***D**evon **E**nergy **C**orporation*
***C**onvertible **B**ond **I**ssue*

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EXECUTIVE SUMMARY

Goldman Sachs is the Lead Manager for Devon Energy Corporation Convertible Bond Issue.

Devon wants to issue a convertible bond in order to strengthen its balance sheet further and achieve a level of financial flexibility that will allow the firm to capture future growth opportunities over the next few years.

We plan to issue $331.6mln of convertible bonds in May 2001. The value of the bond is $118.70 with a conversion price of $82.91 per bond and coupon of 2.14% semi-annual. Each of the 4.000.000 bond is convertible into 1 share of Devon common stock.

Devon's proceeds will be $314.6 million, net of debt issuance costs of $16.580 millions. The proceeds from the sale of these bonds will be used primarily to repay higher cost domestic long-term debt of $250 million maturing in ten years. The company assumed responsibility for this debt in the form of debentures after its merger with Penn energy. The debentures have a coupon of 10.25% and the effective interest rate for 1999 was 8.9%.

Description of the Proposed Straight Convertible Bond

Tab 1

	Devon
Market Cap	7.328.271.100
Stock Price	57
Stock Price Adjusted for dilution	55.27
Annual Volatility	40%
Company Rating (S&P)	A-
Dividend Yield	0.34%
5 Year Treasury Bond Rate	4.553%

in U.S. Dollars - Source: Bloomberg

Tab 2

	Proposed Convertible Issue
Amount to be raised	315.018.000
Issue Size	331.600.000
Coupon Rate	2.14%
Conversion Price	82.91
Issue Premium	150%
Bond Value	118.70
Maturity	(5 years) 06/04/01 – 06/04/06

in U.S. Dollars - Source: Bloomberg

Placement

We believe that a placement is the most appropriate way to issue the CB. By using a placement, accredited investors will be part in transactions exempt from registration under the Securities Act of 1933. The placement shows distinctive advantages:

- Costs reduction: the registration with the SEC is not obligatory, less prospectus costs and less risk taken by the underwriters that implies reduction in underwriting and distribution costs.
- It is possible to avoid disclosure of the financial statements.
- Easier to re-negotiate because the investors who hold the bond is a limited number.
- Optimal timing.

Structure of the Underwriting

To underwrite the issue facilitates the capital raising, because Devon, even thought the prospectus is not required, will be exposed to established institutional investors, and, given the terms and conditions of the issue, it is opportune to be the lead Manager in this issue. The composition of the issue trough our Syndicate is as follow:

Managers	**Amount**	**Fees Earned 5%**
Goldman Sachs (lead)	$121.600.000	$6.080.000
Bank of America	$70.000.000	$3.500.000
Barclays	$70.000.000	$3.500.000
Lehman Bros.	$70.000.000	$3.500.000
Total	$331,600,000	$16.580.000

Risk Exposure

Lack of investors' interest will cause the issue to fail and given our position as a lead manager the bank will be responsible for taking up any excess capacity. Under this circumstances the fee earned will not be sufficient to cover our exposure.

The above average volatility in the oil&gas industry could negatively affect the share price of Devon in the short run, hence the price of the convertible could no longer be attractive for potential investors.

BACKGROUND INFORMATION

The Nature Of The Company And Where It Stands Competitively In Its Market

Devon Energy Corporation, including its subsidiaries, is an energy company engaged primarily in oil and gas exploration, development and production and in the acquisition of producing properties. Through its predecessors, Devon began operations in 1971 as a privately-held company. In 1988 the Company's common stock began trading publicly on the American Stock Exchange under the symbol DVN. In addition, commencing on December 15, 1998, a new class of Devon exchangeable shares began trading on The Toronto Stock Exchange under the symbol NSX. These shares are essentially equivalent to Devon common stock. However, because they are issued by Devon's wholly-owned subsidiary, Northstar Energy Corporation ("Northstar"), they qualify as a domestic Canadian investment for Canadian institutional shareholders. They are exchangeable at any time, on a one-for-one basis, for common shares of Devon.

Devon owns oil and gas properties concentrated in five operating divisions, the Permian/Mid-Continent, Rocky Mountain and Gulf divisions, which include onshore properties in the continental United States and offshore properties primarily in the Gulf of Mexico, the Canadian division, which includes properties in the Western Canadian Sedimentary Basin in Alberta and British Columbia, and the International Division, which includes properties in Azerbaijan, South America, Southeast Asia and West Africa. Devon sells its gas production to a variety of customers including pipelines, utilities, gas marketing firms, industrial users and local distribution companies. The principal customers for Devon's crude oil production are refiners, remarketeers and other companies, some of which have pipeline facilities near the producing properties.

Devon demonstrated remarkably good performance with the drill bit, successfully completed 95% of the 1,328 wells drilled during the year. This added oil and gas reserves through discoveries and revisions of more than 156 million barrels of oil equivalent. With drilling alone, Devon replaced 129% of total 2000 production. With related capital costs of just over $900 million, in 2000 finding and development cost from drilling and revisions was only $5.80 per barrel of oil equivalent. Projects spanning the risk spectrum contributed to the success of Devon’s 2000 drilling efforts, drilled over 500 successful low-risk wells in our coalbed methane projects in the Rocky Mountains.

Devon’s dramatic growth over the last few years has demanded changes to the company’s organisational structure.

Devon closed its merger with Santa Fe Snyder Corporation (Santa Fe Snyder) on August 29, 2000, and divested SACROC oil field in the Permian Basin, all of the oil and gas properties in Appalachia and the holdings in Venezuela. These were assets that came to Devon in the 1999 acquisition of Pennz Energy. Devon sold these properties because they had low operating margins or were outside its areas of geographic focus. Devon's 2001 exploration and development budget of $1.1 billion should yield yet another record for annual oil and gas production this year. This near-term growth will result primarily from lower-risk drilling projects in its traditional operating areas in North America. However, Devon’s expansion in recent years has transformed the company into a formidable competitor for industry opportunities around the globe. In addition to near-term production growth, its 2001 budget will fund a record $390 million of high potential exploration projects. These projects range from deep gas exploration in the foothills of British Columbia to testing world-class oil prospects in the deepwater Gulf of Mexico. These projects have the potential to provide Devon and its shareholders meaningful long-term growth.

Not only have Devon’s mergers and acquisitions brought the company concentrations of high quality oil and gas properties, they have brought together a wealth of human resources as well. The staff of petrotechnical professionals has grown to over 350 from about 100 just two years ago.

Permian/Mid-Continent Division

In the Permian/Mid-Continent Division Devon drilled 322 wells with a success rate of 98%. The Permian Basin encompasses approximately 66,000 square miles in southeastern New Mexico and west Texas, and contains more than 500 major oil and gas fields. Most of Devon's position in the Permian was established through six major property transactions. Devon's merger with Santa Fe Snyder Corporation in 2000 increased its proved reserves in the Permian Basin by over 75%. Even though the Permian Basin is mature and not known as a high-growth area, Devon replaced more than 160% of its Permian Basin oil and gas production in 2000, through exploration and development drilling.

The Mid-Continent area includes all or portions of the states of Kansas, Oklahoma, Texas, Arkansas, Louisiana, Mississippi and Alabama. This area covers a wide spectrum of geologic formations, producing both oil and natural gas. Devon has an active drilling program underway in the Carthage, Bethany, Sligo area of eastern Texas and western Louisiana in 2001.

Rocky Mountain Division

The Rocky Mountain Division extends north from New Mexico, and includes the states of Colorado, Utah, Wyoming, Montana and North Dakota. Production of approximately 51,800 energy equivalent barrels per day in 2000 is expected to increase by around 30% in 2001. Much of that growth will be due to expansion of coalbed methane (CBM) production in the Powder River Basin of Wyoming. About 45% of division production is from CBM and 55% is from conventional oil and gas.

CBM is natural gas produced from shallow coal formations. Devon is involved in CBM production, with four projects under various stages of development in the Rocky Mountains. Devon first produced CBM from the San Juan Basin of northwestern New Mexico in 1986, and the San Juan Basin remains an important producing area for the company. Devon began development of its CBM acreage in the Powder River Basin of northeast Wyoming in 1998. Devon owns 250,000 net acres there. Production at year-end 2000 was 60 million cubic feet per day from some 600 producing wells.

Gulf Division

In the Gulf of Mexico Devon executed an active exploitation program with excellent results. These low risk exploitation and development projects were balanced with high impact exploratory drilling.

The Santa Fe Snyder merger nearly doubled Devon's asset base in the Gulf. The offshore Gulf is a prolific producing area that provides approximately 25% of the natural gas produced in the United States. The Gulf is comprised of two major operating areas, as defined by water depth. The shallow area, in water depths up to 600 feet, is known as the "shelf." Devon has a substantial infrastructure of platforms and production facilities on the shelf, where natural gas wells can provide high initial flow rates and quick investment returns. Devon holds approximately 650,000 net acres on the shelf, about 50% of which is developed.

The company had two notable offshore exploration discoveries in 2000. These were on Eugene Island block 156, offshore Louisiana, and High Island A-582, offshore Texas. Eugene

Island 156 (100% working interest) began producing in October at over 50 million cubic feet of gas and 1,600 barrels of liquids per day from two wells. High Island A-582 (37% working interest) was a December 2000 discovery. A second well was drilling at year-end. First production is expected in 2002, after completion of a new producing platform.

The Gulf Division also holds about 300, 000 net acres onshore in south Texas and south Louisiana. About 80% of that acreage is developed for oil and gas production. Most of the onshore acreage was acquired in Devon's merger with Pennz Energy in 1999.

Canada

Devon's Canadian operations are conducted through Northstar Energy, the Company's subsidiary in Calgary, Alberta. The Western Canadian Sedimentary Basin is a vast geologic feature, encompassing portions of British Columbia, Alberta, Saskatchewan and Manitoba. Devon's properties in Canada range from shallow oil and natural gas production in northern Alberta to deep, long-lived gas reservoirs in the Foothills area near the Alberta/British Columbia border where success-fully completed high potential wells. Over a third of Devon's Canadian oil and gas reserves are located in the shallow gas areas of northern Alberta. Over 100 wells will be drilled in these shallow gas fields in 2001.

In addition to extensive exploitation and development drilling in the shallow gas areas, the Canadian Division also has an aggressive exploration program underway. The division has 2.2 million net undeveloped acres on which to explore. A high potential area for adding new gas reserves is in the northern foothills of British Columbia and Alberta, where the Company holds 248,000 gross acres, with an average working interest of 47%.

International

Approximately one quarter of Devon's proved reserves are located outside North America. Most of these international reserves are concentrated in three countries: Azerbaijan, Indonesia and Argentina. Approximately 37% of the Company's proved reserves outside North America are in Azerbaijan, located offshore in the Caspian Sea. Devon has a 5.6% interest in the Azeri-Chirag-Gunashli (ACG) oil field, including 0.8%, acquired in February 2001.

Devon holds 12 million net acres of undeveloped lands in 14 different countries outside North America. Much of this acreage was acquired in the merger with Santa Fe Snyder. The Company holds substantial land positions offshore Ghana, Gabon and Congo, where it has active exploration programs underway. Through a joint venture with another large United States independent, the Company will be conducting seismic surveys and drilling exploratory wells on these blocks over the next few years. In addition to the exploration program in West Africa, the company plans to drill exploratory wells in Egypt, China, Malaysia and Brazil in 2001 and 2002.

The Last Five Years

Devon's competitors for market capitalisation:

Apache Corp $6.844.980 (APA)

Apache Corporation, incorporated in 1954, is an energy company that explores for, develops and produces natural gas, crude oil and natural gas liquids. In North America, Apache's exploration and production interests are focused on the Gulf of Mexico, the Anadarko Basin, the Permian Basin, the Gulf Coast and the Western Sedimentary Basin of Canada. Outside of North America, Apache has exploration and production interests offshore Western Australia and in Egypt, and exploration interests in Poland and offshore The People's Republic of China. Apache holds interests in many of its United States, Canadian and international properties through operating subsidiaries, such as Apache Canada Ltd., DEK Energy Company, Apache Energy Limited, Apache International, Inc. and Apache Overseas, Inc.

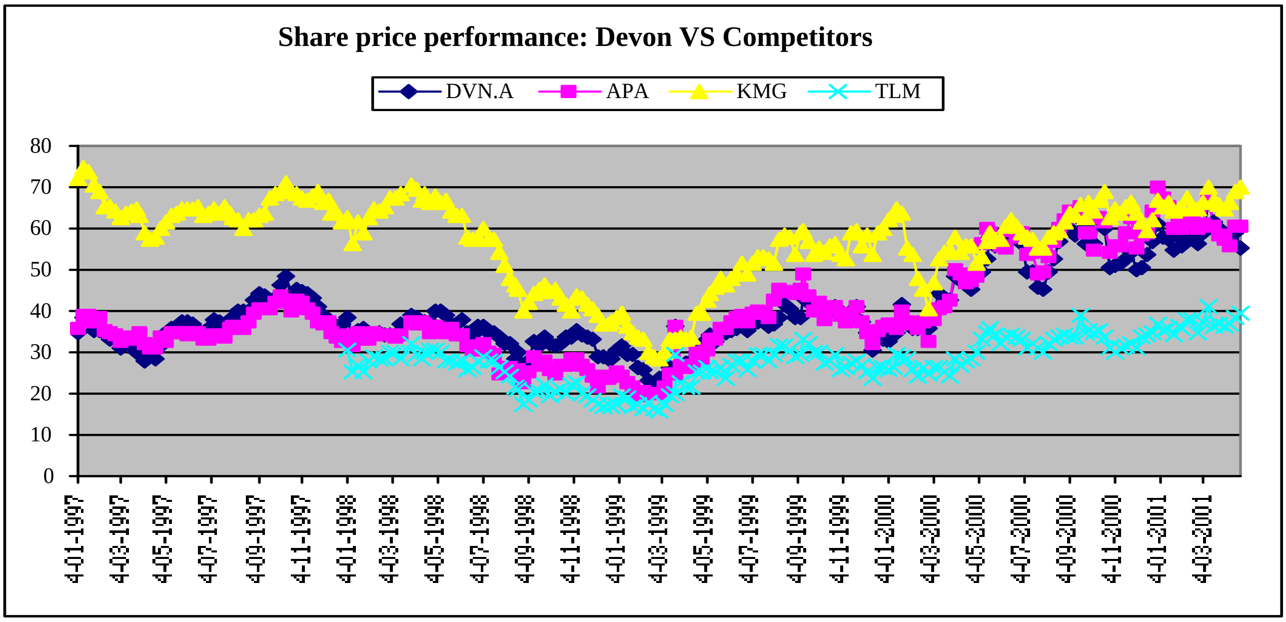
Kerr Mcgee Corp $6.051.141 (KMG)

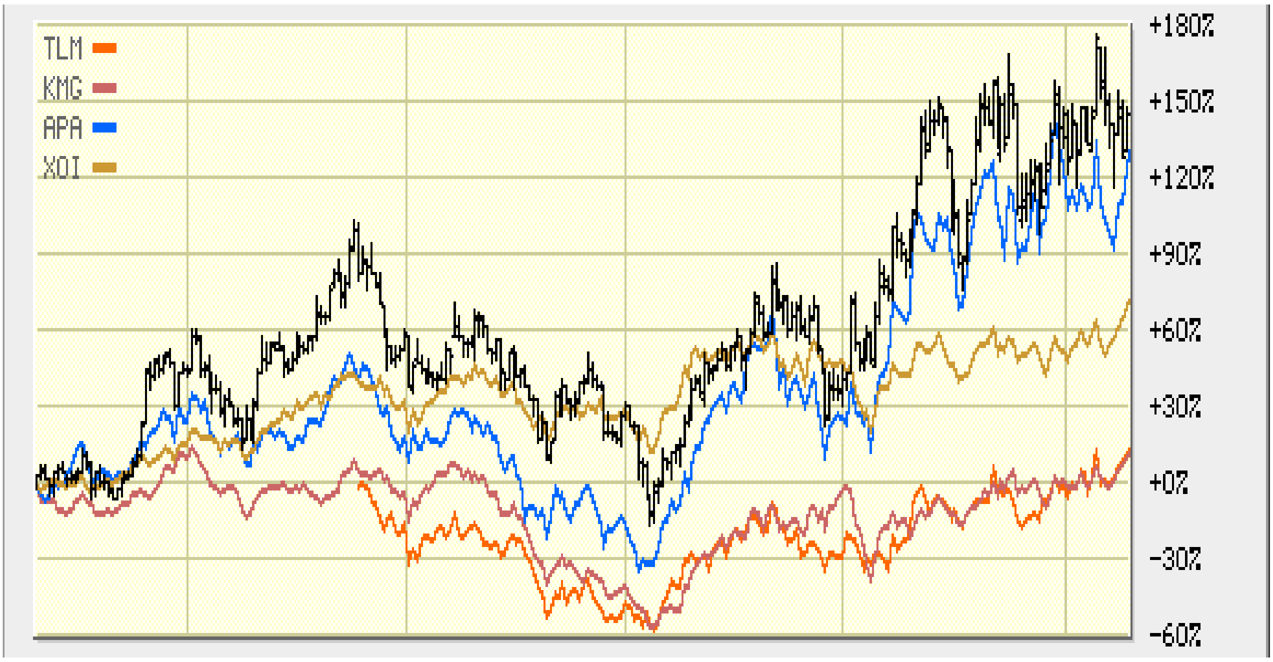
Kerr-McGee Corporation, incorporated in 1932, is an energy and chemical company. With oil and gas exploration and production as its base, the Company has expanded into titanium dioxide pigment manufacturing and marketing and minerals mining and marketing. Kerr-McGee owns a large inventory of natural resources that includes oil and gas reserves and chemical and mineral deposits.

Talisman Energy $5.051.333 (TLM)

Talisman Energy Inc. is a Canadian independent oil and gas producer. The Company's main business activities include exploration, development, production and marketing of crude oil, natural gas and natural gas liquids. The Company's core operating areas are Canada, the North Sea, Indonesia and Sudan. Each of Talisman's core operating areas has substantial exploration and development potential that the Company expects will provide future growth. The Company also pursues a select number of high-potential exploration projects in these core areas in addition to ventures in Algeria and Trinidad.

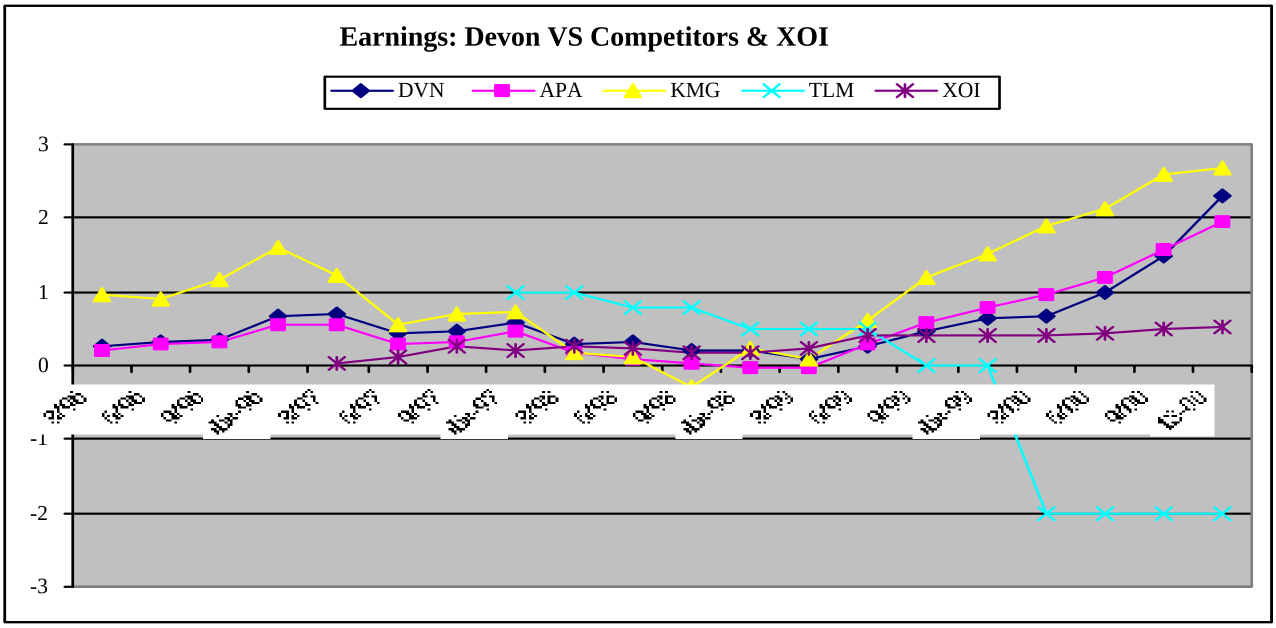
In the following graphs it is possible to observe the performance of Devon's share price for the last five years on a weekly basis, compared to the competitors for market capitalisation and the -oil & gas- drilling sector (XOI). The significant fall of the share price in 1998 is due to the collapse of the price of the oil, although its competitors (KMG, APA) were more seriously affected. However, the share price has recovered and Devon's trend is in line with the rest of its competitors. Sources: Bloomberg - Reuters.





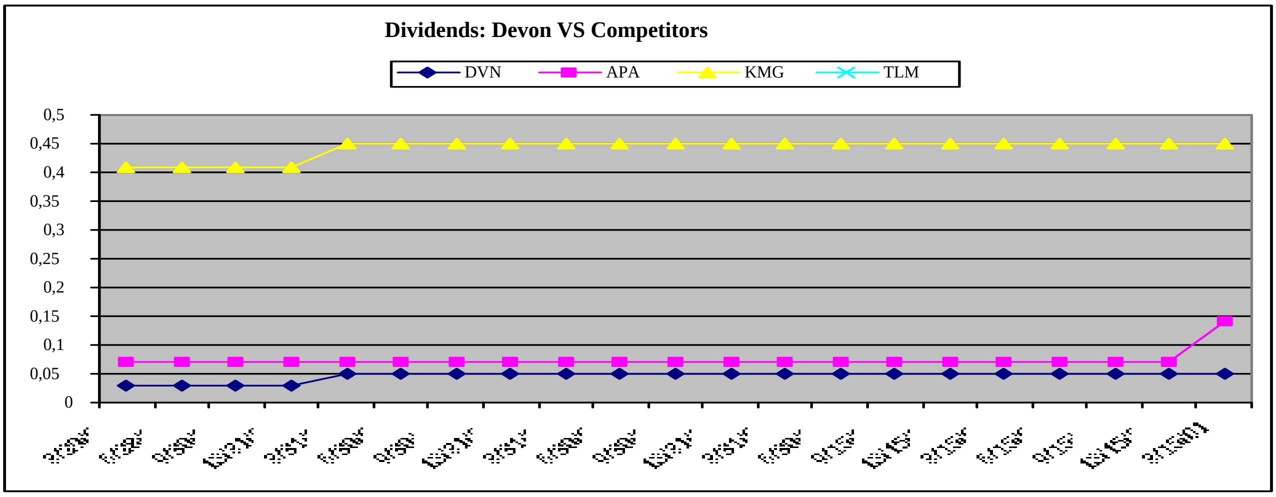
In graph 1 part A, it is possible to observe Devon's Earnings, quarterly basis, for the last five years compared to the competitors for market capitalisation. Between 1996-1998 Devon shows more stable earnings than its peers, while from 1998 onwards, its earnings are increasing faster than its competitors. Consequently, it has overtaken APA in terms of profits and it is poised to beat KMG's earnings as well. Part B of graph 1 reflects the nature of the industry with low but stable dividends. Dividends, quarterly basis, are not increasing because E&P oil companies have a variety of investment opportunities and need to preserve their cash to fund capital expenditure. Sources: Bloomberg - Reuters

Graph 1 Part A



Graph 1 Part B

Dividends on Devon's common stock were paid in 00 at a per share rate of $0.05 per quarter. TLM does not pay dividends.



Structure Of The Issue

Devon wants to issue a convertible bond in order to strengthen its balance sheet further and achieve a level of financial flexibility that will allow the firm to capture future growth opportunities over the next few years.

In May 2001, we issue $331.6mln of convertible bond @ Coupon 2.14%. The proceeds from the sale of these bonds will be used primarily to repay higher cost domestic long-term debt of $250 million maturing in ten years. The company assumed responsibility for this debt in the form of debentures after its merger with Penn energy. The debentures have a coupon of 10.25% and the effective interest rate for 1999 was 8.9%.

Devon's reasons for issuing a CB

- Devon in the last few years has shown strong growth and a CB will allow the company to maintain its growth rate.
- Since the price of a CB does not fully reflect the risk attributes of the issuing company, Devon can issue debt at a lower cost over straight debt and sell stock at a premium over its current price.
- Devon's market is relatively volatile and is characterised by unstable earnings on a quarterly basis. Therefore, issuing a straight bond is less suitable than a CB for a company with Devon's profile.
- According to our analysts the Amex index is expected to grow so there is strong probability to convert the bond.
- If expectations for Devon future production change significantly, some projects may be accelerated, consequently, Devon may increase its total capital expenditure whenever it deems necessary.
- CB have fixed coupon, therefore it helps the company to reduce the margin of error inherent in estimating future interest expense. Oil and natural gas prices are volatile, hence Devon needs to be precise about the future level of its interest expense.
- The CB needs less constraints in terms of bond covenants than a straight bond.

Disadvantages

- If the future stock price did not justify the conversion of the bond into equity, Devon would have to cover interest payment for the life of the bond.
- The dilution effect that the CB has on the equity of the company implies that its proceeds must be efficiently used, otherwise the shareholders will experience a fall in returns. If the CB was converted into equity the company will more likely experience an increase in its weighted average cost of capital since equity is more expensive than debt.

Description of the Proposed Straight Convertible Bond

The value of the bond is $118.70 with a conversion price at $82.91 per bond with a Yield to redemption of 2.14% per annum. Each of the 4.000.000 bond is convertible into 1 share of Devon common stock.

Devon's proceeds will be approximately $315 million, net of debt issuance costs of approximately $16 million. Devon will use the proceeds from the sale of these bonds primarily to pay down other domestic long-term debt.

Tab 1

	Devon
Market Cap	7.328.271.100
Stock Price	57
Stock Price Adjusted for dilution	55.27
Annual Volatility	40%
Company Rating (S&P)	A-
Dividend Yield	0.34%
5 Year Treasury Bond Rate	4.553%
in U.S. Dollars - Source: Bloomberg	

Tab 2

	Proposed Convertible Issue
Amount to be raised	315.018.000
Issue Size	331.600.000
Coupon Rate	2.14%
Conversion Price	82.91
Issue Premium	150%
Bond Value	118.70
Maturity	(5 years) 06/04/01 – 06/04/06
in U.S. Dollars - Source: Bloomberg	

- Stock Price

The dilution effect has been incorporated into the company's current share price and has been adjusted in pricing the convertible bond. DE: the increase in number of shares upon conversion is expected to decrease Devon's debt to equity ratio and eliminate its fixed interest costs.

- Annual Volatility

Devon's annual volatility calculated from historical share prices over 5 years is 40%. We consider this figure to be representative of the future as well and therefore we do not need to make any adjustment to this figure for pricing the convertible bond.

- Company's Rating as devised by S&P is A-, which reflects a good status.

- Issue Size

The company intends to raise approximately $331.6 million gross, representing 4.53% of total market capitalisation. The net amount raised will be 315.018 net of debt issuance costs that amount to approximately $16mln, primarily to pay down other domestic long-term debt. The proposed convert ratio is 1:1.

- Coupon Rate on a Straight Bond

To calculate the appropriate coupon rate on the CB we had to consider the coupon rate on a SB of a similar size issued by Devon. Our analysis indicates that if Devon issued a straight bond, it would have to offer a coupon rate of 6.10%, which is a premium of 1.55% over the current rate of 4.55% on 5yr T Bonds.

- Conversion Price

After 06/04/06 The CB can be converted. The conversion price of $82.91 represents a premium of 150% over the current share price adjusted for dilution. The underlying volatility of the stock however is at a level, which makes conversion of the bond highly probable.

- Bond Value

The high value of the bond is a reflection of the currently low yield. The long end of the US Govt yield curve is currently upward sloping, following a fall in maturities of up to one year. This indicates the higher forward rates relative to spot anticipated in the market and the general anticipation of expansion in the US economy in the long term. Should spot rates rise in the future, the yield on the bond will increase thereby decreasing its value.

- Maturity

The notes cannot be converted into common stock of the company anytime prior to maturity. Only after the maturity date of 06/04/06 they may be converted at a price of $82.91.

- Yield to Maturity

Using a Monte Carlo simulation we obtain the value of the call option. Subsequently we calculate the value of the bond by incorporating the value of the call option. As a result we can estimate the appropriate yield to maturity. Since at issue the yield to maturity is equal to the coupon rate we have effectively estimated the coupon rate of the convertible bond.

- Trade Off Between Short and Long Term Volatility

The CB is aimed at long term investors because its attractiveness lies in the long term potential for capital gains. It is logical to expect that bondholders will convert their bonds only when the yield of the dividend exceeds the coupon of the bond. Convertible bondholders enjoy the advantage of a stable revenue stream and the flexibility to alternate between instruments. Investors will probably take their decisions from a long term prospective and not in the light of short run fluctuations in the share price. However, changes in the share price affect the value of the bond, short run volatility exposes long run investors into a certain level of risk. Therefore it is possible that short run volatility will have an impact on the attractiveness of the bond to long term investors and especially institutions that constitute our main client base.

Since bondholders can only convert the bond after the maturity date, the issue of short term share price fluctuations are not as important as they might seem initially. This implies that investors can benefit only if the share price exhibits long run growth and therefore sort run volatility should not influence their decisions. Only when the bonds are approaching maturity will sort run volatility influence bondholders significantly. However, we consider that the capital raised from the bond will allow the company to improve its operations and profitability in the long run, hence the CB should be particularly suitable to institutions with long term horizons.

Yield Curve Shape

Per vedere questa immagine
occorre QuickTime™ e un
decompressore GIF.

Relevant Indicators of the Issue

Financial Strength	Devon		Industry
	Ex-Ante	Ex-post	
Current Ratio	1.49	1.46	1.25
LT Debt to Equity	0.63	0.72	0.81
Total Debt to Equity	0.63	0.72	0.84
Working Capital (000’s)	305	298	
Interest Payments (mln)	154.329mln	161.412.mln 154.329mln +7.083.400	
Source: Annual Report – Bloomberg			

Recommendations

- Gearing ratio not greater than 1 because this level will allow the company to be more flexible in obtaining debt, but will limit the company at a level reasonably higher than the industry's gearing ratio, i.e.: acceptable risk perception from the market. However, in 5 years, upon conversion of the bond, total equity outstanding is set to increase by 4 million and hence the gearing ratio will reduce.

- Current ratio not less than 1, because this level will allow the company to be more flexible in its excess of current cash payments due, over the claims against cash currently available. However will limit the company at a level reasonably lower than the industry's current ratio, which will avoid an illiquidity crisis.

- Working capital not less than 260mln, because this level will represent a level which will confirm Devon's ability to meet its near term obligations.

- Interest cover: EBIT Earnings before interest and taxes /interest expense should to be at least twice its interest payments, so to cover its interest expenses.

For all the ratios see Appendix A.

SYNDICATE STRUCTURE

Public Issue, Rights Issue or a Placement?

We believe that a placement is the most appropriate way to issue the CB. By using a placement accredited investors will be part in transactions exempt from registration under the Securities Act of 1933.

Advantages and disadvantages of a placement compared to the Rights and public issues:

Placement

Advantages

- Costs reduction: the registration with the SEC is not obligatory, less prospectus costs and less risk taken by the underwriters that implies reduction in underwriting and distribution costs.
- It is possible to avoid disclosure of the financial statements.
- Easier to re-negotiate because the investors who hold the bond is a limited number.
- Optimal timing.

Disadvantages

- In order to attract investors the price has to be competitive.
- More stringent covenants: obligation, for at least two years, to hold the securities. But, in this case the bonds are not redeemable before 5 years and most institutional investors are long-term orientated.
- Stock exchange permission is required.

Rights issue

Advantages

- Issue price is not so critical, the rights have an active secondary market.
- Exercise takes place if and only if the shareholders send the payment to the subscription agent.
- Shareholders priority, they have the right to be the first to be offered the new issue.

Disadvantages

- If the share price is below the subscription price underwriting to safeguard is required.
- The shareholders would exercise their rights when the subscription price is lower than the market share price.
- Cost increasing, greater the number of shareholder of the company higher the costs.

Public issue - not practicable because Devon has already issued shares-.

Advantages

- It is possible to measure the market reaction before the effective issue.

Disadvantages

- Less suited for issues of ‘perceived risky’ firms.
- Registration with the SEC is required.

Underwriting

To underwrite the issue facilitates the capital raising, because Devon, even thought the prospectus is not required, will be exposed to established institutional investors, and, given the terms and conditions of the issue, it is opportune to be the lead Manager in this issue. The composition of the issue trough our Syndicate is as follow:

Managers	Amount	Fees Earned
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Bank of America	$70.000.000	$3.500.000
Barclays	$70.000.000	$3.500.000
Lehman Bros.	$70.000.000	$3.500.000
Total	$331,600,000	$16.580.000

- The managers' obligations related to pay for and accept delivery of the bonds are legally regulated;
- The agreement includes a joint and several commitment. In the event of default of a manager, the obligations will be carried by the non-defaulting managers;
- The established institutional investors can buy the bonds, in the event of re-selling at the agreement price;
- In order to increase the success of the bond issue, the managers, even if not obliged, can make transactions that could stabilise the bond price above market level;
- If dramatic, not expected adverse market movements happen, the managers can: reconsider the issue, or hold the issue until the market conditions are stable, on the other hand, Devon is committed to deal with the lead manager any activity that could affect its share price.

Appendix A

RATIOS & STATS		
Valuation Ratios	Company	Industry
P/E Ratio (TTM)	11.10	16.25
P/E High - Last 5 Yrs.	-	64.09
P/E Low - Last 5 Yrs.	-	10.53
Beta	0.62	0.68
Price to Sales (TTM)	2.79	2.11
Price to Book (MRQ)	2.32	3.72
Price to Tangible Book (MRQ)	2.54	4.44
Price to Cash Flow (TTM)	5.33	8.20
Price to Free Cash Flow (TTM)	25.32	19.38
% Owned Institutions	82.97	52.09
Dividends	Company	Industry
Dividend Yield	0.34	1.72
Dividend Yield - 5 Year Avg.	0.40	1.53
Dividend 5 Year Growth Rate	7.22	(0.87)
Payout Ratio	3.10	12.60
Growth Rates (%)	Company	Industry
Revenue (MRQ) vs Qtr. 1 Yr. Ago	66.79	68.82
Revenue (TTM) vs TTM 1 Yr. Ago	117.94	72.79
Revenue - 5 Yr. Growth Rate	89.71	35.65
EPS (MRQ) vs Qtr. 1 Yr. Ago	296.33	67.96
EPS (TTM) vs TTM 1 Yr. Ago	-	90.62
EPS - 5 Yr. Growth Rate	53.16	41.49
Capital Spending - 5 Yr. Growth Rate	61.20	20.35
Financial Strength	Company	Industry
Quick Ratio (MRQ)	1.31	0.98
Current Ratio (MRQ)	1.49	1.25
LT Debt to Equity (MRQ)	0.63	0.81
Total Debt to Equity	0.63	0.84
Interest Coverage (TTM)	8.40	7.99
Profitability Ratios (%)	Company	Industry
Gross Margin (TTM)	81.83	46.79
Gross Margin 5 Yr. Avg.	3.27	46.07
EBITD Margin (TTM)	72.95	38.48
EBITD - 5 Yr. Avg.	20.06	27.30
Operating Margin (TTM)	41.02	22.87
Operating Margin 5 - Yr. Avg	(15.99)	8.49
Pre-Tax Margin (TTM)	41.02	19.56
Pre-Tax Margin - 5 Yr. Avg.	(15.99)	7.82
Net Profit Margin (TTM)	26.23	14.41
Net Profit Margin - 5 Yr. Avg.	(11.15)	4.77
Effective Tax Rate (TTM)	36.05	36.47

Effective Tax Rate - 5 Yr. Avg.	39.54	34.34

Management Effectiveness (%)	Company	Industry
Return On Assets (TTM)	12.63	8.87
Return On Assets 5 Yr. Avg.	(4.71)	2.48
Return On Investment (TTM)	13.68	10.47
Return On Investment - 5 Yr. Avg.	(4.71)	3.12
Return on Equity (TTM)	27.61	24.30
Return on Equity - 5 Yr. Avg.	(10.31)	8.88

Efficiency	Company	Industry
Revenue/Employee (TTM)	1,590,916.00	1,983,841.29
Net Income/Employee (TTM)	417,338.00	238,042.27
Receivable Turnover (TTM)	7.30	10.44
Inventory Turnover (TTM)	14.50	26.76
Asset Turnover (TTM)	0.48	1.14

MRQ = Most Recent Quarter, TTM = Trailing Twelve Months

Note: Reported in Thousands of U.S. Dollars   Sources: Bloomberg - Reuters

REFERENCES

Devon Energy Annual Report 2000

SOURCES

Terminals: Bloomberg - Reuters