the occurrence of events that would cause the Fund to transact at less than contract value is not probable.

Table of Contents**DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS CONTINUED**

NOTE E - PLAN TERMINATION

Although Devon has not expressed any intent to terminate the Plan, it may do so at any time. Benefits owed to participants are not actuarially determined and the aggregate vested benefits are limited to the Plan's net assets available for plan benefits. In the event of termination, participants will become 100% vested in their accounts.

NOTE F - PLAN INVESTMENT ASSETS

Following is a schedule of the Plan's investments that exceed 5% of the Plan's net assets at December 31, 2010 and 2009, and the fair value of such investments:

| | 2010 | | 2009 | |
|---------------------------------------|---------------------------|---------------|---------------------------|---------------|
| | Number of shares or units | Fair value | Number of shares or units | Fair value |
| Vanguard Prime Money Market Fund | 43,732,826 | \$ 43,732,826 | 53,316,239 | \$ 53,316,239 |
| Pimco Total Return Fund | 5,977,552 | 64,856,442 | 5,490,618 | 59,386,340 |
| Artisan International Fund | 2,578,393 | 55,951,134 | 2,566,365 | 52,853,337 |
| Black Rock, Inc. Large Cap Blend | 3,648,819 | 63,708,372 | 2,411,758 | 56,965,727 |
| Devon Energy Corporation Common Stock | 1,259,049 | 98,847,937 | 1,431,464 | 105,212,604 |
| SEI Stable Asset Fund | 33,365,497 | 33,365,497 | 30,831,219 | 30,831,219 |

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

| | |
|--------------------------|---------------|
| Mutual funds | \$ 5,437,632 |
| Common collective trusts | 9,287,711 |
| Common stocks | 30,582,388 |
| | \$ 45,307,731 |

NOTE G - RELATED PARTY TRANSACTIONS

Certain plan investments are shares of mutual funds managed by Fidelity Management & Research Company, which is an affiliate of the Trustee. Therefore, these transactions qualify as party-in-interest transactions.

NOTE H - TAX STATUS

The Internal Revenue Service has determined and informed Devon by a letter dated April 16, 2010, that the Plan and related trusts are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Prior to April 16, 2010, the Plan operated under a determination letter dated August 1, 2002. Although the Plan has been amended since receiving the determination letter, plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as

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of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. There are currently routine Internal Revenue Service (IRS) audits for the tax periods of 2008 and 2009 in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008. The plan administrator has responded to IRS requests for information in a timely manner and the IRS had made no adverse findings regarding the operation of the Plan.

Table of Contents**DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS CONTINUED**

NOTE I - RISK AND UNCERTAINTIES

In general, the investments provided by the Plan are exposed to various risks, such as interest rate, credit and overall market volatility risks. Because of the risks associated with investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE J - RECONCILIATION OF FINANCIAL STATEMENT TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2010 and 2009 to Form 5500.

| | 2010 | 2009 |
|---|----------------|----------------|
| Net assets available for benefits per the financial statements | \$ 637,096,113 | \$ 597,136,809 |
| Adjustment from contract value to fair value for interest in collective trust relating to fully benefit-responsive investment contracts | (543,173) | (1,427,579) |
| Net assets available for benefits per Form 5500 | \$ 636,552,940 | \$ 595,709,230 |

The following is a reconciliation of investment income per the financial statements for the year ended December 31, 2010 to Form 5500:

| | |
|---|---------------|
| Net investment income per financial statements | \$ 55,575,472 |
| Interest income on notes receivable from participants | 580,228 |
| Adjustment from contract value to fair value for interest in collective trust relating to fully benefit-responsive investment contracts | 884,406 |
| Net investment income per Form 5500 | \$ 57,040,106 |

Table of Contents**DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN****SCHEDULE H, LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF YEAR)****DECEMBER 31, 2010**

| Identity of issue, borrower, lessor or similar party | Description of investment | Number of shares or units | Current Value |
|--|---|---------------------------|---------------|
| Devon Energy Corporation** | Common stock | 1,259,049 | \$ 98,847,937 |
| Cash equivalent fund: | | | |
| The Vanguard Group | Vanguard Prime Money Market Fund | 43,732,826 | 43,732,826 |
| Interest-bearing cash | Money-market accounts | | 12,491,895 |
| Mutual Funds and Common Collective Trust: | | | |
| PIMCO Funds | PIMCO Total Return Fund | 5,977,552 | 64,856,442 |
| Dwight Asset Management | SEI Stable Asset Fund | 33,365,497 | 33,365,497 |
| Artisan Partners Group LP | Artisan International Fund | 2,578,393 | 55,951,134 |
| Blackrock, Inc. | Large Cap Blend | 3,648,819 | 63,708,372 |
| Alliance Bernstein | International Value | 4,284,817 | 30,207,963 |
| Invesco | Invesco Equity Real Estate Securities Trust | 34,428 | 2,419,574 |
| Western Asset | Inflation Indexed Plus Bond Portfolio | 1,481,029 | 16,158,030 |
| Equity Investments: | | | |
| ABBOTT LABORATORIES | Common stock | 22,230 | 1,065,039 |
| ACME PACKET INC | Common stock | 11,583 | 615,752 |
| AEROPOSTALE INC | Common stock | 23,000 | 566,720 |
| AGILENT TECHNOLOGIES INC | Common stock | 25,430 | 1,053,565 |
| ALASKA AIR GROUP INC | Common stock | 3,400 | 192,746 |
| ALEXION PHARMACEUTICALS INC | Common stock | 3,205 | 258,163 |
| ALLERGAN INC | Common stock | 15,950 | 1,095,287 |
| ALLIANT ENERGY CORPORATION | Common stock | 20,600 | 757,462 |
| ALPHA NAT RES INC | Common stock | 20,610 | 1,237,218 |
| AMAZON.COM INC | Common stock | 6,350 | 1,143,000 |
| AMEDISYS INC | Common stock | 8,900 | 298,150 |
| AMERICAN EXPRESS CO | Common stock | 27,890 | 1,197,039 |
| AMERICAN TOWER CORP CL A | Common stock | 21,530 | 1,111,809 |
| AMGEN INC | Common stock | 44,800 | 2,459,520 |
| ANGLOGOLD ASHANTI LTD SPON ADR | Common stock | 43,313 | 2,132,299 |
| ANSYS INC | Common stock | 10,585 | 551,161 |
| AON CORP | Common stock | 43,900 | 2,019,839 |
| APACHE CORP | Common stock | 24,700 | 2,944,981 |
| APPLE INC | Common stock | 5,870 | 1,893,427 |
| ARCH CAPITAL GROUP LTD | Common stock | 2,000 | 176,100 |
| ARRIS GROUP INC | Common stock | 42,200 | 473,484 |
| ARUBA NETWORKS INC | Common stock | 14,395 | 300,568 |
| ASPEN INSURANCE HLDGS LTD | Common stock | 22,500 | 643,950 |
| ATHEROS COMMUNICATIONS INC | Common stock | 8,320 | 298,854 |
| ATMEL CORP | Common stock | 31,737 | 391,000 |
| BARRICK GOLD CORP | Common stock | 61,500 | 3,270,570 |
| BJ S RESTAURANTS INC | Common stock | 10,050 | 356,072 |
| BORGWARNER INC | Common stock | 6,615 | 478,661 |
| BROADCOM CORPCL A | Common stock | 23,220 | 1,011,231 |
| BUCKLE INC (THE) | Common stock | 9,200 | 347,484 |
| CA INC | Common stock | 122,000 | 2,981,680 |
| CANADIAN NATL RESOURCES LTD | Common stock | 36,800 | 1,634,656 |

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|---------------------|--------------|--------|-----------|
| CARDINAL HEALTH INC | Common stock | 31,080 | 1,190,675 |
| CARDTRONICS INC | Common stock | 15,000 | 265,500 |
| CARTERS INC | Common stock | 14,900 | 439,699 |

Table of Contents**DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN****SCHEDULE H, LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF YEAR) CONTINUED****DECEMBER 31, 2010**

| Identity of issue, borrower, lessor or similar party | Description of investment | Number of shares or units | Current Value |
|--|---------------------------|------------------------------|---------------|
| CATALYST HEALTH SOLUTIONS | Common stock | 9,370 | 435,611 |
| CB RICHARD ELLIS GROUP INC A | Common stock | 8,900 | 182,272 |
| CENTERPOINT ENERGY INC | Common stock | 64,200 | 1,009,224 |
| CEPHALON INC | Common stock | 8,600 | 530,792 |
| CHART INDUSTRIES INC | Common stock | 8,100 | 273,618 |
| CHICAGO BRIDGE & IRON (NY REG) | Common stock | 23,602 | 776,506 |
| CHIPOTLE MEXICAN GRILL INC | Common stock | 2,959 | 629,261 |
| CHURCHILL DOWNS INC | Common stock | 2,700 | 117,180 |
| CIENA CORP | Common stock | 13,835 | 291,227 |
| CISCO SYSTEMS INC | Common stock | 42,810 | 866,046 |
| CITIGROUP INC | Common stock | 339,700 | 1,606,781 |
| CITRIX SYSTEMS INC | Common stock | 17,510 | 1,197,859 |
| CLEARWATER PAPER CORP | Common stock | 4,200 | 328,860 |
| CMS ENERGY CORP | Common stock | 54,900 | 1,021,140 |
| COMSCORE INC | Common stock | 10,665 | 237,936 |
| COMTECH TELECOMMUNICATIONS NEW | Common stock | 8,600 | 238,478 |
| CONCUR TECHNOLOGIES INC | Common stock | 12,480 | 648,086 |
| CORINTHIAN COLLEGES INC | Common stock | 23,000 | 119,830 |
| CROWN HOLDINGS INC | Common stock | 13,700 | 457,306 |
| CVS CAREMARK CORP | Common stock | 17,800 | 618,906 |
| CYPRESS SEMICONDUCTOR CORP | Common stock | 38,680 | 718,674 |
| DECKERS OUTDOOR CORP | Common stock | 2,200 | 175,428 |
| DIRECTV CL A | Common stock | 25,480 | 1,017,416 |
| DRESSER RAND GROUP INC | Common stock | 10,700 | 455,713 |
| DUPONT (EI) DE NEMOURS & CO | Common stock | 19,290 | 962,185 |
| EBAY INC | Common stock | 37,360 | 1,039,729 |
| ECHOSTAR CORP CL A | Common stock | 15,900 | 397,023 |
| EMC CORP | Common stock | 43,090 | 986,761 |
| EMCOR GROUP INC | Common stock | 15,800 | 457,884 |
| EMERGENCY MEDICAL SVCS CL A | Common stock | 8,700 | 562,107 |
| EMERSON ELEC CO | Common stock | 21,280 | 1,216,578 |
| ENDO PHARMACEUTICALS HLDGS INC | Common stock | 12,100 | 432,091 |
| ENERSYS INC | Common stock | 8,400 | 269,808 |
| EQT CORPORATION | Common stock | 23,500 | 1,053,740 |
| EQUINIX INC | Common stock | 6,175 | 501,781 |
| ESTERLINE TECHNOLOGIES CORP | Common stock | 2,600 | 178,334 |
| EXLSERVICE HOLDINGS INC | Common stock | 11,985 | 257,438 |
| EXXON MOBIL CORP | Common stock | 16,470 | 1,204,286 |
| FAMILY DOLLAR STORES INC | Common stock | 23,470 | 1,166,694 |
| FORD MOTOR CO | Common stock | 66,910 | 1,123,419 |
| FORTINET INC | Common stock | 18,680 | 604,298 |
| FOSTER WHEELER AG | Common stock | 13,300 | 459,116 |
| FREEMONT MCMORAN COPPER & GOLD | Common stock | 4,060 | 487,565 |
| FTI CONSULTING INC | Common stock | 10,200 | 380,256 |
| GAMESTOP CORP CL A | Common stock | 24,300 | 555,984 |
| GENERAL MOTORS CO | Common stock | 26,100 | 962,046 |
| GENTEX CORP | Common stock | 22,566 | 667,051 |
| GENWORTH FINANCIAL INC A | Common stock | 126,500 | 1,662,210 |

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|-------------------------------|--------------|--------|-----------|
| GLOBAL CASH ACCESS HLDGS INC | Common stock | 16,700 | 53,273 |
| GOLDMAN SACHS GROUP INC | Common stock | 3,800 | 639,008 |
| GOOGLE INC A | Common stock | 1,800 | 1,069,146 |
| GREEN MTN COFFEE ROASTERS INC | Common stock | 22,165 | 728,342 |

Table of Contents**DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN****SCHEDULE H, LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF YEAR) CONTINUED****DECEMBER 31, 2010**

| Identity of issue, borrower, lessor or similar party | Description of investment | Number of shares or units | Current Value |
|--|---------------------------|------------------------------|---------------|
| HAEMONETICS CORP MASS | Common stock | 4,300 | 271,674 |
| HALLIBURTON CO | Common stock | 14,800 | 604,284 |
| HANOVER INSURANCE GROUP INC | Common stock | 11,400 | 532,608 |
| HARTFORD FINL SVCS GROUP INC | Common stock | 35,200 | 932,448 |
| HCC INSURANCE HOLDINGS INC | Common stock | 28,500 | 824,790 |
| HERSHEY CO (THE) | Common stock | 22,500 | 1,060,875 |
| HESS CORP | Common stock | 11,800 | 903,172 |
| HHGREGG INC | Common stock | 20,770 | 435,132 |
| HIGHER ONE HLDGS INC | Common stock | 12,526 | 253,401 |
| HITTITE MICROWAVE CORP | Common stock | 11,781 | 719,112 |
| HMS HOLDINGS CORP | Common stock | 5,660 | 366,598 |
| HUNT J B TRANSPORT SERVICES IN | Common stock | 16,785 | 684,996 |
| IDACORP INC | Common stock | 12,500 | 462,250 |
| IGATE CORPORATION | Common stock | 11,665 | 229,917 |
| ILLUMINA INC | Common stock | 11,836 | 749,692 |
| IMPAX LABORATORIES INC | Common stock | 27,200 | 546,992 |
| INGERSOLL RAND CO LTD CL A | Common stock | 28,200 | 1,327,938 |
| INTEL CORP | Common stock | 54,340 | 1,142,770 |
| INTERDIGITAL INC | Common stock | 9,600 | 399,744 |
| J2 GLOBAL COMMUNICATIONS INC | Common stock | 19,300 | 558,735 |
| JOY GLOBAL INC | Common stock | 13,350 | 1,158,113 |
| JOY GLOBAL INC | Common stock | 8,819 | 765,048 |
| JPMORGAN CHASE & CO | Common stock | 27,200 | 1,153,824 |
| KANSAS CITY SOUTHERN | Common stock | 10,295 | 492,719 |
| KEMET CORP | Common stock | 33,600 | 489,888 |
| KIMBERLY CLARK CORP | Common stock | 12,700 | 800,608 |
| KNIGHT TRANSPORTATION INC | Common stock | 10,440 | 198,360 |
| KROGER CO | Common stock | 40,400 | 903,344 |
| LENDER PROCESSING SVCS INC | Common stock | 15,800 | 466,416 |
| LINCOLN NATIONAL CORP | Common stock | 31,100 | 864,891 |
| LOCKHEED MARTIN CORP | Common stock | 21,600 | 1,510,056 |
| LOEWS CORP | Common stock | 56,700 | 2,206,197 |
| LULULEMON ATHLETICA INC | Common stock | 9,265 | 633,911 |
| MANTECH INTL CORP CL A | Common stock | 9,400 | 388,502 |
| MARKEL CORP | Common stock | 1,300 | 491,569 |
| MCDONALDS CORP | Common stock | 14,390 | 1,104,576 |
| MEDICIS PHARMACEUTICAL CL A | Common stock | 14,100 | 377,739 |
| MEDNAX INC | Common stock | 4,500 | 302,805 |
| MERCK & CO INC NEW | Common stock | 25,100 | 904,604 |
| METLIFE INC | Common stock | 27,370 | 1,216,323 |
| METLIFE INC | Common stock | 45,100 | 2,004,244 |
| MFA FINANCIAL INC | Common stock | 112,200 | 915,552 |
| MICROSOFT CORP | Common stock | 42,450 | 1,185,204 |
| MICROSOFT CORP | Common stock | 40,650 | 1,134,948 |
| MONSTER WORLDWIDE INC | Common stock | 29,642 | 700,440 |
| MOSAIC CO | Common stock | 9,550 | 729,238 |
| MOTOROLA INC | Common stock | 193,500 | 1,755,045 |
| NET 1 UEPS TECHNOLOGIES INC | Common stock | 15,200 | 186,352 |

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| | | | |
|---------------------------|--------------|--------|-----------|
| NETLOGIC MICROSYSTEMS INC | Common stock | 21,923 | 688,601 |
| NISOURCE INC | Common stock | 28,100 | 495,122 |
| NOBLE ENERGY INC | Common stock | 14,000 | 1,205,120 |
| NORTHERN OIL AND GAS INC | Common stock | 20,767 | 565,070 |

Table of Contents**DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN****SCHEDULE H, LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF YEAR) CONTINUED****DECEMBER 31, 2010**

| Identity of issue, borrower, lessor or similar party | Description of investment | Number of shares or units | Current Value |
|--|---------------------------|------------------------------|---------------|
| NRG ENERGY INC | Common stock | 36,700 | 717,118 |
| NVR INC | Common stock | 336 | 232,183 |
| OCCIDENTAL PETROLEUM CORP | Common stock | 14,900 | 1,461,690 |
| OCWEN FINANCIAL CORP | Common stock | 28,900 | 275,706 |
| OGE ENERGY CORP | Common stock | 19,700 | 897,138 |
| OMNICARE INC | Common stock | 11,400 | 289,446 |
| OPENTABLE INC | Common stock | 3,135 | 220,955 |
| ORACLE CORP | Common stock | 37,920 | 1,186,896 |
| ORIENTAL FINANCIAL GROUP INC | Common stock | 22,900 | 286,021 |
| ORION MARINE GROUP INC | Common stock | 19,500 | 226,200 |
| OSHKOSH CORP | Common stock | 18,900 | 666,036 |
| PARTNERRE LTD | Common stock | 6,000 | 482,100 |
| PDL BIOPHARMA INC | Common stock | 30,000 | 186,900 |
| PEGASYS INC | Common stock | 7,563 | 277,033 |
| PFIZER INC | Common stock | 152,400 | 2,668,524 |
| PHILIP MORRIS INTL INC | Common stock | 18,840 | 1,102,705 |
| PHILIP MORRIS INTL INC | Common stock | 20,600 | 1,205,718 |
| PINNACLE WEST CAPITAL CORP | Common stock | 22,600 | 936,770 |
| PITNEY-BOWES INC | Common stock | 48,400 | 1,170,312 |
| PLANTRONICS INC | Common stock | 7,300 | 271,706 |
| POLYPORE INTERNATIONAL INC | Common stock | 8,610 | 350,685 |
| PORTFOLIO RECOVERY ASSOC INC | Common stock | 2,986 | 224,547 |
| POWER-ONE INC | Common stock | 35,000 | 357,000 |
| QUALCOMM INC | Common stock | 23,930 | 1,184,296 |
| QUESTCOR PHARMACEUTICALS INC | Common stock | 18,400 | 271,032 |
| RALCORP HOLDINGS | Common stock | 11,900 | 773,619 |
| RAYONIER INC REIT | Common stock | 12,400 | 651,248 |
| RAYTHEON CO | Common stock | 16,000 | 741,440 |
| REALPAGE INC | Common stock | 26,646 | 824,161 |
| REGAL ENTERTAINMENT GROUP CL A | Common stock | 39,000 | 457,860 |
| RENAISSANCERE HLDGS LTD | Common stock | 7,300 | 464,937 |
| RENT A CTR INC | Common stock | 11,900 | 384,132 |
| RIVERBED TECHNOLOGY INC | Common stock | 14,618 | 514,115 |
| RTI INTERNATIONAL METALS INC | Common stock | 7,035 | 189,804 |
| RUE21 INC | Common stock | 15,310 | 448,736 |
| SALIX PHARMACEUTICALS LTD | Common stock | 15,485 | 727,176 |
| SANOFI AVENTIS SPON ADR | Common stock | 64,000 | 2,062,720 |
| SCHLUMBERGER LTD | Common stock | 8,540 | 713,090 |
| SENSIENT TECHNOLOGIES CORP | Common stock | 7,600 | 279,148 |
| SKYWORKS SOLUTIONS INC | Common stock | 6,900 | 197,547 |
| SKYWORKS SOLUTIONS INC | Common stock | 10,315 | 295,318 |
| SM ENERGY CO | Common stock | 16,910 | 996,506 |
| SPX CORP | Common stock | 16,370 | 1,170,291 |
| STARBUCKS CORP | Common stock | 37,020 | 1,189,453 |
| STURM RUGER & CO INC | Common stock | 11,200 | 171,248 |
| SXC HEALTH SOLUTIONS CORP | Common stock | 16,720 | 716,619 |
| TALISMAN ENERGY INC (CANA) | Common stock | 53,200 | 1,180,508 |
| TEKELEC | Common stock | 30,600 | 364,446 |

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| | | | |
|--------------------------|--------------|--------|-----------|
| TELLABS INC | Common stock | 33,300 | 225,774 |
| TESSERA TECHNOLOGIES INC | Common stock | 27,000 | 598,050 |
| TIME WARNER INC | Common stock | 38,800 | 1,248,196 |
| TJX COMPANIES INC NEW | Common stock | 24,170 | 1,072,906 |

Table of Contents**DEVON ENERGY CORPORATION INCENTIVE SAVINGS PLAN****SCHEDULE H, LINE 4i-SCHEDULE OF ASSETS (HELD AT END OF YEAR) CONTINUED****DECEMBER 31, 2010**

| Identity of issue, borrower, lessor or similar party | Description of investment | Number of shares or units | Current Value |
|--|---|---------------------------|----------------|
| TOTAL SYS SVCS INC | Common stock | 33,100 | 509,078 |
| TRUE RELIGION APPAREL INC | Common stock | 13,100 | 291,606 |
| TUTOR PERINI CORP | Common stock | 18,000 | 385,380 |
| ULTIMATE SOFTWARE GROUP INC | Common stock | 10,459 | 508,621 |
| UNION PACIFIC CORP | Common stock | 12,500 | 1,158,250 |
| UNISYS CORP NEW | Common stock | 10,900 | 282,201 |
| UNITED ONLINE INC | Common stock | 27,900 | 184,140 |
| UNITED PARCEL SERVICE INC CL B | Common stock | 18,140 | 1,316,601 |
| UNITED THERAPEUTICS CORP DEL | Common stock | 6,142 | 388,297 |
| UNUM GROUP | Common stock | 64,400 | 1,559,768 |
| URBAN OUTFITTERS | Common stock | 5,550 | 198,746 |
| USEC INC | Common stock | 33,900 | 204,078 |
| VALASSIS COMMUNICATIONS INC | Common stock | 11,300 | 365,555 |
| VALEANT PHARMACEUTICALS INTL | Common stock | 12,800 | 362,112 |
| VALUECLICK INC | Common stock | 15,900 | 254,877 |
| VENOCO INC | Common stock | 17,900 | 330,255 |
| VERIFONE SYSTEMS INC | Common stock | 12,559 | 484,275 |
| VIACOM INC CL B | Common stock | 69,500 | 2,752,898 |
| VOLCANO CORP | Common stock | 8,380 | 228,858 |
| WABCO HOLDINGS INC | Common stock | 11,554 | 703,985 |
| WAL MART STORES INC | Common stock | 20,980 | 1,131,451 |
| WATERS CORP | Common stock | 14,710 | 1,143,114 |
| WEBMD HEALTH CORPORATION | Common stock | 5,444 | 277,971 |
| WELLS FARGO & CO | Common stock | 48,800 | 1,512,312 |
| WESTAR ENERGY INC | Common stock | 33,800 | 850,408 |
| WHITE MOUNTAINS INS GROUP LTD | Common stock | 1,400 | 469,840 |
| WHITING PETROLEUM CORP | Common stock | 2,400 | 281,256 |
| WHOLE FOODS MARKET INC | Common stock | 21,160 | 1,070,484 |
| WILEY (JOHN) & SONS INC CL A | Common stock | 4,500 | 203,580 |
| WILLIS GROUP HOLDINGS PLC | Common stock | 16,200 | 561,006 |
| WRIGHT EXPRESS CORP | Common stock | 4,100 | 188,600 |
| Brokerage Link** | Participant directed accounts including certain Fidelity investment funds | | 23,937,713 |
| Notes receivable from participants** | Installment loans due from participants with maturity dates ranging from January 2011 to April 2020 and interest rates ranging from 4.25% to 9.25%. | | 10,000,959 |
| | | | \$ 623,532,931 |

**Represents party in interest to the Plan.

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SIGNATURE

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

Date: January 26, 2012

Devon Energy Incentive Savings Plan

/s/ Frank W. Rudolph

Frank W. Rudolph

Executive Vice President Human Resources