

SAGE:

Sustainability Achieved Through Greater Engagement

Calvert SAGE Strategies:

emphasize strategic engagement to advance environmental, social, and governance (ESG) performance on the part of companies that may not meet all of Calvert's Signature* ESG criteria today but have the potential to improve.

Devon Energy Corporation

This company is a Calvert SAGE™ Strategy holding in the Calvert Large Cap Value Fund and is not eligible for investment in the Calvert Signature™ Funds.

Devon Energy's environmental reporting has improved noticeably in recent years. Following a 2004 shareholder resolution, Devon published a climate change strategy and in 2007 conducted a greenhouse gas (GHG) emissions inventory that led to the company's first public report of its overall GHG emissions. The company's Canadian operations also recently published a water management policy and disclosed the affiliate's overall annual water usage. However, Devon's reporting lacks the company-wide consistency of many of its peers and does not include specific targets for important areas such as GHG emissions as well as water and energy use. The company's participation in the Extractive Industries Transparency Initiative (EITI)** validation process in Azerbaijan in 2008 indicates that Devon has the capacity to benefit from global membership in EITI. Additionally, Devon has clearly dedicated significant resources to its relationships with Aboriginal communities, but lacks the company-wide human rights policy, including provisions for Indigenous Peoples, that would signal to its shareholders and stakeholders its commitment to manage risks, respect rights and maintain the social license to operate.

DEVON ENERGY ADVOCACY OBJECTIVES

- Establish commitments and report on GHG emissions reductions in response to the need for global emissions reductions of 80% by 2050 as recommended by the Intergovernmental Panel on Climate Change.
- Play a constructive role in climate change public policy that sets strong and clear reduction requirements in greenhouse gas emissions and engage with public policy initiatives such as the United States Climate Action Partnership. In addition, expand any current carbon mitigation or renewable energy strategies.
- Commit to clear standards for reducing GHG emissions and improving energy efficiency, water use, and land reclamation in the company's oil sands development in Alberta, Canada. Use the results to assess oil sands investments in the context of the company's long-term business strategy, the carbon intensity of its reserves, and potential environmental liabilities.
- Join the EITI and assist the government of Azerbaijan in its validation process.
- Establish and disclose a human rights policy that involves local communities in project decision-making and includes policies specific to Indigenous Peoples, their lands, religions and cultures.
- Strengthen the disclosure of stakeholder engagement in the communities neighboring high-risk projects.

ENGAGEMENT TOOLS APPLIED

- Direct dialogue with Devon Energy executive management
- Possible shareholder resolutions
- Sign-on letters on specific objectives

*Calvert's Signature ESG criteria examine corporate performance across seven broad areas of concern: governance and ethics, environment, workplace, product safety and impact, human rights, Indigenous Peoples' rights, and community relations. For more information, please visit <http://www.calvert.com/sri-signature-criteria.html>.

**The EITI is a global framework for promoting oil, gas, and mining revenue transparency for governments and companies.

RECENT ENGAGEMENT

- On April 15, Calvert spoke with an external communications specialist at Devon Energy, regarding the Calvert Large Cap Value Fund and SAGE Strategy. The two sides reviewed the objectives set forth in the December 15 introduction letter. The discussion focused on Devon's oil sands operations, the company's Climate Change policy and programs, and its perspective on the EITI, in particular.
- Following a further discussion with the Vice President of Investor Relations on July 17, Calvert and Devon held a comprehensive, substantive discussion of Calvert's specific objectives on August 26. Participating on behalf of Devon were the Senior Vice President for Investor Relations, Director of Environment, Health, and Safety, Manager of Media Relations, and an Environmental Manager. Potential near-term opportunities for Devon to consider alignment with EITI and adoption of an Indigenous People policy were highlighted.

STATUS AND NEXT STEPS

- With an initial substantive discussion of Calvert's advocacy objectives held, next steps will include an exchange of background information on EITI and Indigenous Peoples' policy models and a follow-up call during Q4 2009 likely to focus on those two issues in particular.

As of 7/31/2009, securities of Devon Energy represented 1.68% of the Calvert Large Cap Value Fund.

Investment in mutual funds involves risk, including possible loss of principal invested. You could lose money on your investment in the Fund, or the Fund could underperform, because of the following risks: a) the stock market may decline in value, b) the individual stocks in the Fund may not perform as well as expected, and/or c) the Fund's portfolio management practices may not work to achieve their desired result.

The market may not recognize a security's intrinsic value for a long time, and a stock judged to be undervalued by the Fund's Advisor may actually be appropriately priced.

Large cap companies may be unable to respond quickly to new competitive challenges such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

*For more information on any Calvert Fund, please contact your financial advisor, call Calvert at **800.368.2748** or visit www.calvert.com for a free prospectus. An institutional investor should call Calvert at **800.327.2109**. An investor should consider the investment objectives, risks, charges and expenses of an investment carefully before investing. The prospectus contains this and other information. Read it carefully before you invest or send money.*

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