

DENBURY RESOURCES INC  
Form DEFA14A  
May 06, 2009

DEFINITIVE ADDITIONAL MATERIALS  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
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

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 Pursuant to Rule 14a-12

**DENBURY RESOURCES INC.**

(Name of Registrant as Specified In Its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

Commission File Number 1-  
12935

**20-0467835**  
(I.R.S. Employer  
Identification Number)

**5100 Tennyson Parkway, Suite 1200, Plano, Texas 75024**

(Address of principal executive offices)

**(972) 673-2000**

(Registrant's telephone number, including area code)

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.

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o 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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TO: Denbury Shareholders

FROM: Denbury Resources Inc.

DATE: May 6, 2009

SUBJECT: 2004 Omnibus Stock and Incentive Plan (the Plan )

As you are aware, the Board of Directors of the Company is submitting a proposal to increase the number of shares that may be used under the 2004 Omnibus Stock and Incentive Plan (the Plan ) to the Company's shareholders for approval at the annual meeting to be held May 13, 2009.

In connection with that proposal, the Company has reviewed the Riskmetrics Group's (formerly ISS) report regarding that proposal and is aware of a specific provision of the Plan that is of concern to the Riskmetrics Group and certain shareholders.

Section 5 of the Plan, Grant of Options, contains the following provision:

(d) The Committee may at any time offer to buy out for a payment in cash, an Option previously granted, based on such terms and conditions as the Committee shall establish and as communicated to the Holder by the Administrator at the time that such offer is made.

This provision is designed to maintain flexibility in providing the economic benefit of an option award to a participant in the Plan by means other than the exercise of the option. The ability to buyout an option might be desirable, for example, in negotiating the treatment of outstanding options in a change of control transaction. It is not intended to provide a mechanism for the Compensation Committee to buyout an option in order to reprice an already outstanding option. As our common stock is listed on the NYSE, the rules of the NYSE prohibit option repricing without shareholder approval.

Although we do not interpret the buyout provision in the context of the entire Plan as allowing the committee to reprice options, we would like to address the concerns of shareholders and clarify the language as it is not our intent to reprice options. To clarify this position, the Board of Directors of the Company have modified Section 5(d) of the Plan to specify that it cannot be used to violate NYSE prohibition on repricing options without shareholder approval. The modified provision reads as follows (new language underlined), which we believe clarifies the intent of this provision:

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**(d)** The Committee may at any time offer to buy out for a payment in cash, an Option previously granted, based on such terms and conditions as the Committee shall establish and as communicated to the Holder by the Administrator at the time that such offer is made, provided that no such offer or payment may be made in a manner that would violate the prohibition of the New York Stock Exchange (or other national securities exchange upon which the Company's securities are listed for trading) against the repricing of underwater options (options with an exercise price above the then-current price of the Company's common stock on the NYSE) without shareholder approval.

If you have any questions regarding the Plan or provisions of the Plan, please contact Phil Rykhoek at 972-673-2050. Thank you for your consideration.

/s/ Phil Rykhoek

Senior Vice President, Chief Financial Officer and Secretary

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