

ENERGEN CORP
Form DEF 14A
March 29, 2004

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SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under § 240.14a-11(c) or § 240.14a-12

ENERGEN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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ENERGEN CORPORATION

605 Richard Arrington Jr. Blvd. North
Birmingham, Alabama 35203-2707
(205) 326-2700

March 29, 2004

To Our Shareholders:

It is our pleasure to extend to you a cordial invitation to attend the Annual Meeting of Shareholders of Energen Corporation. The Annual Meeting will be held at the principal office of the Company in Birmingham, Alabama on Wednesday, April 28, 2004, at 10:00 A.M., Central Daylight Time.

Details of the matters to be presented at this meeting are given in the Notice of the Annual Meeting and in the proxy statement that follow.

We hope that you will be able to attend this meeting so that we may have the opportunity of meeting with you and discussing the affairs of the Company. However, if you cannot attend, we would appreciate your signing and returning the enclosed proxy card as soon as convenient so that your stock may be voted.

We have enclosed a copy of the Company's 2003 Annual Report.

Yours very truly,

Chairman of the Board

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ENERGEN CORPORATION

Notice of Annual Meeting of Shareholders

To Be Held April 28, 2004

TIME	10:00 a.m., CDT, on Wednesday, April 28, 2004
PLACE	Energen Plaza 605 Richard Arrington Jr. Blvd. North Birmingham, Alabama 35203-2707
ITEMS OF BUSINESS	(1) To elect four members of the Board of Directors for three-year terms; to elect one member of the Board of Directors for a one-year term. (2) To transact such other business as may properly come before the Meeting and any adjournment or postponement.
RECORD DATE	You can vote if you are a shareholder of record of the Company on March 5, 2004.
ANNUAL REPORT	Our 2003 Annual Report, which is not a part of the proxy soliciting material, is enclosed.
PROXY VOTING	It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card sent to you. You can revoke a proxy at any time prior to exercise at the Meeting by following the instructions in the accompanying proxy statement.

J. DAVID WOODRUFF
Secretary

Birmingham, Alabama
March 29, 2004

YOUR VOTE IS IMPORTANT

You are urged to date, sign and promptly

return your proxy in the enclosed envelope.

PROXY STATEMENT

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PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
OF ENERGEN CORPORATION

April 28, 2004

We are providing this proxy statement in connection with the solicitation by the Board of Directors of Energen Corporation, an Alabama corporation (the Company, we, or us), of proxies for use at the 2004 Annual Meeting of Shareholders of the Company and at any adjournment thereof (the Annual Meeting).

You are invited to attend our Annual Meeting on April 28, 2004, beginning at 10:00 a.m., CDT. The Annual Meeting will be held at our principal office, 605 Richard Arrington Jr. Blvd. North, Birmingham, Alabama 35203-2707.

This proxy statement and form of proxy are being mailed on or about March 29, 2004.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

Item 1: Election of Directors

Five Directors are to be elected. Our Board of Directors is divided into three classes serving staggered terms. The terms of five of the present Directors expire at this Annual Meeting. Four of these directors, Stephen D. Ban, Julian W. Banton, T. Michael Goodrich and Wm. Michael Warren, Jr., have been nominated for re-election as Directors for terms expiring in 2007. David W. Wilson, who was appointed to the Board of Directors effective January 1, 2004, has been nominated for re-election as a Director for a term expiring in 2005.

Your Board of Directors recommends that Stephen D. Ban, Julian W. Banton, T. Michael Goodrich and Wm. Michael Warren, Jr. be elected to serve in the class with terms expiring in 2007, and that David W. Wilson be elected to serve in the class with terms expiring in 2005. Each nominee has agreed to be named in this proxy statement and to serve if elected. We expect each nominee for election as a Director to be able to serve if elected. Biographical data on these nominees and the other members of the Board of Directors is presented at page 3 of this proxy statement under the caption Governance of the Company.

Unless you otherwise direct on the proxy form, the proxy holders intend to vote your shares in favor of the above listed nominees. To be elected, a nominee must receive a plurality of the votes cast at the Annual Meeting in person or by proxy. If one or more of the nominees becomes unavailable for election or service as a Director, the proxy holders may vote your shares for one or more substitutes designated by the Board of Directors, or the size of the Board of Directors will be reduced.

Item 2: Other Business

We know of no other business that will be considered for action at the Annual Meeting. If any other business calling for a vote of shareholders is properly presented at the meeting, the proxy holders will vote your shares in accordance with their best judgment.

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PROXY AND VOTING PROCEDURES

Shareholders Entitled to Vote

Holders of Company common stock of record at the close of business on March 5, 2004, are entitled to receive this notice of Annual Meeting and proxy statement and to vote their shares at the Annual Meeting. As of that date, a total of 36,346,358 shares of common stock were outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the Annual Meeting.

Filing of Proxies

Your vote is important. You can save us the expense of a second mailing by voting promptly. Because many shareholders cannot attend the Annual Meeting in person, it is necessary that a large number be represented by proxy. Please mark your proxy, date and sign it, and return it in the postage-paid envelope provided. The proxy holders will vote all properly completed proxies in accordance with the instructions appearing on such proxies.

Revocation of Proxies

You can revoke your proxy at any time before it is exercised by:

written notice to the Secretary of the Company;

timely delivery of a valid, later-dated proxy; or

voting by ballot at the Annual Meeting.

Voting at the Annual Meeting

Mailing your proxy will in no way limit your right to vote at the Annual Meeting if you later decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the Annual Meeting.

All shares for which a proxy card has been returned and not revoked will be voted at the Annual Meeting. If you sign and return your proxy card but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors.

Required Vote

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received voting instructions from the beneficial owner.

Each of the nominees for Director must receive the affirmative vote of a majority of the votes cast by shareholders represented at the Annual Meeting as part of the quorum. Only votes for or withhold authority affect the outcome. Abstentions and broker non-votes are not counted for purposes of the election of Directors.

Under New York Stock Exchange Rules, if you are a beneficial owner and your broker holds your shares in its name, your broker is permitted to vote your shares on the election of Directors even if the broker does not receive voting instructions from you if the broker has complied with rules concerning the delivery of proxy materials to beneficial owners.

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At the date this proxy statement went to press, we did not know of any other matters to be raised at the Annual Meeting. Except as otherwise provided by law, other matters voted on at the Annual Meeting will be determined by the majority of votes cast at the Annual Meeting in person or by proxy by shareholders entitled

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to vote on the matter. As to matters requiring the vote of a majority of the shares either present or outstanding, and entitled to vote on the matter, abstentions and broker non-votes have the same effect as a vote against the matter (unless the broker does not have discretionary authority to vote under Alabama law or New York Stock Exchange Rules).

GOVERNANCE OF THE COMPANY

The persons who comprise our Board of Directors on the date of this proxy statement, including the five nominees for election, are identified below.

NOMINEES FOR ELECTION AS DIRECTORS

FOR THREE-YEAR TERMS EXPIRING IN 2007

Name and Year First Became Director	Principal Occupation and Other Information
STEPHEN D. BAN Director since 1992	Dr. Ban, 63, is the Director of the Technology Transfer Division of the Argonne National Laboratory, a science-based Department of Energy laboratory dedicated to advancing the frontiers of science in energy, environment, biosciences and materials. He has held this position since March 2002. He previously served as President and Chief Executive Officer of Gas Research Institute (GRI), a nonprofit cooperative research organization of the natural gas industry, headquartered in Chicago. He joined GRI in 1981, was elected President in 1987, and served as CEO until 2000. In that position he had overall responsibility for GRI's multifaceted research and development program in natural gas supply, transmission, and end-use technologies. Dr. Ban is also a director of UGI Corporation, a Pennsylvania gas and electric utility and national marketer of liquid propane. Dr. Ban has also served on the boards of the United States Energy Association and the New England Gas Association.
JULIAN W. BANTON Director since 1997	Mr. Banton, 63, retired in December 2003 as President and as a director of SouthTrust Corporation. Mr. Banton previously had stepped down as Chairman of the Board and Chief Executive Officer of SouthTrust Bank in October 2003. He joined SouthTrust in 1982, was named President in 1985 and in 1988 was named Chairman of the Board and Chief Executive Officer. Prior to joining SouthTrust, Mr. Banton was in charge of Corporate and International Banking for Signet Bank in Richmond, Virginia. He is also a director of Brookwood Hospital; the Metropolitan Development Board (Birmingham, Alabama); Birmingham Area Chamber of Commerce; and Inroads Development Program. Mr. Banton is also a past director of the Birmingham Branch of the Federal Reserve Bank of Atlanta.
T. MICHAEL GOODRICH Director since 2000	Mr. Goodrich, 58, is Chairman and Chief Executive Officer of BE&K, Inc., a privately owned engineering and construction firm headquartered in Birmingham, Alabama. He joined BE&K in 1972 as Assistant Secretary and General Counsel, was named President in 1989 and was named to his current position in 1995. He is also a director of Synovus Financial Corp., First Commercial Bank and several subsidiary companies of BE&K, Inc.

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Name and Year First Became Director	Principal Occupation and Other Information
WM. MICHAEL WARREN, JR. Director since 1986	Mr. Warren, 56, is Chairman of the Board, President and Chief Executive Officer of the Company and is a director of the Company and each of its subsidiaries. He joined Alabama Gas Corporation in 1983 and was elected President in 1984. He was elected President and Chief Operating Officer of the Company in February, 1991, was elected President and Chief Executive Officer of Alabama Gas Corporation and Energen Resources Corporation in September, 1995, was elected Chief Executive Officer of the Company in February, 1997, and was elected Chairman of the Board in January, 1998. In addition to Energen, Mr. Warren serves as a director of one other publicly held company Protective Life Corporation. He is also a director of Associated Electric & Gas Insurance Services Limited, a mutual insurance company serving the United States public utility industry, a city director of AmSouth Bank of Alabama and a member of the Board of Trustees of Birmingham-Southern College. Mr. Warren served as chairman of the American Gas Association, the national trade association for gas utilities, in 2002.

NOMINEE FOR ELECTION AS DIRECTOR**FOR A ONE-YEAR TERM EXPIRING IN 2005**

Name and Year First Became Director	Principal Occupation and Other Information
DAVID W. WILSON Director since 2004	Mr. Wilson, 60, is an independent energy consultant. From 1993 until his retirement in 2000, he led PricewaterhouseCooper's Energy Strategic Advisory Services Group. From 1985 through 1988 he was President of Gas Acquisition Services, a gas management consulting firm; from 1977 through 1985 he served as Vice President, Exploration and Corporate Development of Consolidated Oil and Gas; and from 1975 through 1977 he served as Manager, Diversification Programs for Williams Exploration. Prior to 1977 he held various positions in the oil and gas exploration and production industry.

DIRECTORS WHOSE TERMS EXPIRE IN 2005

Name and Year First Became Director	Principal Occupation and Other Information
J. MASON DAVIS, JR. Director since 1992	Mr. Davis, 68, is a partner with the Birmingham, Alabama law firm of Sirote & Permutt, P.C. He joined that firm in 1984. Mr. Davis also served as an Adjunct Professor of Law at the University of Alabama School of Law in Tuscaloosa, Alabama from 1972 to 1997. He is also Chairman of the Board of Directors of Protective Industrial Insurance Company of Alabama, Inc., based in Birmingham, Alabama.
JAMES S.M. FRENCH Director since 1979	Mr. French, 63, is Chairman of Dunn Investment Company, the parent of a group of companies in the construction industry and also an investor in equity and income securities in selected industries. Dunn was founded in 1878 and is headquartered in Birmingham. He joined the firm in 1968 and became its President in 1974. He is also a director of Regions Financial Corporation; Hilb, Rogal and Hamilton Company, a network of insurance agencies; Protective Life Corporation; and the subsidiaries of Dunn Investment Company.

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Name and Year First Became Director	Principal Occupation and Other Information
WALLACE L. LUTHY Director since 1995	Mr. Luthy, 70, retired in December 1995 as President and General Manager of Mobil Natural Gas Inc., headquartered in Houston, Texas. Mobil Natural Gas was a subsidiary of Mobil Corporation and processed and marketed natural gas in the United States and Canada. Upon his retirement, Mr. Luthy had completed 40 years of service with Mobil.

DIRECTORS WHOSE TERMS EXPIRE IN 2006

Name and Year First Became Director	Principal Occupation and Other Information
JUDY M. MERRITT Director since 1993	Dr. Merritt, 60, is President of Jefferson State Community College located in Birmingham, Alabama. Dr. Merritt was named President in 1979 and, with the exception of a four-year assignment at Florida International University in Miami, Florida from 1975 to 1979, has been associated with Jefferson State and its predecessor since 1965. She is also a director of SouthTrust Corporation.
STEPHEN A. SNIDER Director since 2000	Mr. Snider, 56, is President, Chief Executive Officer and a director of Universal Compression Holdings, Inc., a contract gas compression business headquartered in Houston, Texas. Mr. Snider joined Tidewater Compression in 1975 as General Manager of air compressor operations. In 1979, Mr. Snider established Tidewater Compression's operations in the northeastern United States. In 1981, he assumed responsibility for the western United States operations of Tidewater Compression. Mr. Snider left Tidewater in 1983 to own and operate businesses unrelated to the energy industry. Mr. Snider returned to Tidewater Compression in 1991 as Senior Vice President of Compression. Tidewater was sold in 1998 and the name of the company was changed to Universal Compression Holdings, Inc. Mr. Snider was named to his current position in 1994. Mr. Snider is also a director of T-3 Energy Services, Inc.
GARY C. YOUNGBLOOD Director since 2003	Mr. Youngblood, 60, retired in January 2003 as President and Chief Operating Officer of Alabama Gas Corporation, a subsidiary of the Company. Mr. Youngblood was employed by Alabama Gas Corporation in various capacities for 34 years. He was elected its Executive Vice President in 1993, its Chief Operating Officer in 1995, and its President in 1997. Mr. Youngblood has long been active in industry and community affairs. He is a past Chairman of the Birmingham Chamber of Commerce, has served as a director of the Public Affairs Research Council of Alabama, and was Chair of the Central Alabama United Way 2000 campaign. He served as President of the Alabama Natural Gas Association and the Southeast Gas Association. Until his retirement, Mr. Youngblood was a director of the Southern Gas Association, and served on the Leadership Council of the American Gas Association. Mr. Youngblood serves as an advisory director to Regions Bank.

Each of our Directors also serves as a Director of Alabama Gas Corporation and Energen Resources Corporation, our principal subsidiaries.

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Director Attendance

During 2003, the Board of Directors of the Company met seven times. All Directors of the Company attended at least 75% of the meetings of the Board of Directors and the committees of the Board of which they were members. We encourage and expect our Board members to attend our Annual Meeting absent extenuating circumstances, but we do not have a formal policy requiring attendance. All of our incumbent Board members, excepting a retiring Board member, and all of our Board nominees attended our Annual Meeting held in 2003.

Committees of the Board of Directors

Our Board of Directors has standing Audit, Officers Review, Finance and Governance and Nominations Committees. The members of these Committees are as follows:

Audit Committee Julian W. Banton (Chair), James S.M. French, T. Michael Goodrich, Judy M. Merritt and David W. Wilson

Officers Review Committee Wallace L. Luthy (Chair), Julian W. Banton, James S.M. French and Stephen A. Snider

Finance Committee Stephen D. Ban (Chair), J. Mason Davis, Jr., Wallace L. Luthy, Stephen A. Snider, David W. Wilson and Gary C. Youngblood

Governance and Nominations Committee J. Mason Davis, Jr. (Chair), Stephen D. Ban, T. Michael Goodrich and Judy M. Merritt
Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the integrity of our financial statements, our legal and regulatory compliance and the performance of our internal and independent auditors. As part of its responsibilities, the Audit Committee is solely responsible for the appointment, compensation, retention, discharge or replacement of our independent auditors. Our Audit Committee charter describes the functions of our Audit Committee in detail, and is attached to this proxy statement as Appendix A. Our Audit Committee charter is also available on our website under the heading *Investors* and subheading *Corporate Governance* (www.energen.com). During 2003, the Audit Committee held four meetings. The Audit Committee Report is presented at page 20 of this proxy statement under the caption *2003 Audit Committee Report*.

The Board of Directors has determined that each member of the Audit Committee is independent within the meaning of applicable SEC regulations and the listing standards of the New York Stock Exchange. The Board has also determined that the Audit Committee does not include an audit committee financial expert as that term is defined in SEC regulations. In the Board's judgment, however, the Audit Committee's membership meets the financial literacy and accounting or financial management requirements of the New York Stock Exchange listing standards and has qualifications and experience which enable the Committee to provide effective audit committee oversight for the Company.

Officers Review Committee

Our Officers Review Committee (*ORC*) considers and makes recommendations to the Board of Directors with respect to executive succession and compensation paid to officers of the Company and its subsidiaries. The ORC also administers the Company's executive compensation plans. The charter of the ORC describes the duties and functions of the ORC in detail, and is available on our website under the heading *Investors* and subheading *Corporate Governance* (www.energen.com). During 2003, the ORC held five meetings. The Report of the ORC is presented at page 15 of the proxy statement under the caption *2003 Compensation Committee Report*.

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Finance Committee

Our Finance Committee reviews financial policy, capital structure, significant oil and gas property acquisitions and exploration programs and also considers the issuance of securities necessary to finance our activities. The Finance Committee charter describes the duties of the Finance Committee in detail, and is available on our website under the heading *Investors* and subheading *Corporate Governance* (www.energen.com). During 2003, the Finance Committee held two meetings.

Governance and Nominations Committee

The duties of the Governance and Nominations Committee are to review and advise the Board of Directors on general governance and structure issues and to review and recommend to the Board the term and tenure of Directors, consider future Board members and recommend nominations to the Board. The charter of the Governance and Nominations Committee describes the duties of the Governance and Nominations Committee in detail, and is available on our website under the heading *Investors* and subheading *Corporate Governance* (www.energen.com). During 2003, the Governance and Nominations Committee held three meetings.

Independence Determinations

Our Board of Directors has adopted independence standards consistent with the new listing standards adopted by the New York Stock Exchange. A Director will be considered independent and found to have no material relationship with the Company if during the prior three years:

The Director has not been an employee of the Company or any of its subsidiaries;

No immediate family member of the Director has been an executive officer of the Company;

Neither the Director nor an immediate family member of the Director has received more than \$100,000 per year in direct compensation from the Company other than director and committee fees and pension or other forms of direct compensation for prior service (provided such compensation is not contingent in any way on future service);

The Director has not been affiliated with or employed by a present or former internal or external auditor of the Company;

No immediate family member of the Director has been employed as an executive officer of another company where any of the Company's present executives serve on that company's compensation committee;

The Director has not been an executive officer or employee, and no immediate family member of the Director has been an executive officer, of a company that makes payments to or receives payments from the Company for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues.

In January 2004, the Board undertook a review of director independence. Based on this review and the independence standards set forth above, the Board of Directors determined that none of the director nominees and none of the current directors, with the exception of Messrs. Warren and Youngblood, have a material relationship with the Company other than in their capacities as members of the Board of Directors. Mr. Warren and Mr. Youngblood are considered inside directors due to their current or prior employment as senior executives of the Company.

Selection of Board Nominees

Our Governance and Nominations Committee identifies and evaluates Board candidates using one or more informal processes deemed appropriate for the circumstances. Our chief executive officer plays a significant role in bringing potential candidates to the attention of the Committee. Last year, he recommended David W. Wilson to the Committee. Mr. Wilson became a member of the Board January 1, 2004 and is

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standing for reelection at this meeting. A determination of whether to pursue discussions with a particular individual is made after discussion by the Committee and may be preceded by formal or informal discussions involving one or all of the other Board members. Information considered by the Committee may include information provided by the candidate, the chief executive officer and one or more Committee or Board members. The Committee seeks candidates whose qualifications, experience and independence complement those of existing Board members. Board candidates are expected to possess high personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders. They are also expected to have an inquisitive and objective perspective, practical wisdom and good judgment.

Once appropriate candidates have been identified, the Committee recommends nominations to our Board and to the boards of our subsidiaries. Our Governance and Nominations Committee has not adopted a policy or procedure for the consideration of director candidates recommended by shareholders. Our Board does not recall an instance in which a shareholder (other than a shareholder serving as an officer or director) has recommended a director candidate; however, as stated in prior years, the Governance and Nominations Committee will consider timely shareholder recommendations.

Communication with the Board of Directors

Our Board has not implemented a defined process for shareholders to send communications to the Board. Based on past experience, we expect to receive and respond to shareholder communications in a variety of ways. The names, titles and committee assignments of our officers and directors, together with our mailing address and telephone number, can be found on our website under the heading "Investors" and subheading "Corporate Governance" (www.energen.com). Also under that heading is a copy of the procedure adopted by our Audit Committee for the handling of inquiries and correspondence relating to errors, deficiencies and misrepresentations in accounting, internal control and audit related matters. Such inquiries and correspondence are forwarded by our General Counsel to the Chairman of our Audit Committee.

The Chairman of our Audit Committee serves as chairman for purposes of convening meetings of our non-management Directors and presides as chairman for such meetings unless otherwise determined by the executive session participants.

Directors Compensation

Monthly Cash Retainer Fees and Meeting Fees. During 2003, non-employee Directors were paid a monthly retainer of \$1,500. Non-employee Directors also received a fee of \$1,500 for each Board meeting attended, and \$1,500 for each committee meeting attended. No Director who is an employee of the Company is compensated for service as a member of the Board of Directors or any committee of the Board of Directors.

Share Awards and Deferred Compensation. Under the Energen Corporation 1992 Directors Stock Plan, each non-employee Director receives an annual grant of six hundred shares of common stock. Annual awards are made following the last day of each fiscal year, and only non-employee Directors who are members of our Board on such date and who have been members of the Board for at least six months are eligible. The size of this annual grant is subject to adjustment in the event of a stock dividend, stock split or similar transaction. The plan also allows each non-employee Director to elect to have any part or all of the fees payable for services as a Director of the Company and its subsidiaries paid in shares of common stock. Awards under the Directors Stock Plan are in addition to the payment of monthly cash retainers and meeting fees.

Our Board of Directors administers the Directors Stock Plan. Although the plan has no fixed duration, the Board of Directors or our shareholders may terminate the plan. Our Board of Directors also may amend the plan from time to time, but any amendment that materially increases the benefits accruing to participants, increases the number of shares of common stock which may be issued or materially modifies eligibility requirements would require the approval of our shareholders.

Under the Company's 1997 Deferred Compensation Plan, members of the Board of Directors may elect to defer part or all of their director fees and annual and/or elective grants under the Directors Stock Plan. The

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1997 Deferred Compensation Plan is discussed below in greater detail under the caption 2003 Compensation Committee Report 1997 Deferred Compensation Plan.

Code of Ethics

The Company has a Code of Ethics which is applicable to all of the Company's employees, including the principal executive officer, the principal financial officer and the principal accounting officer. The Code of Ethics is also applicable to all of the directors of the Company. The Code of Ethics is available on our website under the heading Investors and subheading Corporate Governance (www.energen.com). We intend to post amendments to or waivers from the Code of Ethics which are applicable to the Company's directors, principal executive officer, principal financial officer and principal accounting officer at this location on our website.

SHARE OWNERSHIP

Principal Holders

The only persons known by the Company to be beneficial owners of more than five percent (5%) of the Company's common stock are the following:

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned(3)	Percent of Class Beneficially Owned(3)
Vanguard Fiduciary Trust Company(1) Trustee for Energen Corporation Employee Savings Plan 500 Admiral Nelson Blvd. Malvern, PA 19355	2,969,007	8.2%
Barclays Global Investors, N.A.(2) 45 Fremont Street San Francisco, CA 94105	2,590,311	7.2%

- (1) In a Schedule 13G filed on January 29, 2004, Vanguard Fiduciary Trust Company (Vanguard), as trustee of the Energen Corporation Employee Savings Plan, reported having shared voting and dispositive power of 2,969,007 shares of common stock. All such shares of common stock had been allocated to plan participants. The Plan is a qualified voluntary contributory retirement plan, with an employee stock ownership feature. Vanguard serves as trustee for the Plan and must vote the shares held by the Plan in accordance with individual participant instructions. Both current and retired employees of the Company are participants in the Plan.
- (2) In a Schedule 13G filed on February 17, 2004, Barclays Global Investors, N.A., and its affiliate Barclays Global Fund Advisors (together, Barclays), reported aggregate beneficial ownership of 2,590,311 shares of our common stock. Barclays is deemed to be the beneficial owner of the common stock because Barclays holds the common stock in trust accounts for the economic benefit of the beneficiaries of those accounts. All information in this footnote was obtained from the Schedule 13G filed by Barclays.
- (3) Reflects shares reported on Schedule 13G as beneficially owned as of December 31, 2003.

Directors and Executive Officers

As of March 5, 2004, our Directors and executive officers beneficially owned shares of our common stock as described in the table below. Except as we have noted below, each individual listed below has sole voting power and sole investment power with respect to shares they beneficially own. The final column indicates

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common stock share equivalents held under the Energen Corporation Deferred Compensation Plan as of March 5, 2004.

Name of Entity, Individual or Persons in Group	Number of Shares Beneficially Owned (1)(2)	Percent of Class Beneficially Owned(2)	Share Equivalents Under Deferred Plan(3)
Stephen D. Ban	10,772	*	0
Julian W. Banton	2,150	*	4,545
J. Mason Davis, Jr.	7,453	*	9,322
James S. M. French	18,750	*	0
T. Michael Goodrich	4,000	*	5,370
Geoffrey C. Ketcham	21,146	*	17,101
Wallace L. Luthy	77,197	*	7,695
James T. McManus	29,467	*	10,115
Judy M. Merritt	7,207	*	0
Dudley C. Reynolds	75,425	*	6,398
Stephen A. Snider	1,000	*	3,802
Wm. Michael Warren, Jr.	216,313	*	237,570
David W. Wilson	0(4)	*	0
J. David Woodruff	54,045	*	16,880
Gary C. Youngblood	42,110	*	21,165
All directors and executive officers (16 persons)	574,458	1.58%	340,455

* Less than one percent.

- (1) The shares of common stock shown above include shares owned by spouses and children, as well as shares held in trust. The shares of common stock do not include shares acquired through dividend reinvestment after December 31, 2003. Dunn Investment Company, of which Mr. French is Chairman and a director, owns 120,000 shares of common stock, which shares are not included in the totals noted above. The shares of common stock shown above for Messrs. Warren, Ketcham, McManus, Reynolds, Woodruff and the executive officers of the Company include shares which are held for their respective accounts under the Energen Corporation Employee Savings Plan as of March 2, 2004, described in note 1 above under Principal Holders. Messrs. Warren, Ketcham, McManus, Reynolds, Woodruff and all Directors and executive officers as a group hold presently exercisable options to acquire 123,000, 3,000, 0, 28,250, 25,400 and 179,650 shares of common stock, respectively, which amounts are included in the above table.
- (2) The number and percentage of common stock beneficially owned does not include shares of common stock credited to Company Stock Accounts under the Energen Corporation Deferred Compensation Plan.
- (3) Represents shares of common stock credited to Company Stock Accounts under the Energen Corporation Deferred Compensation Plan as of March 2, 2004. The value of Company Stock Accounts tracks the performance of the common stock, with reinvestment of accrued dividends. The Company Stock Accounts have no voting rights.
- (4) Subsequent to March 5, 2004, Mr. Wilson became the beneficial owner of 1,000 shares of common stock.

Table of Contents**EXECUTIVE COMPENSATION****Table 1****Summary Compensation Table**

Name and Principal Position	Year(1)	Annual Compensation			Awards		Payouts	
		Salary (\$)	Incentive Compensation (\$)	Other Annual Compensation (\$)(2)	Restricted Stock Award(s) (\$)(3)	Stock Options/ SARs	Long-Term Incentive Payouts (\$)	All Other Compensation (\$)(4)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Warren, Jr., Wm. Michael	Chairman, President and Chief Executive Officer							
	12/31/03	465,000	660,000	1,520	533,146	29,600	1,067,690	79,202
	12/31/02	445,000	534,000	1,517	0	0	657,217	115,242
	12/31/01	109,583	0	0	243,386	25,370	0	6,775
	9/30/01	421,250	382,500	1,383	113,591	15,000	435,797	97,945
Ketcham, Geoffrey C.	Executive Vice President, Chief Financial Officer and Treasurer							
	12/31/03	285,000	256,500	716	66,253	8,220	304,573	36,688
	12/31/02	272,000	245,000	724	0	0	194,958	54,020
	12/31/01	67,000	0	0	29,645	7,020	0	