

Second Quarter 2001

NYC Trip F. to

ENRON CORP.
NYSE Stock Symbol: ENE
Common Dividend: \$.50
Shares Outstanding (Diluted): 900 Million
Internet Address: www.enron.com

Investor Relations Contacts:
Mark E. Koenig, Exec. Vice President
(713) 853-6961
Paula H. Rieker, Managing Director
(713) 853-7209

GOVERNMENT
EXHIBIT
4546
Crim No. H 04-0025

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Abbreviations

Natural Gas Measurements

Btu British thermal unit. The amount of energy required to raise the temperature of one pound of water one degree Fahrenheit.

MMBtu One million Btu. The standard unit of delivery for natural gas, representing energy content.

Mcf 1,000 cubic feet. A common measure of volume for natural gas. Used interchangeably with MMBtu because one Mcf contains approximately one MMBtu after extraction of natural gas liquids.

Bcf One billion cubic feet.

Tcf One trillion cubic feet.

Bandwidth Measurements

Bit (b) Binary digit. The smallest unit of data a computer can process.

bps Bits per second.

Byte (B) A set of bits, usually 8.

K Kilo. One thousand units.

M Mega. One million units.

G Giga. One billion units.

T Tera. One trillion units.

STM-1 Synchronous Transport Module 1.

Electricity Measurements

KWh Kilowatt-hour. A standard unit of electric consumption corresponding to usage of one thousand watts for one hour. A 100-watt lightbulb burning for 10 hours consumes one kWh.

MWh Megawatt-hour. One thousand kWh.

MW Megawatt. One million watts or one thousand kW.

GW Gigawatt. One thousand MW.

TW Terawatt. One million MW.

Bandwidth Conversions

Bandwidth	Terabyte Equivalent
DS-1 (T-1)	0.48 TB
DS-3 (T-3)	13.9 TB
OC-3	16 TB
OC-48	769 TB
OC-192	3090 TB
STM-1	16 TB

Energy Conversions (Approximate)

1 Mcf = 1 MMBtu

1 Bcf = 1,000,000 MMBtu

1 cubic meter of gas = .035 Mcf

1 MMBtu = 292.7 Kwh

1 Bbl (oil) = 5.46 MMBtu of natural gas

1 gallon = 3.785 liters

Other

Bbl Barrel (of oil)

M Thousand

MM Million

● Equivalent; MMBtu is million Btu equivalent

/d Per day; MMBtu/d is million Btu equivalent per day

MT Metric Ton

This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Exchange Act of 1934 and Section 21E of the Securities Exchange Act of 1934. Although Citrus believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include success in marketing natural gas and power to wholesale customers; the ability to penetrate new retail natural gas and electricity markets, including the energy resource market in the United States and Europe; development of Envor's broad-based network and customer demand for interconnection and customer services; and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.

Second Quarter Analyst Reviews
New York
July 25, 2001

MEK Pager: 800 901-5209
PHR Pager: 800 957-8467
DL Pager: 800-237-7732

Tuesday, July 24 New York:

5:00 p.m. Falcon 900, N5731 departs hangar for Newark International
Hanger Tel: 281 443-3744 / Fax: 281 443-7425
Pilots: Darvin Mitchell and Andy Mattei
Passengers: Skilling/Frevert/Fastow/Koenig/Rieker/Delainey
Dinner/Fruit and cheese tray

8:50 p.m. Arrive Newark International
FBO: Signature
Tel: 973 624.1660

Ground: Delroy - Van
Passengers (6): Skilling/Frevert/Fastow/Koenig/Rieker/Delainey
Tel: 718 292-1010
Confirmation: John

Hotel: Four Seasons Hotel
57 E. 57th Street
Tel: 212 758-5700
Fax: 212 758-5711
Contact: Barbara Paru
Guest Rooms Contact: Felicie Doucet (T: 212 893-6806)
(all charges direct billed - 7 rooms confirmed - room list e-mailed 7/5/01)
Jeff Skilling/Mark Frevert/Dave Delainey/Andy Fanow/Mark Koenig/Paula Rieker/David Leboe
Delainey (hotel reservation two nights Jul 24 & 25 out on 26)
Frevert (out at 5:30 p.m. July 25)

Hotel: St. Regis Hotel
2 East 55th Street
New York, NY
Tel: 212 753.4500
Guest: Ken Lay

Pilot's Hotel: Marriott Newark Hotel
Tel: 973 623-0006

2Q Review
 NY Marriott World Trade Center
 New York City
 8:00 a.m. Breakfast

✓	Last Name	First Name	Company	Telephone
	Abeyta	Enrique	Stadia Capital, LLC	646 521.6991
	Bisighini	Thomas	Skandia Asset Management	212 422.3241
	Chan	Carlotta	J. K. Utility Advisory	
	Chen	Alice	ING Furman Selz	212 309.5981
	Coben	Richard	Starr Securities	
	Della Volpe	Vincent	YMCA Retirement Fund	
	Dobryanskaya	Tatyana	Merrill Lynch	
	Elliot	James	Dominick & Dominick Inc.	
	Fleischer	David	Goldman, Sachs & Co.	212 902.6018
	Fleishman	Steven	Merrill Lynch Capital Markets	
	Franzon	Robert	Bear Stearns	212 272.6196
	Freeman	Charles	J. P. Morgan Securities	212 648.7257
	Gaffney	Charlie	Brown Brothers Harriman & Co.	
	Garvey	Michael	Angelo, Gordon & Co.	212 692.2007
	Genco	Eric	Goldman, Sachs & Co.	917 343.8469
	Graves	Edward	Daiwa Securities Co., Ltd.	212 612.6114
	Gross	Richard	Lehman Brothers	212 526.3143
	Hackett	Mark	Rittenhouse Financial	610 293.2448
	Hammond	Gabriel	Goldman, Sachs & Co.	212 357.2399
	Horowitz	Jan	OppenheimerFunds, Inc.	212 323.5103
	James	Carla	Gerard Klauer Mattison & Co.	
	Kaukonen	Phillip	Lord, Abnett & Co.	
	Kelser	Leo	Merrill Lynch & Co.	212 449.7803
	Koontz	Lennis	Weiss, Peck & Greer, L.L.C.	212 908.9576
	Kurth	Joel	Ark Asset Management Co.	
	Lancarie	Gene	ING Furman Selz	212 309.5980
	Mandelblatt	Eric	Goldman, Sachs & Company	
	McRae	Roderick	McRae Capital Managemnt	
	Meyerhoeffer	Dale	Millennium Partners	
	Mogil	Jonathan	CIBC World Markets Corp.	212 667.7256
	Pellecchia	Ralph	Fitch IBCA	
	Quint	Stuart	Friends Ivory Sims	212 466.6703
	Reese	Madeline	H. G. Wellington	212 266.0384
	Schmidt	Brian	Salomon Smith Barney Inc.	
	Shipman	Todd	Standard & Poor's Corporation	
	Silvestri	Ron	Morgan Stanley	
	Vuchetich	Kathleen	W. H. Reaves & Company, Inc.	
	Welton	Hugh	Fitch IBCA	
	Winters	Robert	Bear Stearns	212 272.6844

2Q Review
The Four Seasons
New York City
3:00 p.m. Coffee Break

✓	Last Name	First Name	Company	Telephone
	Ach	Lawrence	Trainer Wortham & Co.	
	Arrese	Gregory	JL Advisors	212 593.2283
	Barbis	Mike	Fulcrum Global Partners	
	Boone	Kevin	Bear Stearns	212 272.9660
	Bradford	William	Garrison, Bradford & Asso.	
	Bunyaner	Michael	Sage Asset Management	212 521.0908
	Carryl	Rudolph	MacKay-Shields Financial	
	Christensen	Bob	First Albany Corporation	212 273.7127
	Cohen	Doug	Morgan Stanley	212 761.6709
	Common	Paul	Guardian Life Ins.	212 798.6108
	Cummiskey	Peter	J. M. Hartwell L. P.	212 308.3355
	Danzger	Neil	US Trust	212 852.3092
	Day	Adrian	Global Strategic Management	
	Debbas	Paul	Value Line Inc.	212 907.1724
	DeGulis	John	Sound Shore Mgmt, Inc.	
	Deweese	Ned	Douglas C. Lane & Assoc.	212 262.7670
	Doe	Stephen	UBS Warburg	
	Epstein	Matt	Morgan Stanley	212 762.9694
	Fisher	Ron	Stein Roe & Farnham	212 408.9204
	Frelinghuysen	George	Carl H. Pforzheimer & Co.	212 223.6500
	Gabbay	Gil	J.P. Morgan	212 648.9830
	Gagliardi	Louis	John S. Herold, Inc.	
	Gleicher	Howard	Metropolitan West Capital Mgmt	949 718.9701
	Greenspan	David	Blue Ridge	
	Grosser	Debbie	Salomon Smith Barney Inc.	
	Haimes	Barry	Sage Asset Management	212 521.0908
	Hains	Jonathan	NLI International	212 403.3430
	Higgins	Dennis	Morgan Stanley Dean Witter	212 761.7819
	Ho	Teresa	Banc of America Securities	212 847.5634
	Holmes	Kurt	Jemmco Investment Mgmt	
	Hove	Anders	Deutsche Bank	212 469.5319
	Juskowicz	Philip	FAC/Equities	212 273.7114
	Kaji	Masataka	Mitsui Life Asset Management	
	Kaufman	Arnie	First Union Securities	212 891.5032
	Launer	Curt	Credit Suisse First Boston	212 538.2776
	Lee	Rafaelina	Deutsche Asset Management	
	Lee	Jonathan	Zurich Scudder Investments	212 326.6325
	Leonard	Jennifer	Merrill Lynch & Co.	

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Bear, Stearns & Co., Inc.
Ownership data as of 12/31/00

12/31/00
12/31/00

245 Park Avenue
New York, NY 10167
Tel (212) 272-2000
Fax (212) 272-3097

Bear, Stearns & Co. is a leading investment banking and securities trading and brokerage firm. It is the major subsidiary of The Bear Stearns Companies Inc. Bear Stearns Asset Management Inc. (BSAM) is the investment advisory arm and also a subsidiary of The Bear Stearns Companies Inc. with over \$12.2 billion in assets under management.

Style
Orientation **Passive**
Turnover
of Stocks Held **109**
Portfolio Turnover **0.0**
Equity Assets (\$MM) **1**
Investor Type **Research Firm**

KEY CONTACTS

Name	Title	Phone
F. Rowe Michels	Head of Latin America Equity Research	(212) 272-2429
Andrew Levi	Bear Hunter Specialists	(212) 618-0674
Kathryn Booth	Senior Managing Director/Sell-Side	(212) 272-4205
Kaushik Shridharani	Security Analyst/Sell-Side	(212) 272-9382

POSITIONAL HISTORY

Date Position Change % Out

PEER OWNERSHIP

Top 10	12/00 (\$MM)	
ENE		0.0
AES		0.0
Total		0.0

INDUSTRY WEIGHTINGS

Top 10 Holdings	S&P	% Port	\$ Chg	Top 5 Buys	S&P	% Port	\$ Chg
Finan-Dysfd	(5.3)	10.6		Top 5 Sells	(3.3)	0.3	
Hlthcar-Drgs/Ph	(1.3)	0.8		Internet	(3.3)	0.3	
Comms Equipm	(3.0)	5.6		Houshld-Non dura	(0.4)	0.4	
Multi-Industry	(0.7)	5.3		Consumer Elec	(NA)	0.5	
Banks-Money Ctr	(1.5)	5.0		Telcom-Local	(0.2)	0.5	
Electronics	(3.9)	4.9		Svcs-CommCons	(1.2)	0.6	
Oil&Gas-Intl	(1.0)	4.8					
Telcom-Cell/Wrl	(14.2)	4.6					
Ins-Mult-Line	(1.5)	3.4					
Nat Gas Distr-PL	(3.1)	3.3					

PORT DISTRIBUTION

Small	Mid	Large
0%	2%	98%

PORTFOLIO CHARACTERISTICS

	P/E	Yield	Price/Est EPS	EPS \$ Yr Gr Proj	ROE	Debt/Equity	P/B	Beta
Enron Corp	63.1	0.9	29.9	17.1	6.5	83.3	4.1	0.7
S&P 500	26.4	1.2	25.6	15.6	20.7	56.7	4.2	1.0
Bear, Stearns & Co., Inc.	31.1	0.9	29.4	19.2	18.5	39.7	3.9	1.1

Nat Gas Distr-PL HOLDINGS (All Cap)

	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth	Buye	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
ENE	0.0		1.0	63.1	0.9	17.2							
G2018Z127	0.0		1.4	NA	NA	NA							

Nat Gas Distr-PL ADJUSTMENTS

INVESTMENT APPROACH

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<http://www.irchannel.com>

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Lehman Brothers
Ownership data as of 07/17/01

10/10/2001
10/10/2001

Three World Financial Center
New York, NY 10285-1400
Tel (212) 516-7000
Fax (212) 526-3736

Founded: 1850. Lehman Brothers is a global investment bank with equity and fixed income research capabilities. The firm has offices in New York, London and Chicago. The investment advisory arm is Lehman Brothers Holdings.

Style
Orientation **Passive**
Turnover
of Stocks Held 0
Portfolio Turnover 0.0
Equity Assets (\$MM) 0
Investor Type **Research Firm**

KEY CONTACTS

Name	Title	Phone
James Harmon	Security Analyst/Sell-Side	(212) 526-3225
Nahla Azmy	Security Analyst/Sell-Side	(212) 526-2781
Richard Gross	Senior Vice President/Sell-Side	(212) 526-3143
Peggy Connerty	Associate Analyst/Sell-Side	(212) 526-3896

POSITIONAL HISTORY

Date Position Change % Out

PEER OWNERSHIP

Top 10

PORT DISTRIBUTION

Small %	Mid %	Large %

INDUSTRY WEIGHTINGS

Top 10 Holdings	S&P %	Port %	Chg \$	Top 5 Buys	S&P %	Port %	Chg \$	Top 5 Sells	S&P %	Port %	Chg \$

PORTFOLIO CHARACTERISTICS

	P/E	Yield	Price/Est	EPS	EPS 5 Yr Gr Proj	ROE	Debt/Equity	P/B	Beta	
Enron Corp	63.1	0.9		29.9		17.1	6.5	83.3	4.1	0.7
S&P 500	26.4	1.2		25.6		15.6	20.7	56.7	4.2	1.0
Lehman Brothers										

Nat Gas Destr-PL HOLDINGS (All Cap)

\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth

Nat Gas Destr-PL ADJUSTMENTS

Buy	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
Sell	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth

INVESTMENT APPROACH

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<http://www.ischannel.com>

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Neuberger Berman, LLC
Ownership data as of 03/31/01

03/31/01
11:58 AM
0.000000

605 Third Avenue
New York, NY 10158-3698
Tel (212) 476-9000
Fax (212) 476-9090

Founded: 1939. The firm is a NYSE member firm and an affiliate of Neuberger Berman Mgmt. Inc., which manages the Neuberger Berman Funds. In December 2000, the firm acquired the private client business of Delta Capital Mgmt. In March 2001, Neuberger acquired the assets of the Fasciano Fund, now the Neuberger Berman Fasciano Fund.

Style: GARP
Orientation: Active
Turnover: Mod
of Stocks Held: 1,302
Portfolio Turnover: 55.6
Equity Assets (\$MM): 34,933
Investor Type: Investment Advisors

KEY CONTACTS

Name	Title	Phone
Leslie Werkstell	Director of Research	(212) 476-9816
Michael Kassen	Chief Investment Officer	(212) 476-5975
David Levine	Assistant Portfolio Manager	(212) 476-3607

POSITIONAL HISTORY

Date	Position	Change	% Out
03/31/01	518,019	-468,184	0.07
12/31/00	985,203	-73,020	0.13
09/30/00	1,059,223	-227,122	0.14
06/30/00	1,286,345	-65,739	0.17
03/31/00	1,352,084	1,027,630	0.18
12/31/99	324,446	44,894	0.04
09/30/99	279,752	-20,424	0.04
06/30/99	300,176	-2,350	0.04

INDUSTRY WEIGHTINGS

Top 10 Holdings	S&P	% Port	\$ Chg	Top 5 Buys	S&P	% Port	\$ Chg
Inv Bank/Broker	(1.6)	6.8	197.3	Hlthcar-Drugs/Ph	(0.8)	5.3	327.1
Hlthcar-Drugs/Ph	(0.8)	5.3	327.1	Multi-Industry	(0.5)	3.4	252.4
Computer Hrdwr	(1.1)	4.0	-8.9	Shipping	(7.9)	0.9	249.7
Finan-Dvrsfd	(1.8)	3.6	100.2	Inv Bank/Broker	(1.8)	6.0	197.3
Multi-Industry	(0.5)	3.4	252.4	Banks-Money Ctr	(0.9)	2.9	117.0
Banks-Money Ctr	(0.9)	2.9	117.0	Top 5 Sells	S&P	% Port	\$ Chg
Consumer Finan	(3.3)	2.8	-101.6	Automobiles	(0.3)	0.2	-118.4
Oil&Gas-ESP	(4.8)	2.6	78.2	Svcs-CommCons	(2.1)	1.0	-107.0
TV, Radio, Cabl	(3.6)	2.6	-97.3	Consumer Finan	(3.3)	2.8	-101.6
Oil&Gas-Ind	(0.5)	2.4	52.4	Manfg-Dvrsfd	(1.4)	1.4	-101.5
				TV, Radio, Cabl	(3.6)	2.6	-97.3

PEER OWNERSHIP

	03/01 (\$MM)	12/00 (\$MM)	09/00 (\$MM)	06/00 (\$MM)
Top 10	30.1	82.0	92.8	83.0
ENE	105.6	125.7	153.5	167.1
WMB	94.0	105.3	192.5	119.2
DYN	39.0	35.7	0.0	
MIR	37.9	39.2	67.2	51.3
AES	8.8	11.5	11.9	6.7
DUK	1.9	1.8	0.5	0.2
D	0.2	0.5	0.6	0.3
PCG	0.0	0.0	0.0	1.2
EGP	0.0	0.2	11.5	8.8
KMI	287.4	319.9	437.7	354.9
Total				

PORT DISTRIBUTION

Small	Mid	Large
9%	18%	73%

PORTFOLIO CHARACTERISTICS

	P/E	Yield	Price/Est	EPS	EPS 5 Yr Gr Proj	ROE	Debt/Equity	P/B	Beta	
Enron Corp	63.1	0.9		29.9		17.2	6.5	83.3	4.1	0.7
S&P 500	26.4	1.2		25.6		15.6	20.7	56.7	4.2	1.0
Neuberger Berman, LLC	25.8	1.1		24.7		15.7	19.7	24.8	3.8	1.1

Nat Gas Distr-PL HOLDINGS (All Cap)

	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
EPG	210.2	171.8	0.6	21.0	1.4	15.5
WMB	105.6	-29.3	0.3	17.6	1.5	14.8
DYN	94.0	-1.8	0.3	30.6	0.6	20.7
ENE	30.1	-27.2	0.1	63.1	0.9	17.2
TPP	29.9	1.3	0.1	18.1	7.3	9.7
KMP	17.3	5.6	0.0	40.8	5.9	13.4
EPN	13.6	9.8	0.0	74.2	7.0	11.0
LHP	11.3	11.3	0.0	38.5	7.7	7.1
VVC	2.1	2.1	0.0	12.7	4.6	7.8
NUI	1.4	-4.2	0.0	13.1	4.6	11.0

Nat Gas Distr-PL ADJUSTMENTS

	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
EPG	210.2	171.8	0.6	21.0	1.4	15.5
LHP	11.3	11.3	0.0	38.5	7.7	7.1
EPN	13.6	9.8	0.0	74.2	7.0	11.0
KMP	17.3	5.6	0.0	40.6	5.9	13.4
VVC	2.1	2.1	0.0	12.7	4.6	7.8
Sells	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
CGP	0.0	-178.1	0.0	NA	NA	NA
WMB	105.6	-29.3	0.3	17.6	1.5	14.8
ENE	30.1	-27.2	0.1	63.1	0.9	17.2
NUI	1.4	-4.2	0.0	13.1	4.6	11.0
DYN	94.0	-1.8	0.3	30.6	0.6	20.7

INVESTMENT APPROACH

Neuberger Berman, LLC invests in well-run companies that have strong fundamentals and appear to be underpriced. Often, these companies' strengths have not been noticed by the Street, or temporary problems have been exaggerated. Portfolio managers look for undervalued corporate assets, unrecognized earnings recovery prospects and transaction price anomalies. The small-cap product focuses on companies with market caps of less than \$750 million. The equity portion of portfolios are diversified among 3-5% positions upon purchase and usually encompasses 5-7 industry segments. The firm tries to have no more than 20% concentrated in any one industry group.

Investment Criteria:

- 1) Solid balance sheet;
- 2) Relatively low P/E;
- 3) Relatively low P/CF;
- 4) Low P/B.

Decision-Making Process:

Analysts and portfolio managers cover over 600 companies, of which 250 are intensively researched. Investment ideas are the result of the daily interaction between the firm's portfolio managers, research analysts and regular meetings with the Executive Committee. However, autonomy is given to the managers. Individual selections are made by senior portfolio managers using NB research, Street input, and their own ideas and analysis. Prior to purchase, the firm

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Jennison Associates LLC
Ownership data as of 03/31/01

466 Lexington Avenue
New York, NY 10017-3151
Tel (212) 421-1000
Fax (212) 682-3149

Founded: 1969. Formerly Jennison Associates Capital Corp., the firm was renamed in 1998 and is a wholly-owned subsidiary of The Prudential Insurance Company of America. In 2000, Prudential Investment Corp. combined most of its equity operations with Jennison.

Style	Growth
Orientation	Active
Turnover	Mod
# of Stocks Held	2,276
Portfolio Turnover	57.1
Equity Assets (\$MM)	72,072
Investor Type	Investment Advisors

KEY CONTACTS

Name	Title	Phone
Daniel Duane	Managing Director/International Group	(212) 833-0705
Mark DeFranco	Vice President	(212) 833-0517
Shaun Hong	Vice President	(212) 833-0464
David Kelfer	Managing Director	(212) 833-0444

INDUSTRY WEIGHTINGS

Top 10 Holdings	S&P %	Port %	Chg	Top 5 Buys	S&P %	Port %	Chg
Hlthcar-Drugs/Ph	(1.2)	8.2	-876.8	Bvgs-NonAlcohol	(1.0)	1.6	676.3
Inv Bank/Broker	(1.5)	6.6	-229.7	Ins-Multi-Line	(1.0)	2.4	452.6
Electric Cos	(1.7)	4.2	-34.2	Newspapers	(2.6)	1.0	323.6
Multi-Industry	(0.6)	4.2	-246.9	Consumer Finan	(1.2)	1.0	295.7
Computer Hrdwr	(1.1)	4.2	-772.8	Hlthcar-Dvsfd	(0.5)	1.7	261.1
Entertainment	(1.0)	3.4	-317.1	Top 5 Sells	S&P %	Port %	Chg
Oil&Gas-Svcs	(3.4)	3.1	237.2	Telcom-Coll/Wri	(4.5)	1.5	-1,653.2
Computer Sftwr	(0.6)	3.0	-73.0	Comms Equipm	(1.4)	2.6	-1,084.9
Biotechnology	(2.6)	2.7	217.7	Hlthcar-Drugs/Ph	(1.2)	8.2	-876.8
Bank-Money Ctr	(0.8)	2.6	-238.4	Computer Hrdwr	(1.1)	4.2	-772.8
				Paper & Forest	(1.3)	0.6	-549.6

POSITIONAL HISTORY

Date	Position	Change	% Out
03/31/01	1,554,684	-38,549	0.21
12/31/00	1,593,233	75,409	0.21
09/30/00	1,517,824	-261,794	0.20
06/30/00	1,779,618	85,943	0.24

PEER OWNERSHIP

Top 10 (\$MM)	03/01 (\$MM)	12/00 (\$MM)	09/00 (\$MM)	06/00 (\$MM)
ENE	90.3	132.4	133.0	114.8
WMB	351.5	183.1	194.2	186.7
KMI	169.4	166.4	146.4	123.6
DYN	162.6	155.3	172.5	135.9
PCG	109.4	79.2	74.9	26.5
DUK	99.6	78.7	213.2	146.3
D	41.0	41.2	34.2	25.5
AES	34.8	39.7	55.1	53.1
HAG	28.0	0.0	0.3	27.6
MIR	1.2	0.7	0.0	0.0
Total	997.4	744.8	890.9	725.3

PORT DISTRIBUTION

Small	Mid	Large
3%	13%	84%

PORTFOLIO CHARACTERISTICS

	P/E	Yield	Price/Est EPS	EPS 5 Yr Gr Proj	ROE	Debt/Equity	P/B	Beta
Enron Corp	63.1	0.9	29.9	17.2	6.5	83.3	4.1	0.7
S&P 500	26.4	1.2	25.6	15.6	20.7	56.7	4.2	1.0
Jennison Associates LLC	29.4	1.2	30.0	16.7	19.9	34.5	3.9	1.1

Net Gas Distr-PL HOLDINGS (All Cap)

	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
EPG	392.4	94.6	0.5	21.0	1.4	15.5
WMB	351.5	155.0	0.5	17.6	1.5	14.8
KMI	169.4	-0.3	0.2	40.8	0.4	17.3
DYN	162.6	21.3	0.2	30.6	0.8	20.7
EQT	126.2	0.3	0.2	16.8	1.2	12.3
STR	94.4	-12.6	0.1	14.6	2.3	9.3
ENE	90.3	-2.2	0.1	63.1	0.9	17.2
WGR	81.1	-3.1	0.1	17.3	0.5	16.3
SRE	79.1	48.0	0.1	13.6	3.7	7.9
MCH_	56.6	9.3	0.1	33.3	4.3	5.5

Net Gas Distr-PL ADJUSTMENTS

	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
WMB	351.5	155.0	0.5	17.6	1.5	14.8
EPG	392.4	94.6	0.5	21.0	1.4	15.5
KMI	169.4	-0.3	0.2	40.8	0.4	17.3
DYN	162.6	21.3	0.2	30.6	0.8	20.7
MCH_	56.6	9.3	0.1	33.3	4.3	5.5
CGP_	0.0	-231.9	0.0	NA	NA	NA
STR	94.4	-12.6	0.1	44.6	2.3	9.3
WGR	81.1	-3.1	0.1	17.3	0.5	16.3
ENE	90.3	-2.2	0.1	63.1	0.9	17.2
KMI	169.4	-0.3	0.2	40.8	0.4	17.3

INVESTMENT APPROACH

Jennison Associates manage three products, Growth Equity, Opportunistic Equity/ Growth & Income and International Equity, invest in established companies positioned to grow over time. Using a bottom-up, fundamental approach, the firm conducts numerous company visits to identify companies with the most favorable growth prospects and arriving at earnings estimates. Companies are then monitored regularly to determine if companies are inline with growth expectations and valuations are consistent with expectations. The Opportunistic Equity/ Growth & Income product expands on this strategy by investing in established companies with current or emerging earnings growth that have not been realized by the market. The International Equity product is invested in non-U.S. companies with market capitalizations over \$1.0 billion and potential for long-term secular growth.

Investment Criteria:

- 1) Superior absolute and relative earnings;
- 2) Attractively valued relative to earnings expectations.

Sell Criteria:

- 1) Earnings disappointment;
- 2) Stock has reached an intermediate-term price objective;
- 3) Outlook no longer appears promising;
- 4) Relatively more attractive stock emerges.

Decision-Making Process:

External research is utilized, as analysts devote most of their time to maintaining a high level of knowledge on companies already owned. Company contact is essential to the stock selection process. Investment ideas are then discussed in an investment committee. Individual portfolio managers then have discretion over buy/sell decisions.

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Davis Selected Advisers, L.P.
Ownership data as of 03/31/01

609 Fifth Avenue
New York, NY 10017
Tel (212) 891-5500
Fax (212) 207-3581

Founded: 1947. Davis Selected Advisers L.P. (formerly Selected/Venture Advisors, L.P.) is an owner-operated company. Shelby M.C. Davis is the controlling shareholder. The firm is responsible for the management of the Davis Selected Funds.

Style **GARP**
Orientation **Active**
Turnover **Mod**
of Stocks Held **234**
Portfolio Turnover **45.4**
Equity Assets (\$MM) **35,096**
Investor Type **Investment Advisors**

KEY CONTACTS

Name	Title	Phone
Kent Whitaker	Security Analyst	(212) 891-5552
Shelby M. Davis	Chief Executive Officer	(212) 891-5500
Kenneth Feinberg	Portfolio Manager	(212) 891-5556
Andrew Davis	President	(505) 820-3030

POSITIONAL HISTORY

Date	Position	Change	% Out
03/01			
12/00			
09/00			
06/00			
PEER OWNERSHIP			
Top 10 (\$MM)			
DUK	0.0	1.2	0.8
Total	0.0	1.2	0.8

INDUSTRY WEIGHTINGS

Top 10 Holdings	S&P	% Port	\$ Chg	Top 5 Buys	S&P	% Port	\$ Chg
Inv Bank/Broker	(2.8)	12.2	175.0	Ins-Mult-Line	(3.4)	7.9	1,835.8
Multi-Industry	(1.3)	9.7	474.3	Comms Equipm	(4.0)	7.5	759.9
Ins-Mult-Line	(3.4)	7.9	1,835.8	Manfg-Dvrsfd	(1.3)	9.7	474.3
Comms Equipm	(4.0)	7.5	759.9	Shipping	(11.5)	1.3	285.9
Consumer Finan	(8.2)	6.9	169.6	Top 5 Sells			
Banks-Haj Reg	(1.7)	4.5	47.8	Hthcar-Drugs/Ph	(0.6)	3.9	-1,130.4
Ins-Prop&Caslty	(10.8)	3.9	-34.7	Mutual Funds	(NA)	0.0	-481.4
Hthcar-Drugs/Ph	(0.6)	3.9	-1,130.4	Computer Hrdwr	(1.0)	3.6	-296.3
Computer Hrdwr	(1.0)	3.6	-296.3	S&L Cos	(5.6)	2.4	-242.6
Holding Cos	(NA)	3.0	38.7	Banks-Money Ctr	(0.1)	0.3	-189.7

PORT DISTRIBUTION

Small	Mid	Large
1%	11%	88%

PORTFOLIO CHARACTERISTICS

	P/E	Yield	Price/Est	EPS	EPS 5 Yr Gr	Proj	ROE	Debt/Equity	P/B	Beta	
Enron Corp	83.1	0.9		29.9			17.2	6.5	83.3	4.1	0.7
S&P 500	26.4	1.2		25.6			15.6	20.7	56.7	4.2	1.0
Davis Selected Advisers, L.P.	27.2	1.3		26.1			15.8	24.6	22.6	4.5	1.1

Nat Gas Distr-PL HOLDINGS (All Cap)

\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth

Nat Gas Distr-PL ADJUSTMENTS

Proj EPS Growth	Sells	\$ Held	\$ Chg	% Port	P/E	Yield	Proj EPS Growth
	EPG	0.0	-1.4	0.0	21.0	1.4	15.5

INVESTMENT APPROACH

The firm utilizes concurrent top-down and bottom-up investment disciplines. While investments are chosen on a stock-by-stock basis, based on underlying fundamentals and valuations, the firm attempts to identify broad macroeconomic trends. The firm invests in high-quality, well-managed companies with potential for growth. The price discipline pays careful attention to the valuations and earnings multiples of every company considered for investment. The research team screens the universe of large company stocks for such characteristics as outstanding management, strong returns on capital, strong balance sheet, smart use of technology and companies with a proven record of strategic acquisitions. The firm relies on judgement and insight of the portfolio management and research staff to correctly determine when to buy and sell shares of a company. The firm regularly reviews holdings.

Investment Criteria: 1) Strong sales growth; 2) Good return on capital; 3) Solid balance sheet; 4) Dominant within industry; 5) Low expenses; 6) Management owns company stock; 7) Technological innovations.
Sell Criteria: 1) Fundamentals deteriorate; 2) Reaches valuation that is unjustifiable given its predicted future earnings; 3) Improper business or management practice; 4) Management or strategy change.
Decision Making Process: Three senior investment professionals make up the firm's investment committee, who make all final investment decisions. The firm relies solely on proprietary research and meetings with management when making buy or sell decisions.

> INSTITUTIONAL PROFILE

OVERVIEW | PEERS | PORTFOLIO | INDUSTRY | CAR/STYLE | FUNDAMENTALS | HEAT MAP | FUNDS | CQI

Davis Selected Advisers, L.P.

PORTFOLIO INFO

Investment Style GARP
Equity Assets (\$MM) 35,096
Orientation Active
of Stocks Held 234
Turnover Mod
Turnover (%/yr) 45.4
Type Investment Advisors

CONTACT INFO

Mr. Kent Whitaker
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US
Tel: (212) 891-5552
Fax: (212) 207-3581
www.davisfunds.com

PROFILES

Who's Who
blackbook

AFFILIATIONS

Founded: 1947. Davis Selected Advisers L.P. (formerly Selected/Venture Advisors, L.P.) is an owner-operated. Shelby M.C. Davis is the controlling shareholder. The firm is responsible for the management of the Davis S

INVESTMENT APPROACH

The firm utilizes concurrent top-down and bottom-up investment disciplines. While investments are chosen on a stock basis, based on underlying fundamentals and valuations, the firm attempts to identify broad macroeconomic trends. The firm invests in high-quality, well-managed companies with potential for growth. The price discipline pays attention to the valuations and earnings multiples of every company considered for investment. The research team screens the universe of large company stocks for such characteristics as outstanding management, strong financial capital, strong balance sheet, smart use of technology and companies with a proven record of strategic acquisitions. The firm relies on judgement and insight of the portfolio management and research staff to correctly determine when to buy and sell shares of a company. The firm regularly reviews holdings.

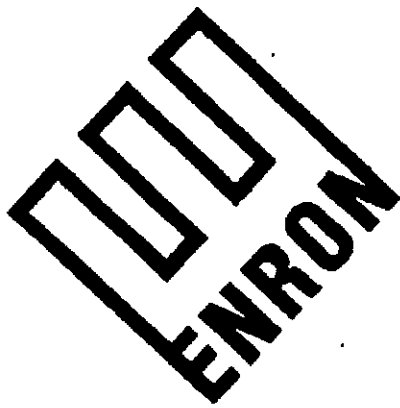
Investment Criteria: 1) Strong sales growth; 2) Good return on capital; 3) Solid balance sheet; 4) Dominant industry; 5) Low expenses; 6) Management owns company stock; 7) Technological innovations.

Sell Criteria: 1) Fundamentals deteriorate; 2) Reaches valuation that is unjustifiable given its predicted future performance; 3) Improper business or management practice; 4) Management or strategy change.

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SLIDES

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Enron Corp. - Logo Slide

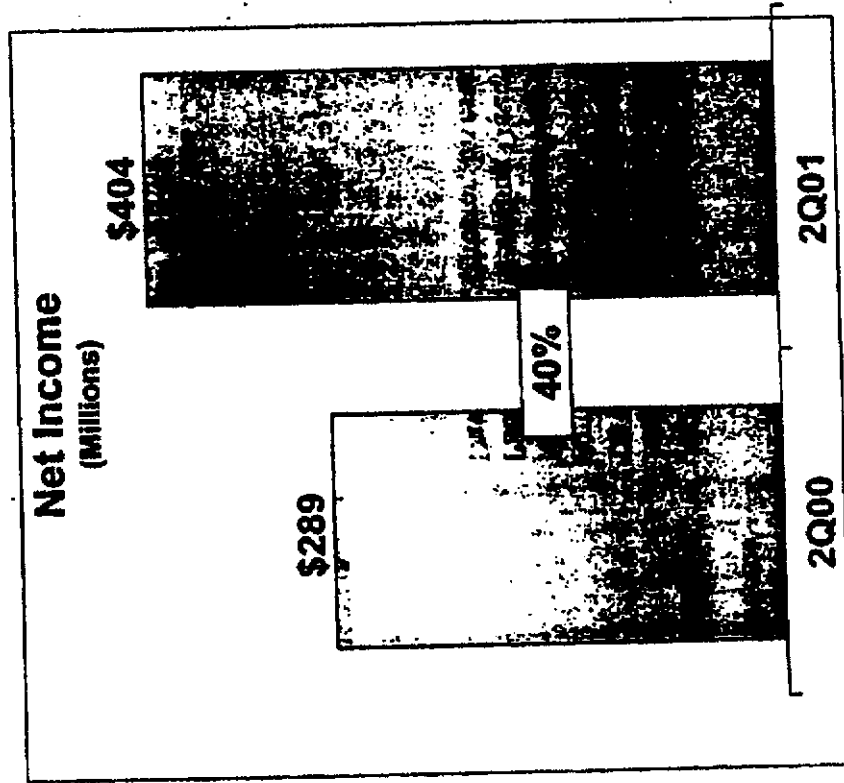
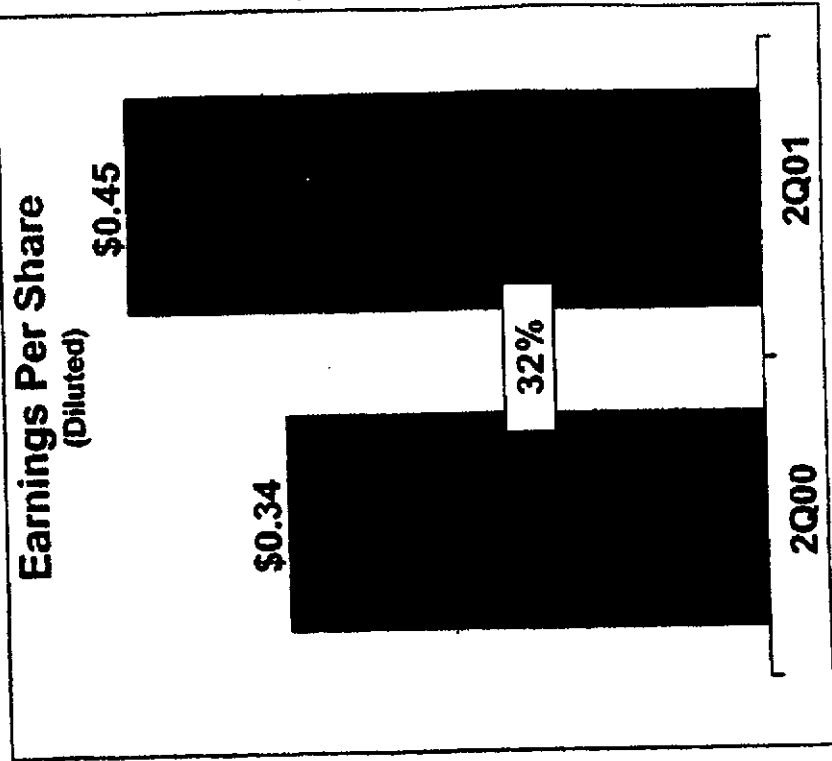
NEW YORK

- Welcome
- Introduce:
 - Jeff Skilling, President and Chief Executive Officer - Enron Corp.
 - Mark Frevert, Chairman and CEO - Enron Wholesale Services
 - Dave Delaney, Chairman and CEO - Enron Energy Services
 - Andy Fastow, Executive Vice President and CFO - Enron Corp.
 - Mark Koenig, Executive Vice President, Investor Relations - Enron Corp.
 - Paula Rieker, Managing Director, Investor Relations - Enron Corp.
 - David Leboe, Director, Investor Relations - Enron Corp.

HOUSTON

- Welcome
- Introduce:
 - Jeff Skilling, President and Chief Executive Officer - Enron Corp.
 - Dave Delaney, Chairman and CEO - Enron Energy Services
 - Mark Koenig, Executive Vice President, Investor Relations - Enron Corp.
 - Paula Rieker, Managing Director, Investor Relations - Enron Corp.
 - and other members of the Investor Relations team

Financial Performance



Enron Corp. - Financial Performance

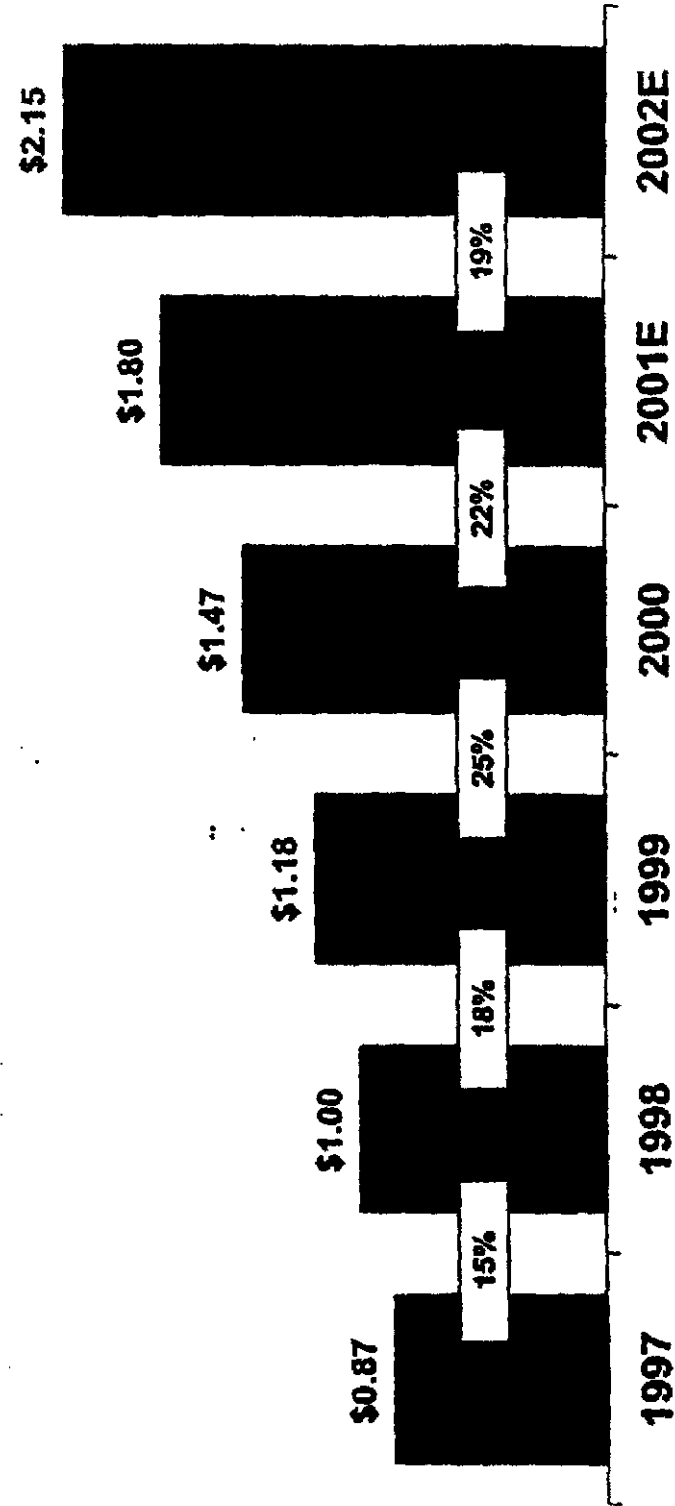
- We had another excellent quarter in all of our businesses. The second quarter results confirm our strong growth and momentum.
- Net income was up 40% to \$404 million.
- Earnings per share were \$0.45 per diluted share this quarter, compared to \$0.34 last year - a 32% percent increase.

Background:

Performance	1Q2000	2Q2000	YTD2000	1Q2001	2Q2001	YTD2001	Q. Chg	% Chg	YTD Chg	% YTD Chg
Revenues (\$ Millions)	13,145	16,266	30,031	50,129	60,080	100,189	33,174	186%	70,158	234%
Net Income (\$ Millions)	338	289	627	406	404	810	115	40%	183	29%
EPS	\$ 0.40	\$ 0.34	\$ 0.73	\$ 0.47	\$ 0.45	\$ 0.92	0.11	32%	0.19	26%

Earnings Performance

(Recurring Per Diluted Share)



20% Average Annual Growth Rate

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Earnings Performance -- 1997 through 2002E

- Enron has a strong track record of earnings growth. Our earnings growth rate is continuing at very strong levels.
- Enron's recurring earnings of \$1.47 per diluted share last year were 25% above 1999 results.
- We had an initial target for 2001 of \$1.70 - \$1.75 per diluted share, which we have increased to \$1.80 per share.
- Our five-year annualized earnings per share growth rate is 20% - a sustainable level for the company and consistent with the growth rated implied in the recently revised 2002 guidance of \$2.15 per diluted share.

Background:

Millions	1997	1998	1999	2000	2001E	2002E
Revenues	\$ 20,273	\$ 31,260	\$ 40,112	\$ 100,789		
Net Income (Recurring)	\$ 515	\$ 698	\$ 957	\$ 1,266		
EPS (Recurring)	\$ 0.87	\$ 1.00	\$ 1.18	\$ 1.47	\$ 1.80	\$ 2.15

Recent Investor Concerns

- **California**
- **India**
- **Enron Broadband Services**
- **Cash Flow & Financing Vehicles**
- **“Trading” in Enron’s Business Model**

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Recent Investor Concerns

- Work from slide.

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California

- **Receivables Exposure**
 - Fully Reserved
 - Active PG&E Creditors' Committee Member
- **Potential Wholesale Refunds**
 - Minimal Enron Amounts Cited
 - Possible Net Amount Owed to Enron
- **Contempt Issue**
 - Enron Stance Centered Around Due Process
 - Near Resolution/ Compliance

No Impact Expected on 2001 Earnings Results

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California

- Work from slide.

\$ 8.9 b
~~35.8 mm~~
~~38.5 mm~~
Not Purchase
\$42.0 mm recovery

DWR
- Job out of the money
- Don't bid out

India

Dabhol Power Update

- 740 MW Phase I Operational; 1,444 MW Phase II 95% Complete; Construction Suspended
- Customer Has Multiple Defaults and Has Repudiated the Contract
- Owners and Lenders Pursuing Well-Defined Contractual Remedies
 - Declared Political Force Majeure
 - Initiated 6-Month Cure Period
 - Continued Enforcement of Contractual Rights
- \$875 Million Total Investment by Enron

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India - Dabhol Power Update - Paid in full

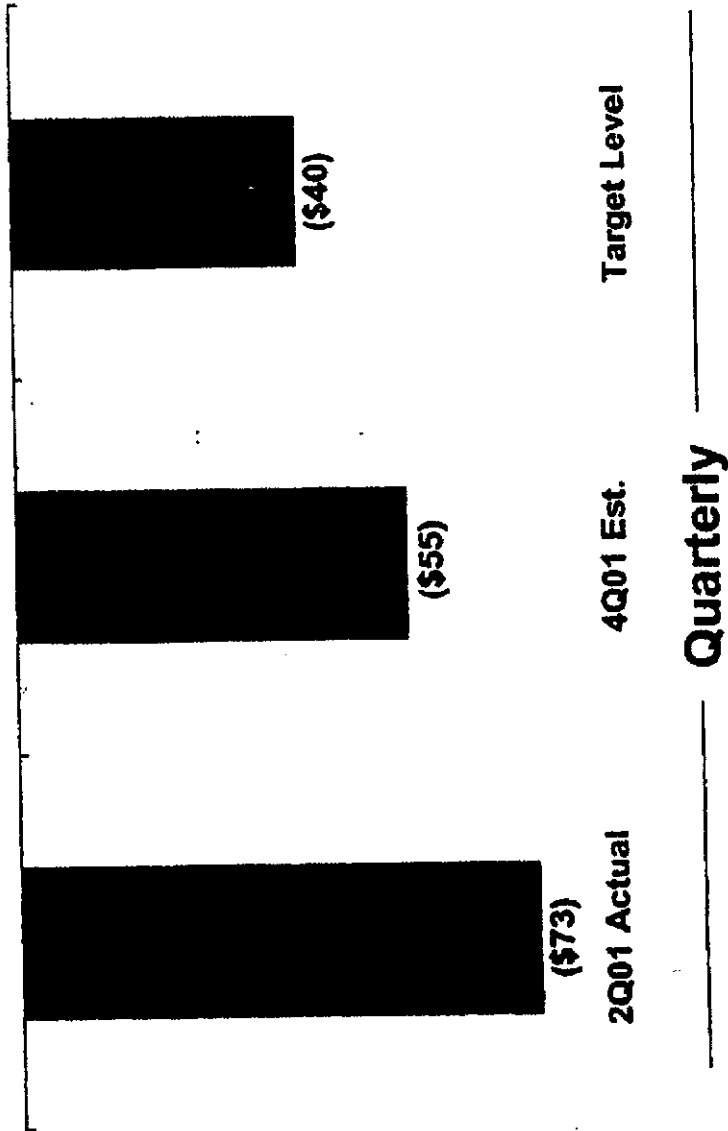
Background (Confidential):

Termination Guarantees:

- Guarantee from Government of Maharashtra of up to \$5 billion.
- Guarantee from Government of India of up to \$300 million (accrues only to creditors' benefit).

-OPIC
-Other Exp. Ins.

Enron Broadband Services General & Administrative Costs (Millions)



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900 → 400

Enron Broadband Services - General & Administrative Costs

• The second quarter IBIT loss of \$102 million included \$73 million of general and administrative expenses. We have implemented reductions in headcount at EBS from just over 900 to approximately 400. With these and other changes, we expect to reduce G&A expense to \$55 million in the fourth quarter. We will see a further reduction to \$40 million per quarter by early 2002, which will be a reduction of 45% from current G&A levels.

Note:

- Third quarter G&A is likely to approximate second quarter levels.
- The headcount reduction of 500 employees includes 230 support employees who will be transferred to Wholesale/Corp. and will continue to provide some level of services to EBS. Company-wide synergies will be achieved. The financial impact to EBS of these reductions will not be 1:1; a 25 - 50% expense reduction is most likely for the support-related reductions.
- Intermediation headcount reduction of 13% which is less than overall reduction in headcount of 57% for EBS. EBS will continue to focus on longer-term intermediation opportunities.

Note:

Area	Before	After	% Change
Commercial			
Intermediation	63	55	(13%)
Origination	88	44	(50%)
Content services	18	12	(33%)
Network	208	196	(6%)
Structuring & Support	539	88	(84%) (a)
TOTAL	916	395	(57%)

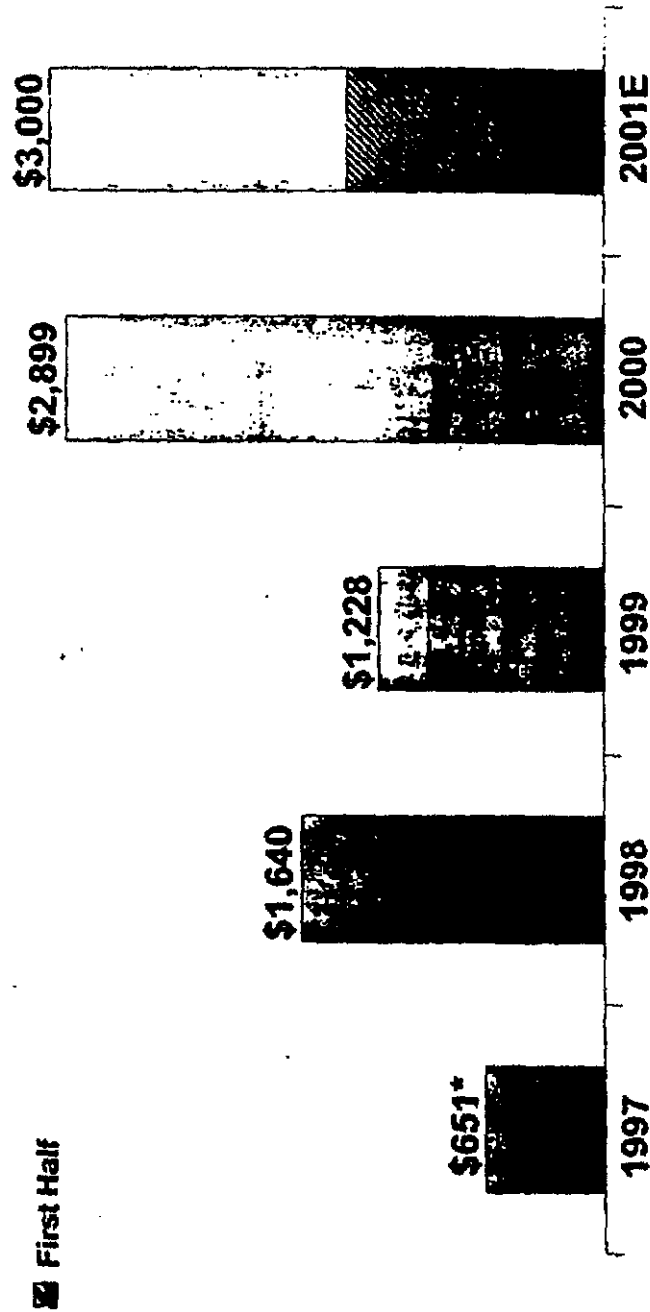
(a) Includes 230 employees transferred to Enron Wholesale and Enron Corp.

Cash Flow From Operations

- Elements of our normal working capital and price risk management activities can result in periodic fluctuations in cash flow from operations, as traditionally reported for accounting purposes. The single major element impacting reported cash flow in 2000 and year-to-date 2001 has related to our wholesale deposit activity.
- We receive and provide cash or letters of credit as credit collateral.
 - During the fourth quarter 2000, the gas and power markets experienced unprecedented volatility and, as a result, we received a net \$1.88 billion of cash deposits from our customers. Reported cash flow from operations for the full year 2000 increased to almost \$4.8 billion.
 - For the first half of 2001, the significant deposit inflows have reversed and, as a result, reported cash flow from operations is expected to be negative for the first half of 2001.

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Cash Flow from Operations Excluding Deposits (Millions)



■ First Half

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*Excluding J-Block Settlement

2nd Quarter

© 2001 JPMorgan Chase & Co.

Cash Flow from Operations - Excluding Deposits

- Viewing "Cash Flow from Operations, Excluding Deposits" eliminates the major fluctuations. On this adjusted basis, our cash flow in 2000 was a more normalized \$2.9 billion. We estimate that our comparable cash flow for the first half of 2001 will approximate \$1.4 billion, and our full year 2001 cash flow will exceed the 2000 level and approximate \$3 billion.

Note: 1999 cash flow was impacted by a \$1 billion increase in Accounts Receivable.

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Off-Balance Sheet Transactions

- **Funding Cost-Effectively Expands Enron's Credit Capacity**

– Primarily Reflects Whitewing and Marlin Issuances

- **Eliminating Related Party Relationship with LJM**

- **Primarily Supported by Asset Values; Secondary Support from Equity-Backed Commitments**

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Off-Balance Sheet Transactions

- Work from slide.

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Contingent Equity Commitments

Components
Impacting Share Count
2Q01 vs. 2Q00
(Million Shares)

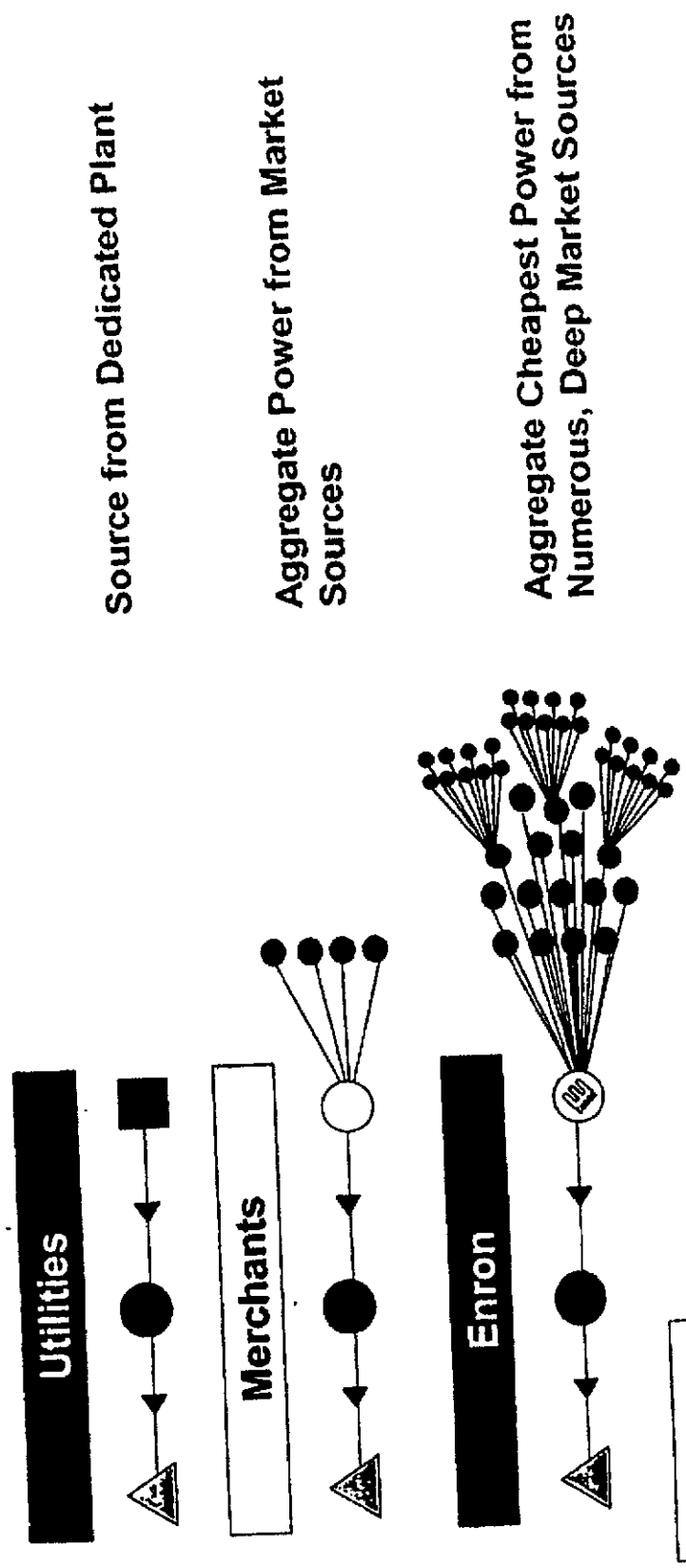
<u>Basic:</u>		
Option Exercises	24	
<u>Diluted:</u>		
Options - Treasury Method	(21)	Natural Offset with
Contingent Equity Commitments	29	Stock Price Changes
Other	(3)	
Total	<u>29</u>	

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[Build Up]

Contrasting Business Approaches

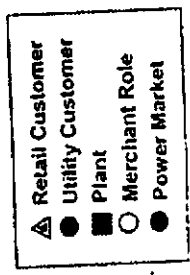
Example: Providing Reliable Power Supply



Source from Dedicated Plant

Aggregate Power from Market Sources

Aggregate Cheapest Power from Numerous, Deep Market Sources



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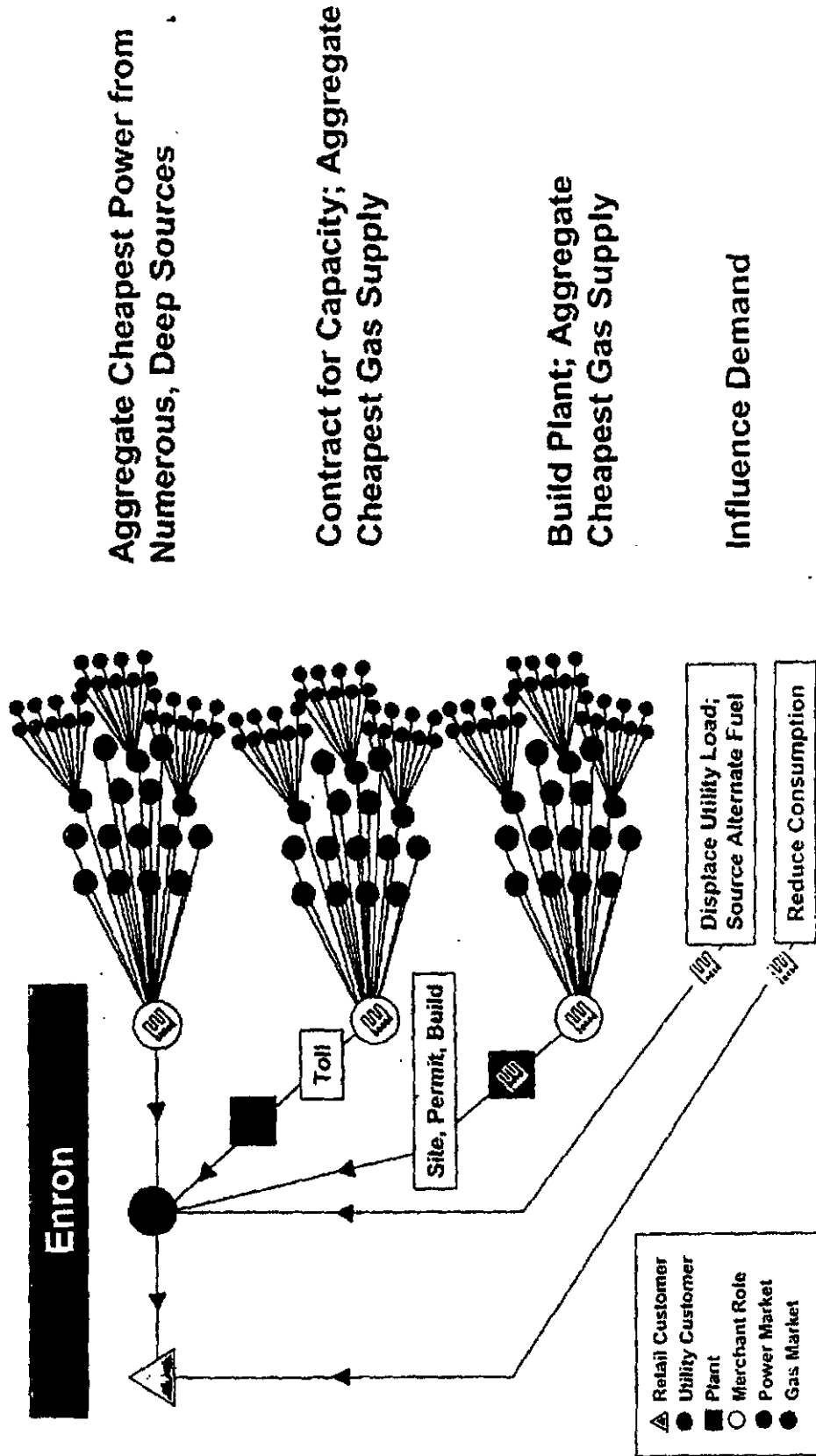
Contrasting Business Approaches - (Build-Up Slide)

- Enron's wholesale business is unique. We can apply our scope, scale and access to market information in many ways to provide our customers the most reliable physical delivery at the lowest available cost. Enron is not a trading company. We are a logistics company. We utilize the markets to source the cheapest energy components and reliable package and deliver energy to our customers.
- The value of our extensive network can be seen by contrasting alternatives available to utilities, other merchants and Enron in providing reliable power supply.
 - Utilities obtain power from limited sources - typically by direct ownership of plants dedicated to serve a specific group of customers.
 - Other merchant companies aggregate supplies from market sources within a given region, including from other utilities with excess power of from other merchants.
 - Enron's vast scope and scale enable us to have many more contacts and market sources both within the region as well as in surrounding regions. We can aggregate the cheapest power from numerous, deep market sources.

[Build Up]

Enron's Unique Network Alternatives

Example: Providing Reliable Power Supply

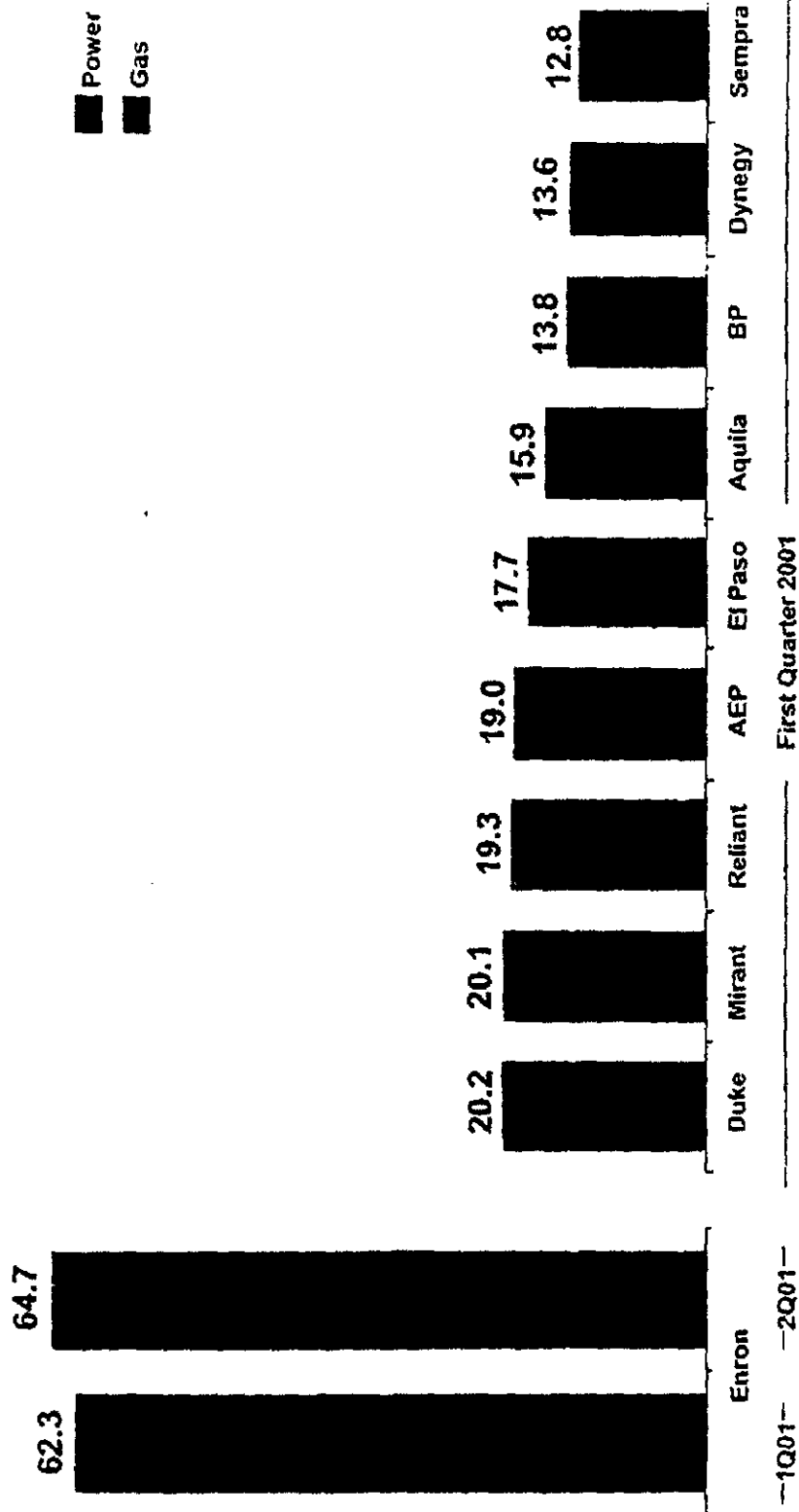


Enron's Unique Network Alternatives - (Build-Up Slide)

- Enron's broad capability to aggregate power is repeated here, along with numerous other ways Enron can source reliable, low-cost power.
- We also obtain contract access to third party plants through tolling agreements which provide us the benefits of ownership without the capital commitment. The advantages of our scope and scale extend from power into gas, as we can aggregate low-cost gas supply to fuel the plant, similar to our sourcing power from many broad sources.
- In regions with tight capacity, we develop plants, including sighting, permitting and construction activities. We may sell these rights to third parties prior to completion, or we may build to completion and source low-cost gas supply for an Enron-owned plant.
- We can also work directly with utilities and shut down their plants when it is cheaper to buy power on the market than to produce. Similarly, we can work with industrial customers to shut down their operations when the value of their energy is worth more than the value of the good they produce. For plants with fuel switching capabilities, we can source alternate fuel sources when cheaper than running with natural gas or other fuels.
- With our retail business, Enron is distinct in being able to work directly with retail business customers to reduce energy consumption with our full range of energy management services.

Enron's Leading Market Position

(Bcfe/d)



Source: Company Reports, NGI, Natural Gas Week

Enron's Leading Market Position - 1Q01

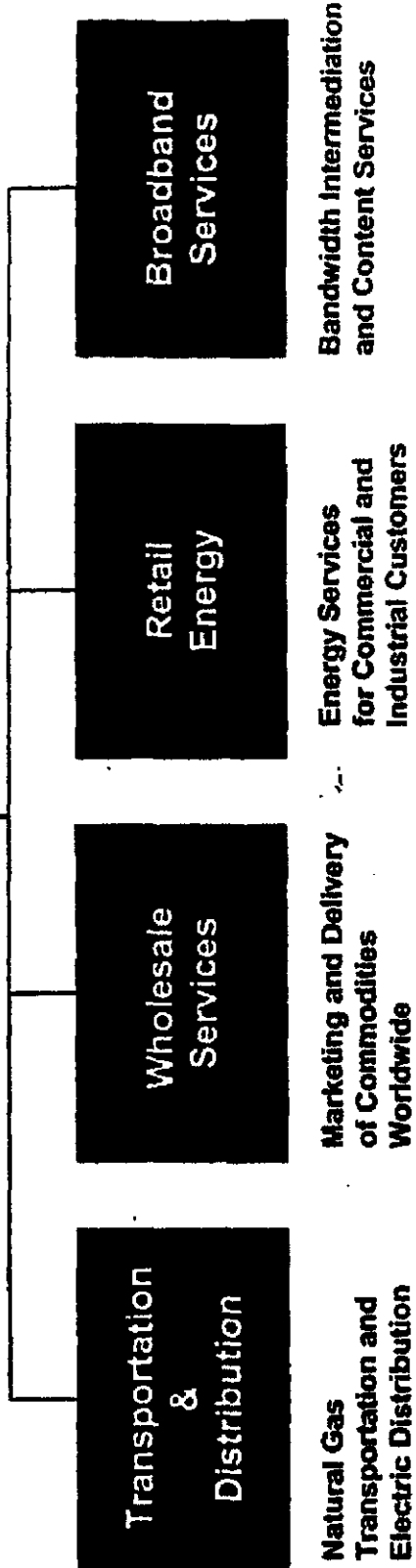
This slide presents Enron's competitive position relative to U.S.-based energy merchants.

- Enron has significantly distanced its market share from other marketers. The volume results continue to demonstrate Enron's more than three-fold lead on our nearest group of competitors.
- In addition, Enron has a well-diversified energy business, with gas and power contributing about 60% and 40% to volumes, respectively. No other merchant energy peer has so successfully penetrated both markets. Similarly, no other peer has so successfully expanded into the Europe energy market.
- We have built a tremendous market franchise that has significant sustainable competitive advantages. We continue to build our business with 2Q01 volumes increasing relative to 1Q01. [Note: Not all others have reported 2Q volumes.]

NOTE: Physical volumes only: Volumes include Europe to the extent publicly reported.

Enron's Lead Market Position (Bcf/d)	1Q01			2Q01		
	Gas	Power	Total	Gas	Power	Total
Enron	36.6	25.8	62.4	33.2	31.5	64.7
Duke	13.6	6.6	20.2	11.2	13.0	24.2
Mirant	12.8	7.3	20.1			
Reliant	10.8	8.5	19.3			
AEP	3.5	15.5	19.0			
El Paso	13.8	3.9	17.7			
Aquila	10.4	5.5	15.9			
BP	12.5	1.3	13.8			
Dynegy	10.7	2.9	13.6			
Sempra	10.8	2.0	12.8			

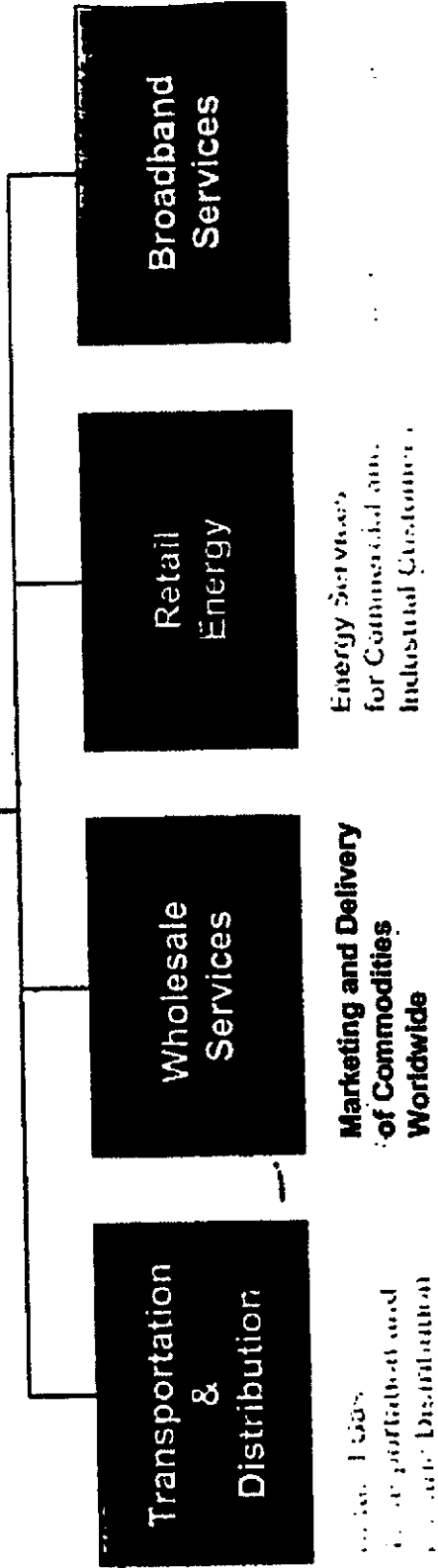
Source: Company Reports, Natural Gas Week, Natural Gas Intelligence



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Organization Chart

- Transportation and Distribution includes our regulated businesses. Our gas pipeline network, which operates as Enron Transportation Services, is one of the largest, most innovative and cost effective systems in North America. Portland General is our electric utility in the northwest U.S. Our T&D businesses produce strong, earnings and stable cash flows.
- Wholesale Services is our largest business. Enron's wholesale business outlook is very strong. Our broad scale and extensive scope enables us to package and reliably deliver energy commodities and provide price risk management services at the lowest available cost. We are also very successfully extending into new global and industrial markets.
- Our Retail Energy business provides energy services directly to end-use customers in the commercial and light industrial markets. We are the only comprehensive nationwide provider of energy services in North America and are experiencing great results in Europe. We have a strong history of contracting success, and we are penetrating new markets with proven, standardized products.
- In our Broadband Services business, we are very well-positioned to play a lead role in the intermediation market for bandwidth. As mentioned, industry conditions are very weak. Our asset-light strategy allows us to significantly reduce costs to be more in line with near-term revenue opportunities. Our focus going forward will be in intermediation, and we will very cost effectively retain the option value associated with our network and content business.



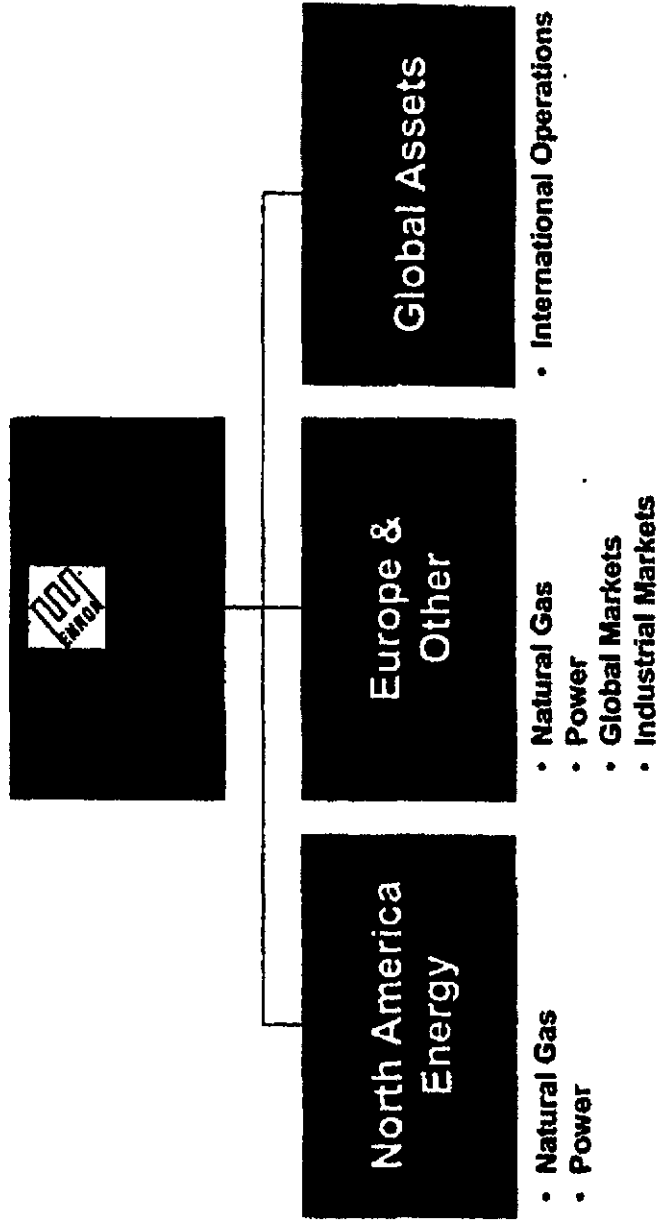
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Wholesale Services -- Organization Chart

- Wholesale Services is our largest business and has been the main driver of growth for Enron since its inception a decade ago. We have leading market positions worldwide in the fast growing, deregulating worldwide energy markets. We have consistently increased profitability regardless of commodity market conditions.
- We have also extended the Wholesale Services business model to other wholesale markets with enormous growth potential, including, coal, metals, forest products and steel.
- Through our Wholesale Services activities, we have established a franchise with strong, accelerating, recurring growth opportunity.

Enron Wholesale Services

Marketing and Delivery of Commodities Worldwide



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Enron Wholesale Services -- Marketing and Delivery of Commodities Worldwide

North America Energy

- Our North America Energy business is our most advanced network. We have a workforce of over 2,500, primarily located in Houston, plus 10 other offices in key markets. We are the leading provider of natural gas and power across North America.

Europe & Other

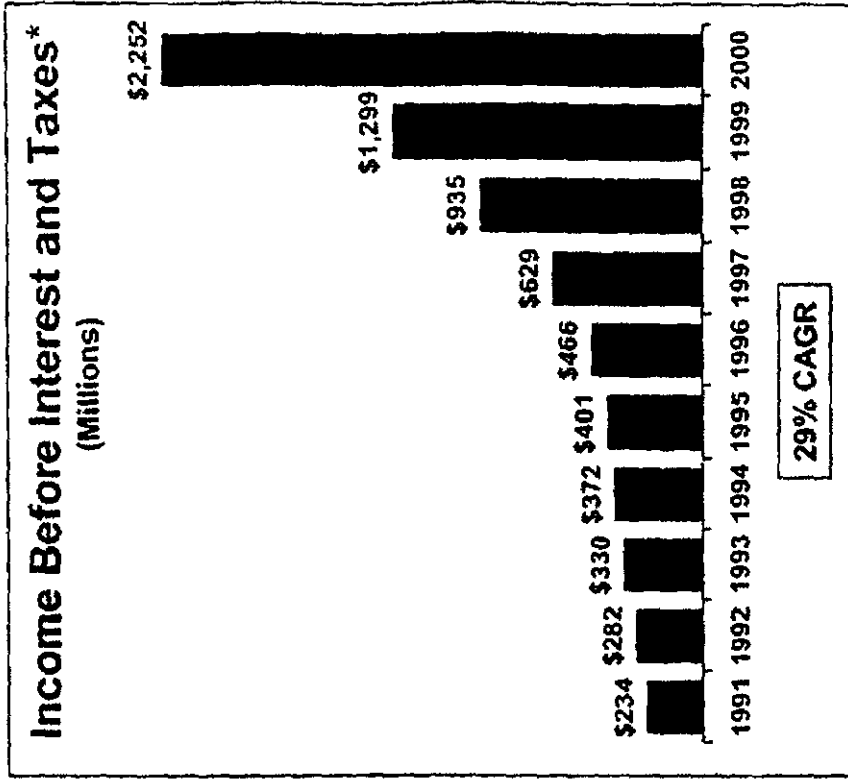
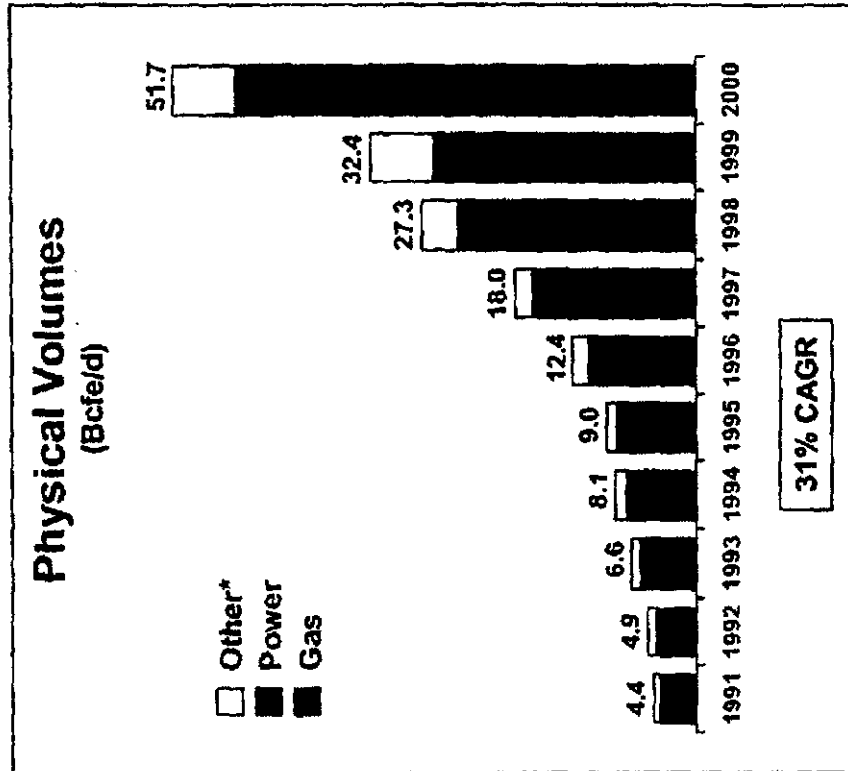
- We have extended our energy model into other regions and to other commodities.
- Europe Energy is the only Pan European energy company. We have a large, experienced local workforce of over 2,000 in London and on the Continent.

- Other areas of Wholesale Services include our Global and Industrial Markets activities where we are replicating our core market-making skills in enormous markets such as Liquids, Coal, Weather, LNG, Metals and Forest Products.

Global Assets

- Our Global Assets business is focused on optimizing operations and maximizing values of our international assets.

High, Long-Term Correlation in Volumes and Profitability



High, Long-Term Correlation in Volumes and Profitability - 10-Years Historical

Physical volumes are the best indicator of earnings growth for Enron.

Physical Volumes

- Physical volumes have increased at a compounded annual growth rate of 31% since 1991.
- We have steadily expanded beyond natural gas. Power deliveries have increased rapidly (over 140% annually) since our early entry into the wholesale power market in 1995
- Our volume mix has become increasingly well diversified, with power contributing significantly to increasing energy deliveries.

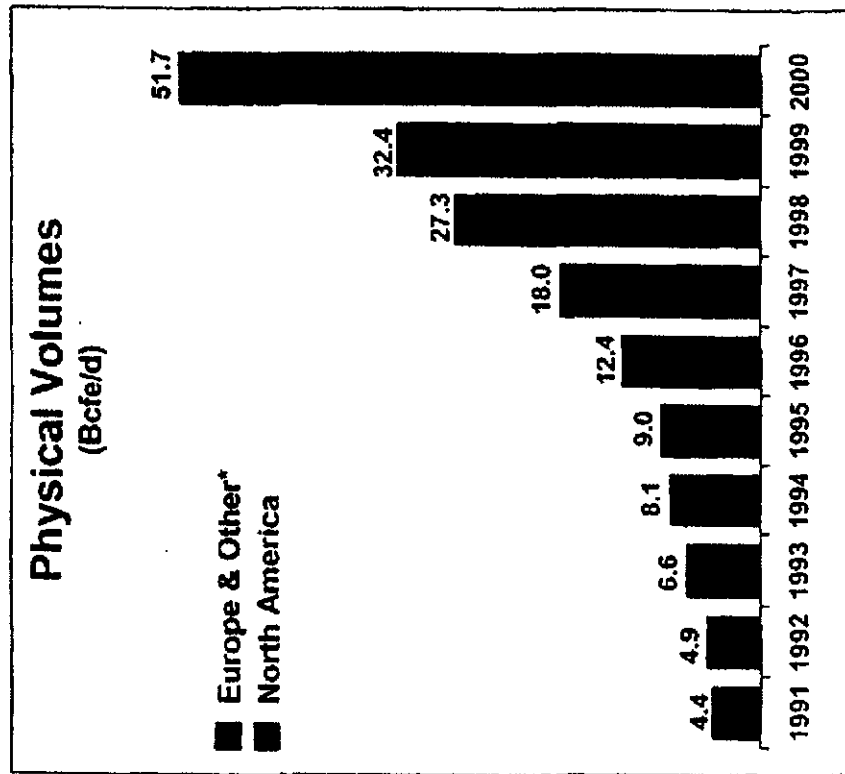
IBIT

- Income before interest and taxes has also grown substantially, with a compounded annual growth rate of 29% over the ten-year period.
- IBIT is highly correlated with our physical volumes.
- We have consistently grown profits regardless of prevailing commodity pricing environments.

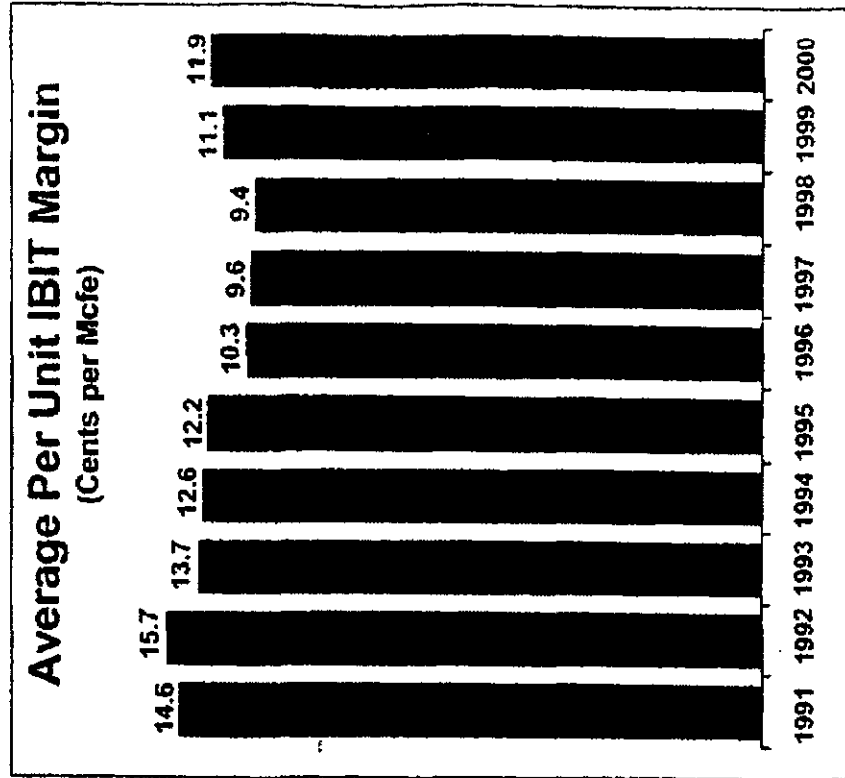
Physical Volumes (Bcf/d)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Gas	3.7	4.1	5.7	7.0	7.8	9.2	11.0	12.7	15.5	28.3
Power	-	-	-	-	0.2	1.6	5.3	11.0	10.7	17.3
Other	0.7	0.8	0.9	1.1	1.0	1.6	1.7	3.6	6.2	6.1
Total by Product	4.4	4.9	6.6	8.1	8.9	12.4	17.9	27.3	32.4	51.7
Increase over Prior Year	11%	11%	35%	23%	11%	30%	45%	52%	19%	60%

IBIT (\$ Millions)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Wholesale Services IBIT	\$ 224	\$ 262	\$ 330	\$ 372	\$ 401	\$ 448	\$ 629	\$ 835	\$ 1,200	\$ 2,252
10-Year CAGR Increase over Prior Year	21%	17%	13%	13%	8%	16%	35%	49%	39%	73%

Volume Growth and Strong Margins Drive Profitability



*Excludes Products Such as Steel, Metals and Forest Products not Convertible to Bcfe/d



Volume Growth and Strong Margins Drive Profitability - 10-Years Historical

Physical Volumes

- Our consistent growth has also been achieved by expanding into new high-growth markets.
- Our Europe energy network provides a strong contribution to increased physical volumes.

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Average per Unit IBIT Margin

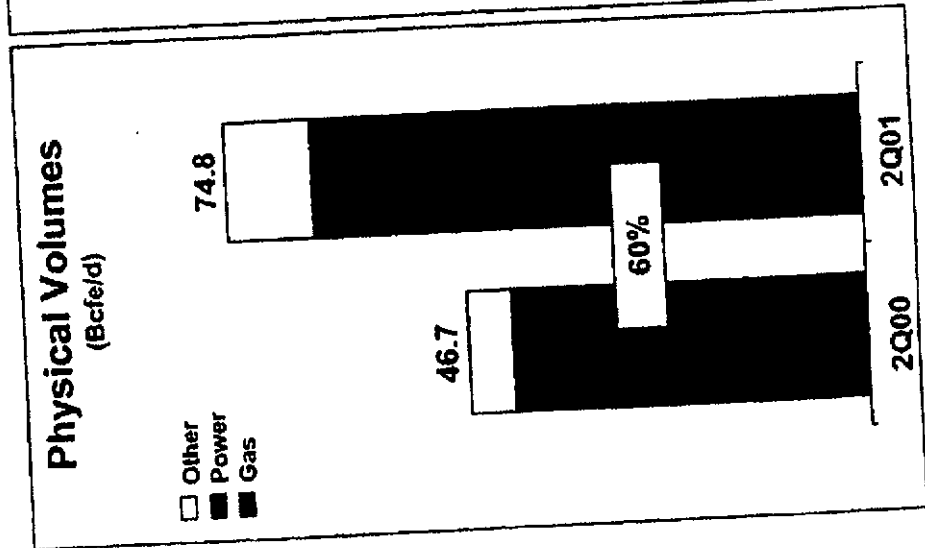
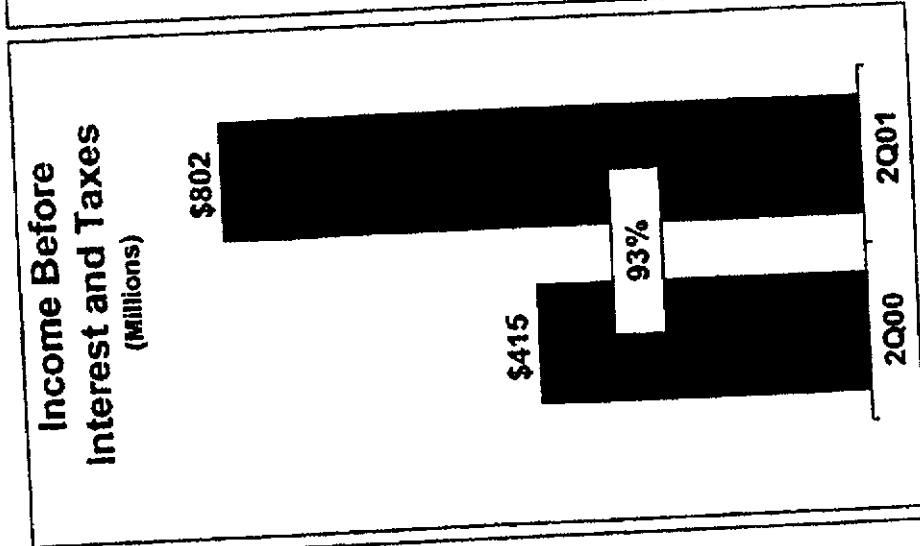
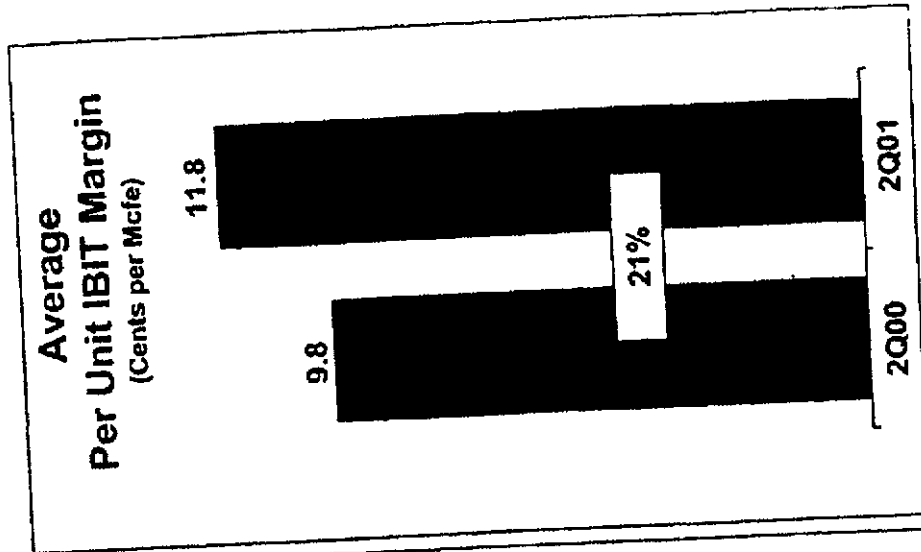
- The strong correlation in IBIT and physical volumes translates to very consistent per unit margins.
- We have increased our Average Unit IBIT Margin to 11.9 cents per Mcfe for 2000.

Physical Volumes (Bcf/d)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
North America	3.7	4.1	5.7	7.0	8.0	10.6	15.6	22.5	24.4	40.5
Europe & Other	0.7	0.8	0.9	1.1	1.0	1.8	2.4	4.8	8.0	11.2
Total by Product	4.4	4.9	6.6	8.1	9.0	12.4	18.0	27.3	32.4	51.7
10-Year CAGR Increase over Prior Year		11%	35%	23%	11%	38%	45%	52%	19%	29%

IBIT (\$ Millions)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Wholesale Services IBIT	\$ 234	\$ 282	\$ 330	\$ 372	\$ 401	\$ 466	\$ 629	\$ 935	\$ 1,299	\$ 2,252
10-Year CAGR Increase over Prior Year		21%	17%	13%	8%	16%	35%	49%	39%	73%

Average per Unit IBIT Margin (cents per Mcfe)	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Average per Unit IBIT Margin	11.9	16.7	31.7	45.8	44.4	37.6	34.9	39.4	39.4	43.7
10-Year CAGR Increase over Prior Year		48%	80%	30%	-3%	-18%	-8%	9%	9%	11%

Second Quarter Performance



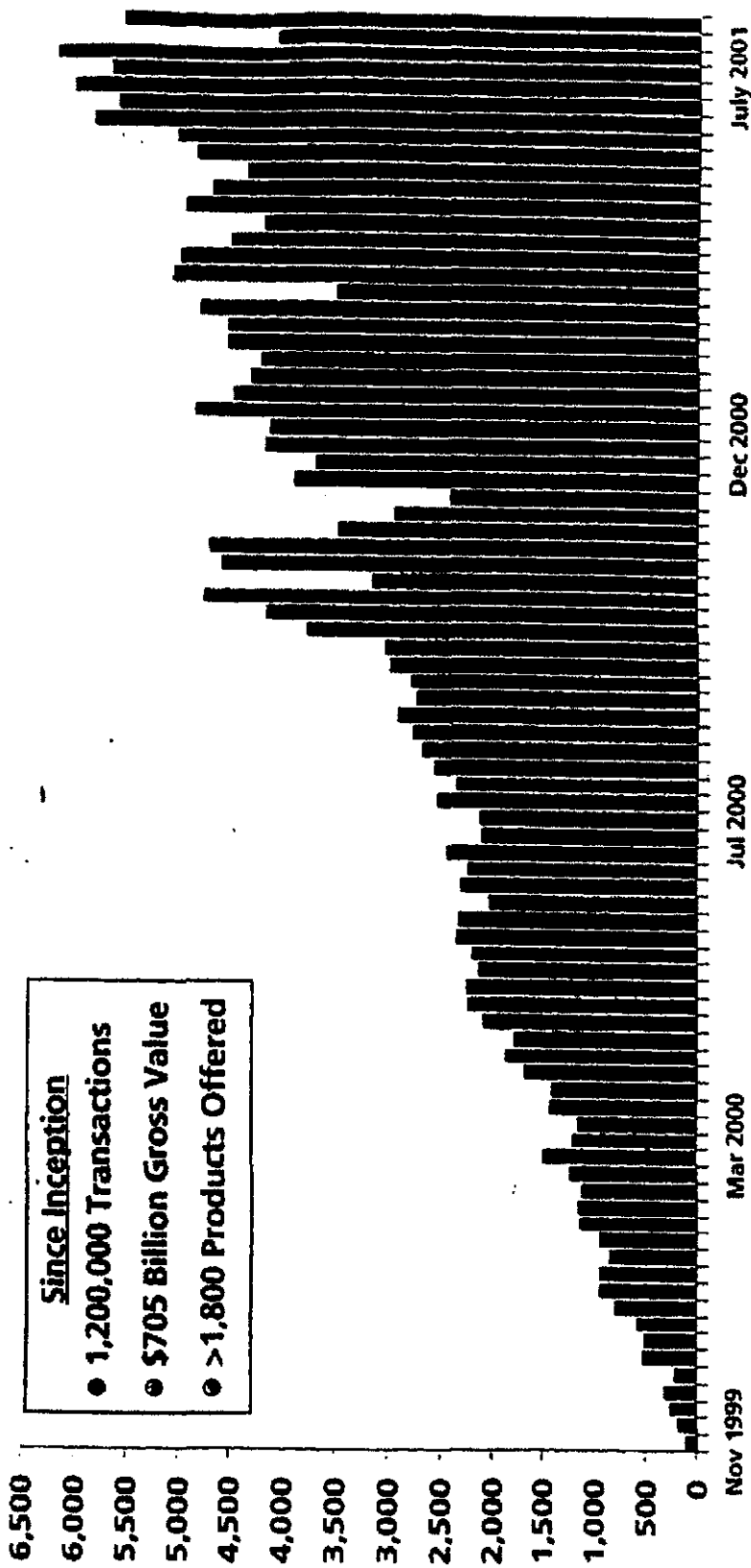
Second Quarter Performance

- These charts depict the combined Wholesale Services group.
- We had an outstanding quarter. Total physical volumes were up 60% from last year to 74.8 Bcfe/d. Natural gas and power volumes increased by 25% and 109%, respectively, in the second quarter from a year ago. As we will discuss, EnronOnline has been a significant contributor to our expanded scale.
- IBIT increased 93% from a year ago to \$802 million.
 - Commodity, Sales and Services IBIT increased by 81% to \$762 million, once again primarily due to significantly increased physical delivery increases across North America and Europe. Our North American power business led the IBIT contribution.
 - IBIT from assets and investments increased by 144% to \$134 million, reflecting a higher level of earnings from merchant investments and related assets.

	2008	2001	%
PHYSICAL VOLUMES (Bcfe/d) - 2Q			
Gas			
U.S.	14,902	19,806	33%
Canada	7,536	5,808	-23%
Europe and Other	3,593	7,290	103%
Total Physical Sales Vol.	26,031	32,904	26%
Transport	595	319	-46%
Total Gas	26,626	33,223	25%
Oil and Liquids	5,848	18,854	99%
Electricity	15,656	31,588	109%
Total Volumes	48,130	83,665	60%
Electricity (Thousands MWh)			
U.S.	124,089	213,948	72%
Europe and Other	12,912	72,704	463%
	137,001	286,652	109%

	2008	2001	\$Change	%
IBIT (\$ Millions) - 2Q				
Commodity Sales & Services	\$ 240	\$ 36	\$ (204)	-85%
Gas Trading	151	790	639	423%
Power Trading (including Retail)	29	(64)	(93)	-121%
Other	418	762	342	81%
Total Commodity Sales & Services	(55)	(58)	(3)	5%
Assets & Investments	88	151	63	72%
Fair Value Investments	27	40	13	48%
Other Changes-Merchant Activities	(5)	1	6	-120%
Asset Operations	55	134	79	144%
Development & Construction	(60)	(94)	(34)	57%
Total Assets & Investments	415	802	387	93%
Unallocated Expenses	46,730	74,777	28,047	60%
Total IBIT for Wholesale Services	9.8	11.8	2.0	21%
MME/d				
Margins (Cents per MWh)				

EnronOnline Average Daily Transactions



2nd Quarter-20

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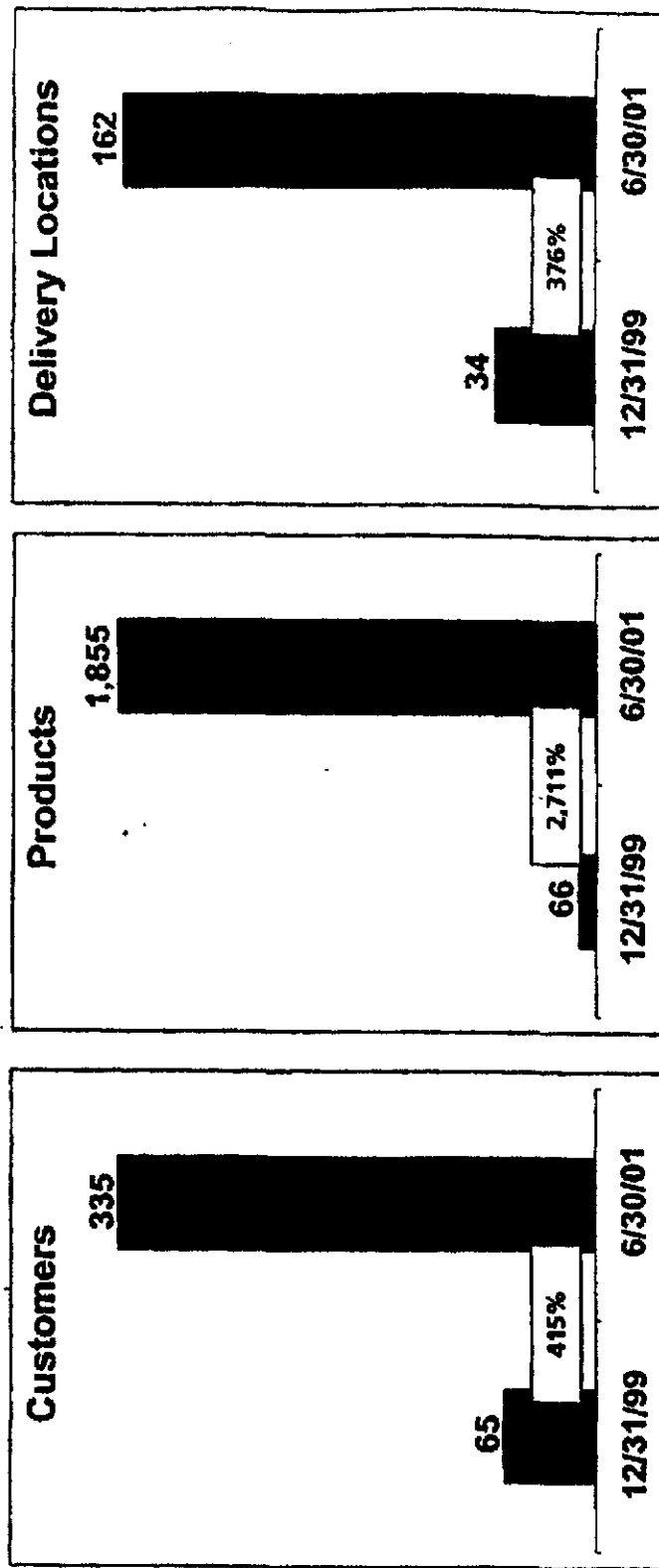
EnronOnline - Average Daily Transactions

- EnronOnline has been an enormous accelerator to our businesses.
- Customers have rapidly embraced EnronOnline. The wide range of products and ease of use are attracting an increasing number of both existing and new customers. In the second quarter of 2001, an average of 4,000 customers logged onto our site each week.

EnronOnline Transactions Gross Value (Bn) Products Offered	12 months ended		LTD-Since Launch 1,200,000 705 >1,800
	12/31/00	2001	
	\$ 548,000	276,000	\$ 1,200,000
	336	\$ 163	\$ 705
		\$ 180	\$ >1,800

- EnronOnline completes more than 5,000 transactions per day worth over \$2.7 billion notional value daily. New records for average weekly volumes continued to be set throughout the second quarter.
- We have quickly moved to introduce new products online. We offer over 1,800 products online currently. Products include a full range of gas and power products in North America and Europe and many other products, such as coal, metals, weather protection and bandwidth.
- On May 23, 2001, we completed our one-millionth transaction on EnronOnline.

EnronOnline Statistics



EnronOnline enables significant scale expansion

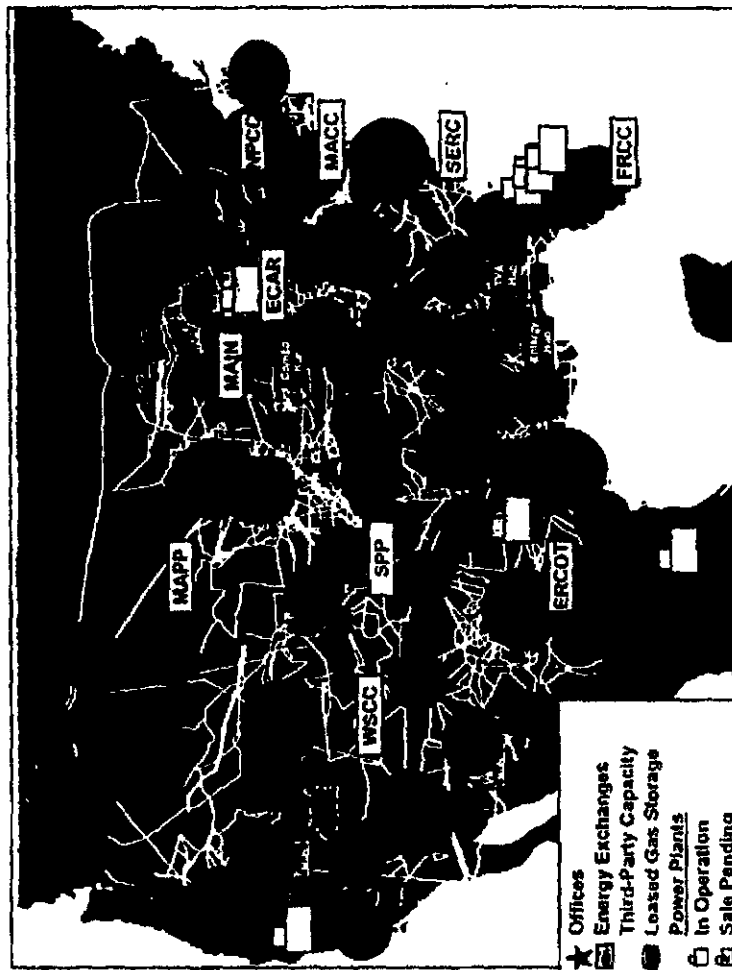
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EnronOnline Statistics

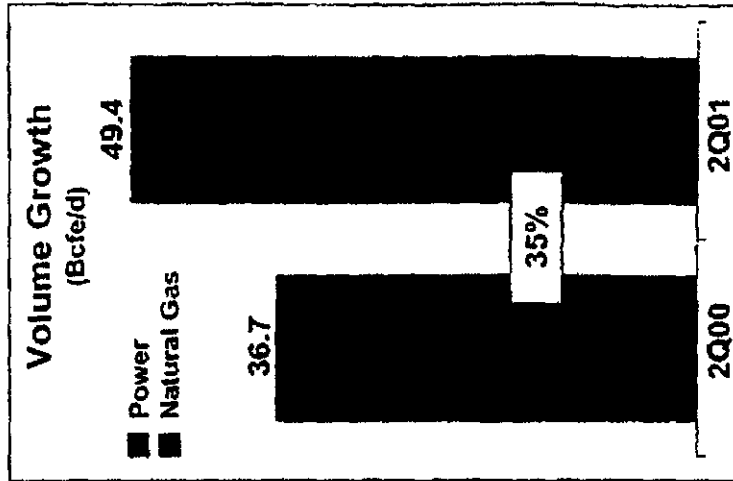
- Through EnronOnline, we offer a broad array of products and delivery locations.
- EOL began operation in November 1999. This chart shows the growth in activity levels from year-end 1999 to the end of this past quarter.
 - While the number of customers logged onto EOL varies on any single day, customers logged on to EOL have increased significantly since inception from 65 to 335 recently - a 415% increase. Customers continue to utilize EOL to execute transactions quickly, efficiently and cost-effectively.
 - In terms of product offerings, we have had huge growth in the depth and diversity of our products offered on EOL. Again, since inception, the number of products offered on EOL has increased almost 30 times. Enron can bring new products to market more quickly than any other merchant. The success of our product offerings is reflected in the dramatic increase in transaction flow and physical volumes delivered to our customers.
 - Through our market-making activities, we have driven liquidity and price transparency deeper into the gas and power markets. Since late 1999, we have increased delivery locations by over almost 5 times. As of the end of the Second Quarter, we were delivering to over 160 locations around the world.
- EnronOnline has provided Enron with a very important and distinct business expansion platform.

Enron North America

The Most Flexible, Reliable and Valuable Energy Network



★	Offices
⊞	Energy Exchanges
⊞	Third-Party Capacity
⊞	Leased Gas Storage
⊞	Power Plants
⊞	In Operation
⊞	Sale Pending
⊞	Under Development
⊞	Marketing Activity
●	Gas
●	Power



- Largest Market-Maker at Every Major Hub
- Expanding Market Reach, Scalability, Information and Liquidity
- Generating Consistent Growth Regardless of Market Conditions

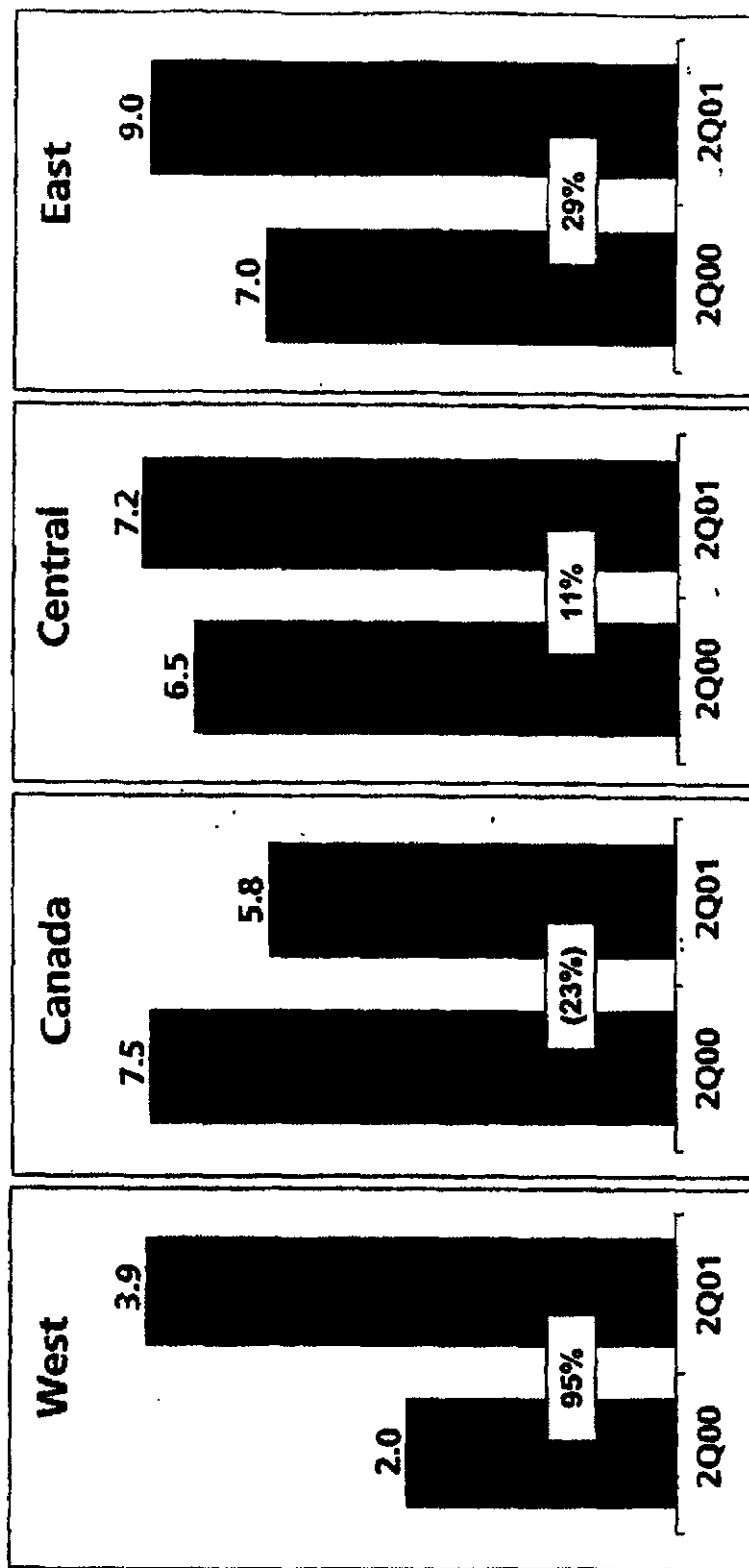
2nd Quarter '01

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Enron North America

- Enron has established the leading energy network in North America. We have an unparalleled network of physical assets that enable us to deliver natural gas and power anywhere in the U.S. on short notice. We may own these assets, or we may contract for capacity on third party assets. We use our market making skills to secure the cheapest available commodities, and we use our extensive network to reliably deliver the commodity. Our extensive scope, access to assets, liquidity and large, capable commercial team provides us tremendous competitive advantages.
- Volumes were up significantly in every North American region, with total gas and power volumes increasing 35% on a quarter-to-quarter basis to 49.4 Bcf/d.
- Because we actively operate in every area of North America, we have enormous information about gas and power supply and demand and related events. We create value with that market information by adjusting our prices and products on a real-time basis.
- We are continuing to see relatively high gas and power price volatility. Customers need a reliable provider of increasingly complex energy supply, and we are experiencing a significant increase in demand for risk management products and services.

North America Natural Gas Volumes (Bcf/d)



Delivering to Over 2,000 Customers

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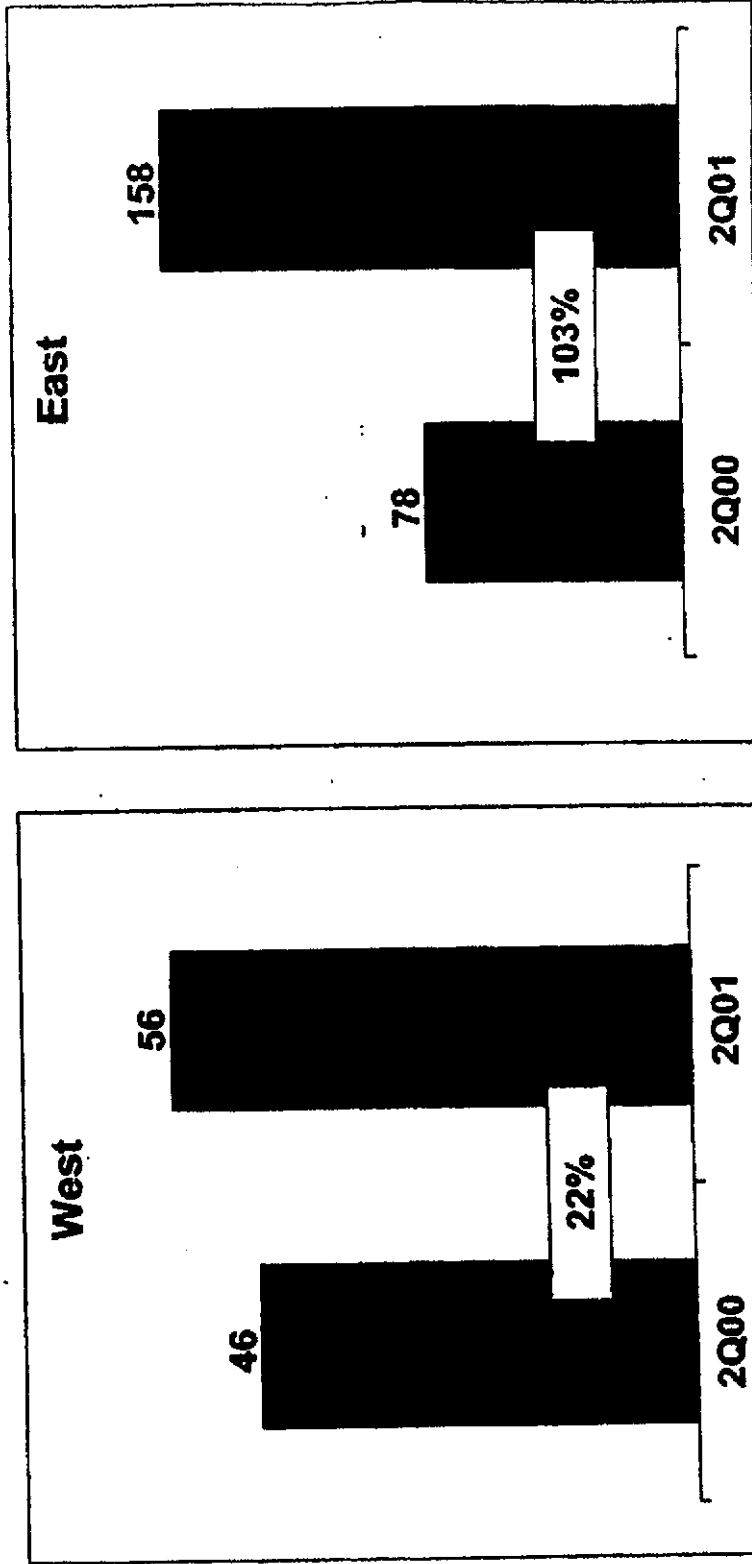
North America Natural Gas Volumes -- By Region

- Enron has a very strong, well-established, broad-based North American natural gas business. We deliver gas to over 2,000 customers at over 2,200 points across North America.
- Volumes in each major region increased in the first quarter:
 - In the West, volumes in the second quarter almost doubled to 3.9 Bcf/d. This increase has been in response to the unprecedented volatility and tight market for gas throughout much of the West. The West is our smallest region, comprising approximately 15% of our North America gas business.
 - In Canada, our volumes in the second quarter of 2001 decreased 23% over the second quarter of 2000 to 5.8 Bcf/d. During 2000 we offered a fixed-price Alberta gas product through EOL that our customers used to hedge commodity price risk. With the Alliance Pipeline coming on-line in late 2000 and physically connecting Alberta to other markets, our customers began making more extensive use of EOL's financial NYMEX-like products as an alternative. During 2001, Enron did not offer the Alberta physical product in an effort to focus on higher margin products. Our Canadian region continues its strong contribution to our total North America gas activities.
 - In our Central region, second quarter volumes increased 11% over a year ago to 7.2 Bcf/d. Our strong, broad-based presence in the region allowed us to grow our Central region business consistently over the last few years. In addition, our alliance with Peoples' Gas to develop the Chicago hub has brought increased liquidity to the region.
 - In the East, our volumes in the second quarter of 2001 increased 29% over the second quarter of 2000 to 9.0 Bcf/d. The East region is our largest region, comprising 35% of our North America Gas business.
 - Across all of our regions, EnronOnline contributed to the strong, overall increase in volumes during the quarter.

Background:

North America	1Q00	2Q00	YTD2000	1Q01	2Q01	YTD2001	Q.Chg.	% Chg.	YTD Chg.	%YTD Chg.
Gas:	1.7	2.0	1.8	3.5	3.9	3.7	1.9	95%	1.9	106%
West	5.7	7.5	6.6	8.6	5.8	7.2	(1.7)	-23%	0.6	9%
Canada	6.3	6.5	6.4	7.8	7.2	7.5	0.7	11%	1.1	17%
Central	7.4	7.0	7.2	7.9	9.0	8.5	2.0	29%	1.3	18%
East	21.1	23.0	22.0	27.8	25.9	26.8	2.9	13%	4.8	22%
Physical Gas (Bcf/d)										

North America Power Volumes (Million MWh)



Delivering to Almost 500 Customers

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North America Power Volumes - By Region

- Like our natural gas business, our power network is also very flexible and broad-based in North America. In the first quarter, our volumes were well distributed across North America.
- In the western U.S., we increased power deliveries to 56 million MWh in the second quarter. This increase has been attributable to our expanded market penetration in the West and to our customer's increased interest in more proactive risk management. In the second quarter, the western U.S. accounted for approximately 25% of our total North American power activities.
- The majority of our wholesale power business is conducted in the eastern U.S., where volumes more than doubled to 158 million MWh. Of particular significance is the tremendous growth achieved in a period of lower volatility. Like in our other businesses, EnronOnline has positioned Enron as a key provider of liquidity to the marketplace offering a broad-range of power-related products, including hourly pricing. Our transaction flow in the East increased from 280/day to over 600/day. We are seeing that role translated into large volume increases and new profit opportunities.
- The total number of transactions in the quarter totaled over 70,000 with almost 500 customers.

Background:

	1Q00	2Q00	YTD2000	1Q01	2Q01	YTD2001	Q. Chg.	% Chg.	YTD Chg.	% YTD Chg.
North America	30	46	76	52	96	108	10	22%	32	42%
West	73	78	151	144	158	302	80	103%	151	100%
East	73	78	151	144	158	302	80	103%	151	100%
Physical Power (Million MWh)										

Enron North America Generation Activities

Product Components

- Sites
 - High Value Optionality, Low Capital Intensity
 - 2,215 MW of Announced Projects
- Turbines
 - Access Enhances Site Values
 - Proven Competitive Advantage
- Capacity
 - Owned or Contracted Capacity Access
 - Evaluating Opportunities in Key Regions

Product Offerings

- Component Sales
 - Site and Permits
 - Turbines
- Bundled Products
 - Sites, Permits and Turbine Packages
 - Gas and Power Supplies
 - Utility Off-Take and Tolling Contracts
- Plant Sales
 - Over 2,600 MW Sold Within Three Years from Inception

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Enron North America - Generation Activities

- With the breadth of our network, we have a knowledge advantage that allows us to identify generation development opportunities.
- Although often a less visible area of our business, Enron is involved in multiple aspects of power generation. We have broad access to all key components necessary to site, permit and construct low-cost reliable generation.
- Our generation capabilities are a key part of our power franchise, and we have had a good deal of success over the last couple of years, including the development, operation and subsequent sale of our peakers in the southeast as well as the sale of several "pre-built" generation sites to IPP's.

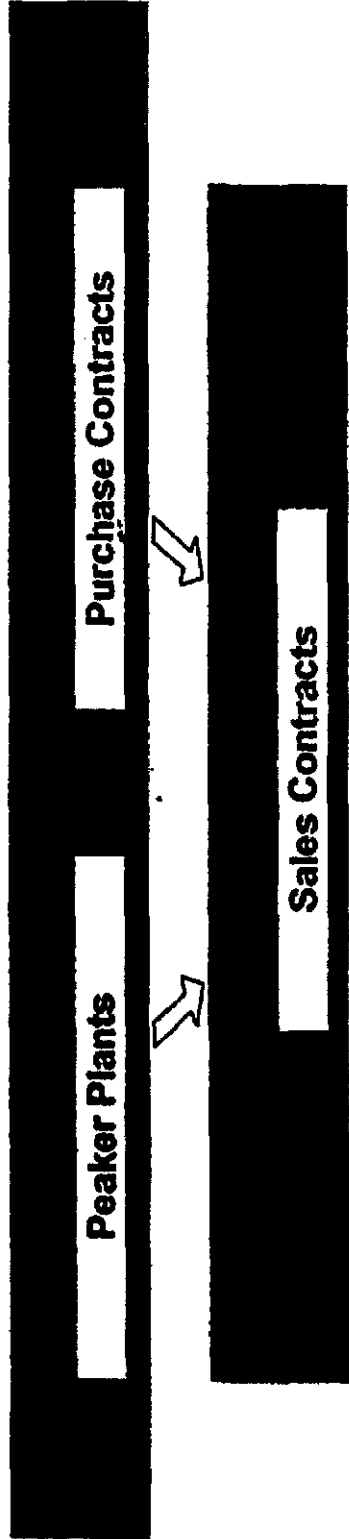
Development		Operations	
State	Advanced MW's	Plant	MW's
California	2	546	475
Washington	1	475	475
Oregon	1	390	390
Nebraska	1	546	546
West	5	656	656
Texas	2	508	508
Wisconsin	1	170	170
Illinois	2	3,298	3,298
Iowa	3	264	264
Indiana	3	41	41
Ohio	2	90	90
Kentucky	2	198	198
Tennessee	3	37	37
Louisiana	3	90	90
North Carolina	2	263	263
Georgia	3	1,217	1,217
Florida	3	3,278	3,278
New York	4	1,014	1,014
East	3	887	887
TOTAL	34	20,315	20,315

Plant	Operable	MW's	Contract
1000 Peakers	100%	475	Energy - closed 1001
Brownsville	100%	475	Energy - closed 1001
California	100%	390	Duke - sale pending
New Albany	100%	546	Allegany - closed 2001
1000 Peakers - (Season)	100%	656	Allegany - closed 2001
Lincoln Energy Center	100%	508	Allegany - closed 2001
West Fork (Wheatland)	100%	170	
Doyle	50%	3,298	
Sub-total Peakers		6,239	6,239
IPP's:			
East Coast Power	26%	1,035	EPG - closed 1001 (Confidential)
LV Cogeh	75%	54	Black Hills - sale pending
Saguero	11%	90	
Mojave/White Pine Energy	50%	198	
Coharie	25%	37	
Alamac	100%	90	Sold (Confidential)
Conkush/Pondosa Pine Energy	100%	263	
Sub-total IPP's		1,727	1,727
TOTAL Owned Capacity (MW)		19,588	19,588

State	Advanced MW's	Controlled Capacity - PPA/MW's
California	2	100
Washington	1	100
Oregon	1	180
Nebraska	1	888
TOTAL	5	468

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Early Integral Role of Enron's Peaker Plants in Reliable Delivery



Impact on Value of:

Net Economics

Power Price Changes:

<u>Decrease</u>	<u>No Change</u>	<u>Increase</u>
Lower	Neutral	Higher
Higher	Neutral	Lower
Neutral	Neutral	Neutral

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Early Integral Role of Enron's Peaker Plants in Reliable Delivery

- Enron has utilized both owned assets and contracts as sources of power supply to satisfy our power sales commitments.
- We are not a large generator, but we do own plants when we expect capacity to be tight in markets where we operate. Typically, if there is tight capacity, there is little liquidity to enable sourcing power from the market on contract terms. We experienced this situation throughout the southeast and Midwest in the summers of 1998 and 1999. Enron moved quickly to install peaking power plants. In the second quarter, we sold three peaker plants totaling 1,710 megawatts.
- Enron's plants directly support our contracts to sell power, just as power purchase contracts support our sales. We have utilized the physical plants as hedges, just as we use contracts as hedges. In a market with little liquidity, these plants have quite simply been substitutes for purchase contracts. Because the plants have been integral to our commodity business, the plants' earnings are recognized within our Commodity Sales & Services segment, just as those related to contracts providing similar supply functions are reflected.
- We view the economics of a plant sale as identical to the economics of a purchase contract. In both cases, for a given change in power prices, there is an offset to the value of the sales commitment - resulting in a neutral impact on the overall hedged economics.
- With the enormous access to liquidity created by the success of EnronOnline, we can support our sales commitments with market-based contracts and free up the capital associated with asset ownership.

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Enron North America
Regional Transmission Organizations

- **Recent FERC Order Very Favorable to Power Industry**
 - Movement Towards Formation of Four Large RTO's
 - Expedites Moving Northeast & Southeast to Single RTO's
- **Facilitates More Supplies To More Customers**
- **Drives Deeper, More Liquid Power Markets**
- **Provides New Opportunities for Enron**
 - Ability to Leverage Extensive Power Network
 - New Demand for Risk Management Products
 - Accelerates Retail Market Development

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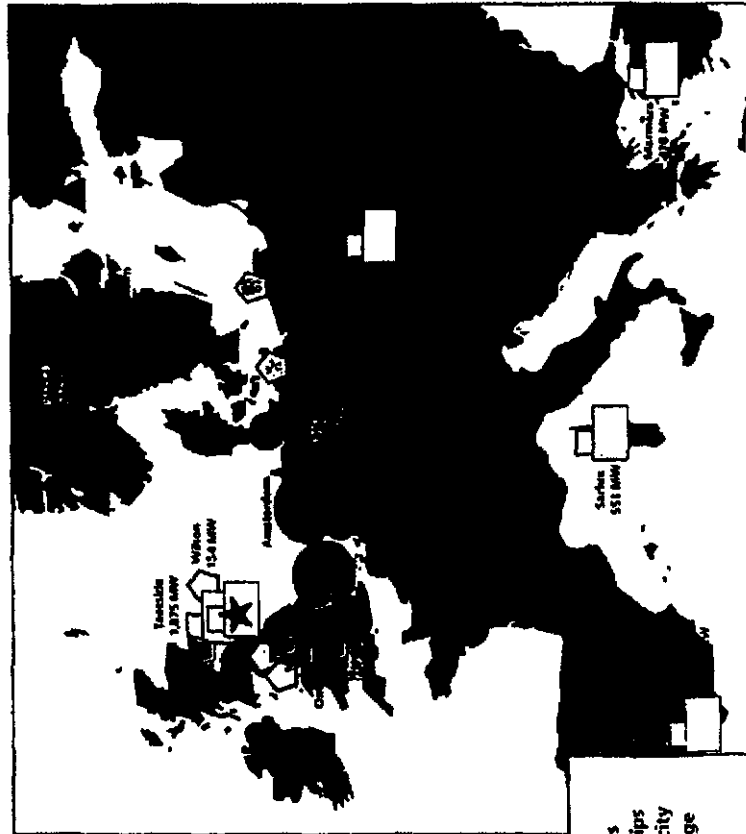
Enron North America -- Regional Transmission Organizations

- Work from Slide.

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Enron Europe

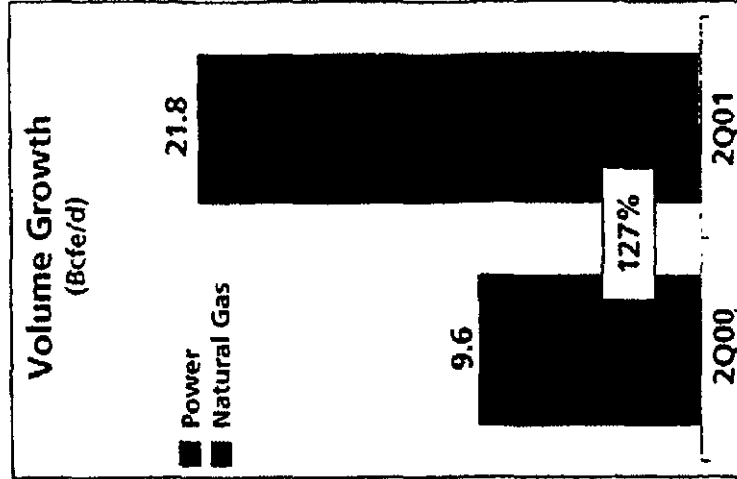
The Only Major Pan-European Energy Network



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- ★ Offices
- ▲ Energy Exchanges
- ▲ Energy Partnerships
- Third-Party Capacity
- Leased Gas Storage
- Power Plants
- In Operation
- Sale Pending
- Under Development
- Marketing Activity
- Gas
- Coal
- Power
- Metals

- Leading Market Position
- Extending Enron's Market-Making Model
- Early Entry, Scale, Scope and Local Workforce Providing Tremendous Competitive Advantages



Physical and Financial Settled Volumes



Enron Europe

- We entered the European market early and quickly to establish the leading energy franchise in Europe. We have relatively few physical assets in the U.K. and Europe. Just as in North America, our market-making activities are a driving force in creating market liquidity and providing price transparency.
- We have seen increased liquidity across all of our European markets. Volumes were up significantly in the second quarter, with aggregate power and gas volumes increasing 127% to 21.8 Bcfe/d.
- We have a number of new opportunities from the recent implementation of NETA (March 27, 2001). The new structure plays to our proven strengths by creating a true "bi-lateral" physical power market, replacing the pool structure. In addition, we expect the demand for forward pricing and delivery commitments to significantly increase.
- As gas and power markets become more liquid and concentrated, Enron is actively participating in the formation of regional trading hubs on the Continent.
- We are also very well-positioned for increased profit and growth opportunities as the U.K. and Continent gas and power markets continue their convergence.
- Enron is the energy market-maker in Europe, and EnronOnline has been a positive factor in our growth in Europe. Over 30% of our European transactions are currently executed on-line.

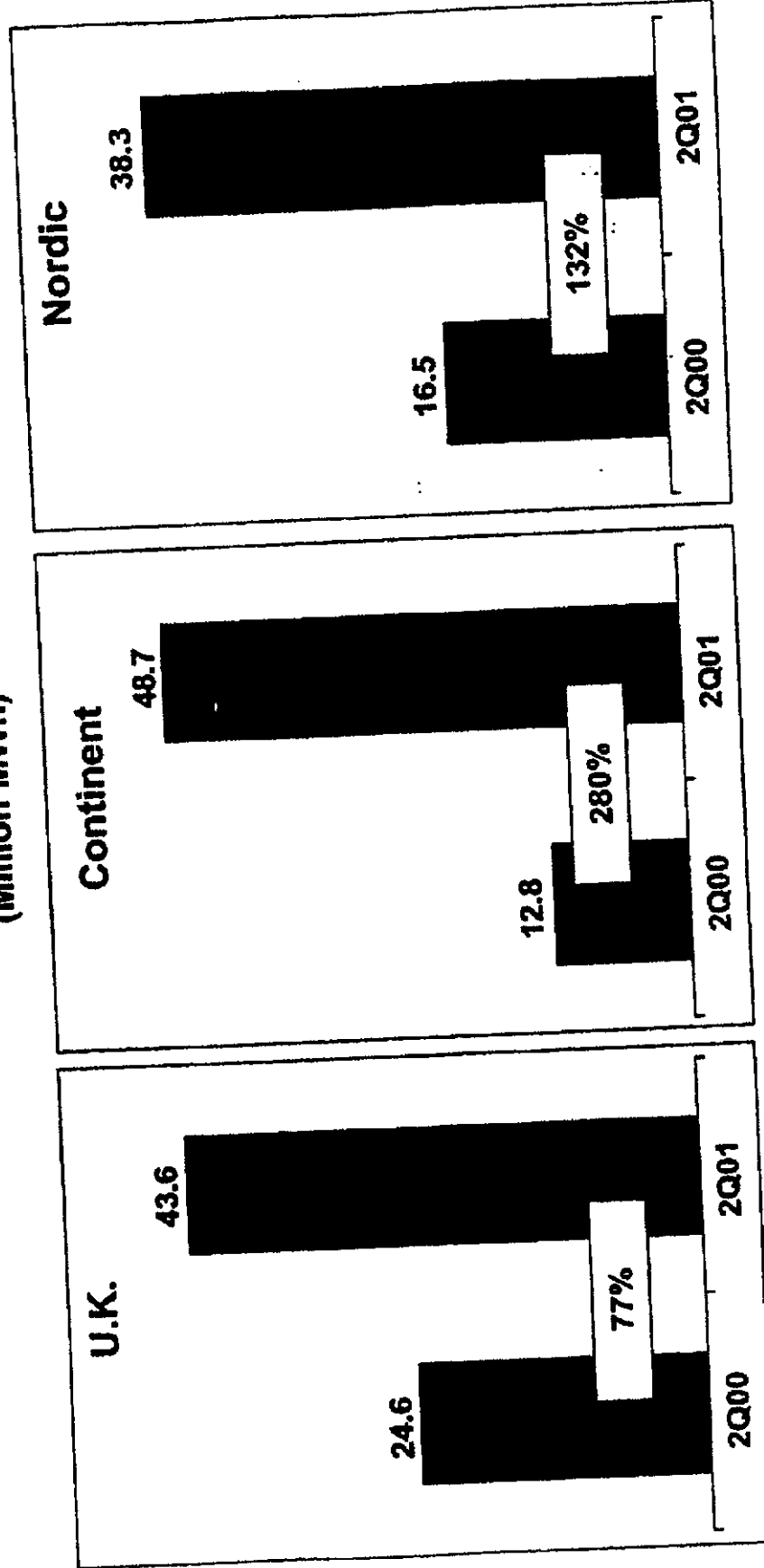
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Background:

	1Q2000	2Q2000	YTD2000	1Q2001	2Q2001	YTD2001	Q. Chg	% Chg	YTD Chg	% YTD Chg
Volume Growth										
Physical Gas	2,411	3,567	2,989	8,695	7,273	7,990	3,706	104%	4,991	167%
Financial Gas	17	159	88	73	159	116	0	0%	28	32%
Total Gas (BBtus/d)	2,428	3,726	3,077	8,768	7,432	8,096	3,706	99%	5,019	163%
Physical Power	832	1,349	1,090	3,967	7,809	5,899	6,460	479%	4,809	441%
Financial Power	3,719	4,588	4,143	10,448	6,542	8,484	1,978	43%	4,341	105%
Total Power (BBtus/d)	4,551	5,937	5,233	14,415	14,351	14,383	8,438	143%	9,150	175%
Total Gas & Power (Mcfe/d)	7.0	9.6	8.3	23.2	21.8	22.5	12.1	127%	14.2	171%
Power Volumes (million MWh)	41.4	53.8	95.2	129.7	130.6	260.3	77	143%	165	173%

Europe Power Volumes

(Million MWh)



Physical and Financial Settled Volumes

Transacting with Almost 200 Customers

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Enron Global Markets

- Enron has extended our successful wholesale model to several large markets for new growth opportunities.
- **Liquids (Crude and Products)**, where we are:
 - Leveraging our expertise in origination, risk management and finance services;
 - Offering a 24x7 global market-making service;
 - Accelerating growth through EnronOnline; and
 - Transacting with over 400 customers worldwide.
- **Coal**, where we are:
 - Are the largest U.S. and leading international marketer of coal;
 - Have a significant presence at major hubs (Major - Powder River Basin, NYMEX, Amsterdam-Rotterdam-Antwerp, Columbia, South Africa, Australia, Indonesia. Also at other hubs - China, Russia and Poland);
 - Offer unique commercial terms; financial and delivery guarantees;
 - Originate large contracts;
 - Utilize EnronOnline to increase market share; and
 - Serve nearly 200 customers.
- **Weather**, where we are:
 - The largest weather market maker in the world; and
 - Offering products covering the entire developed world.
- **LNG**, where we are:
 - Creating a global network of LNG capabilities;
 - Leveraging our existing LNG holdings; and
 - Positioning Enron to capture potential transatlantic arbitrage opportunities.

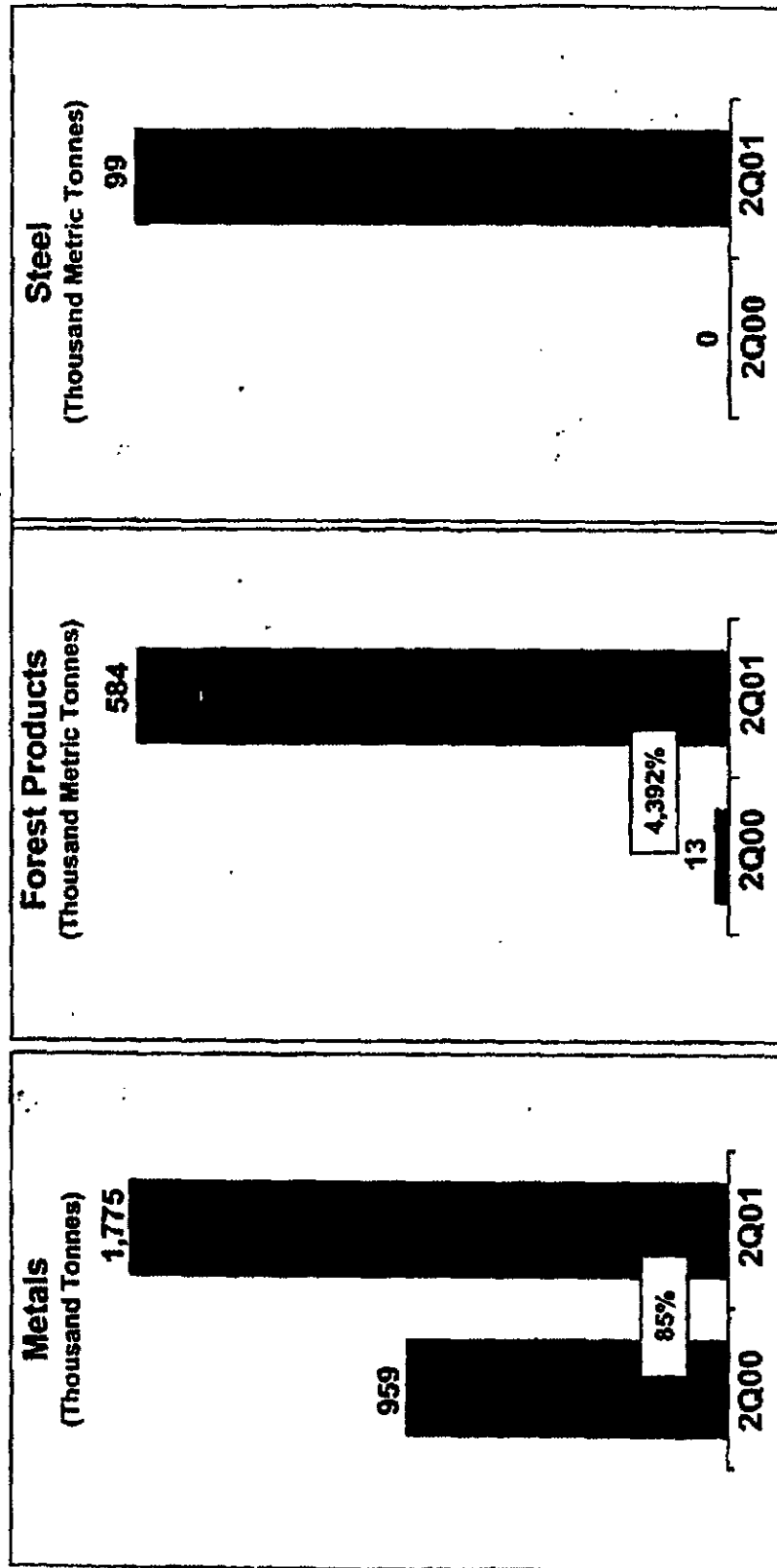
38 ships

\$1 Trillion mkt.

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Enron Global Markets	1Q2000	2Q2000	3Q2000	4Q2000	YTD2000	1Q2001	2Q2001	3Q2001	4Q2001	YTD2001	Q. Chg. vs. '00	% Chg.	YTD Chg.	% YTD Chg.
Liquids (MM BBL)	100	95	112	165	277	277	277	277	277	277	70%	74%	82	42%
Coal (Thousand Metric Tons)	8,072	9,229	20,884	22,774	43,658	43,658	43,658	43,658	43,658	43,658	13,545	147%	26,357	152%
Weather (Notional Value \$MM)	325	23	290	185	475	475	475	475	475	475	182	704%	127	36%
LNG (Bbl/Day)	-	-	2,812	5,978	8,790	8,790	8,790	8,790	8,790	8,790	5,978	-	8,790	-

Enron Industrial Markets



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Income Before Interest and Taxes

- Second Quarter IBIT increased to \$60 million, and we remain on target to achieve \$225 million in IBIT for the year.
- Since we began the retail business in 1997, we have transitioned on schedule from planned operating losses in the start-up phase of our business to significant earnings growth.
- Today, we have consistently grown revenues through very successful contracting activities. We have also experienced the benefit of very strong operating leverage. The combined impact is reflected in very strong earnings growth.

Background:

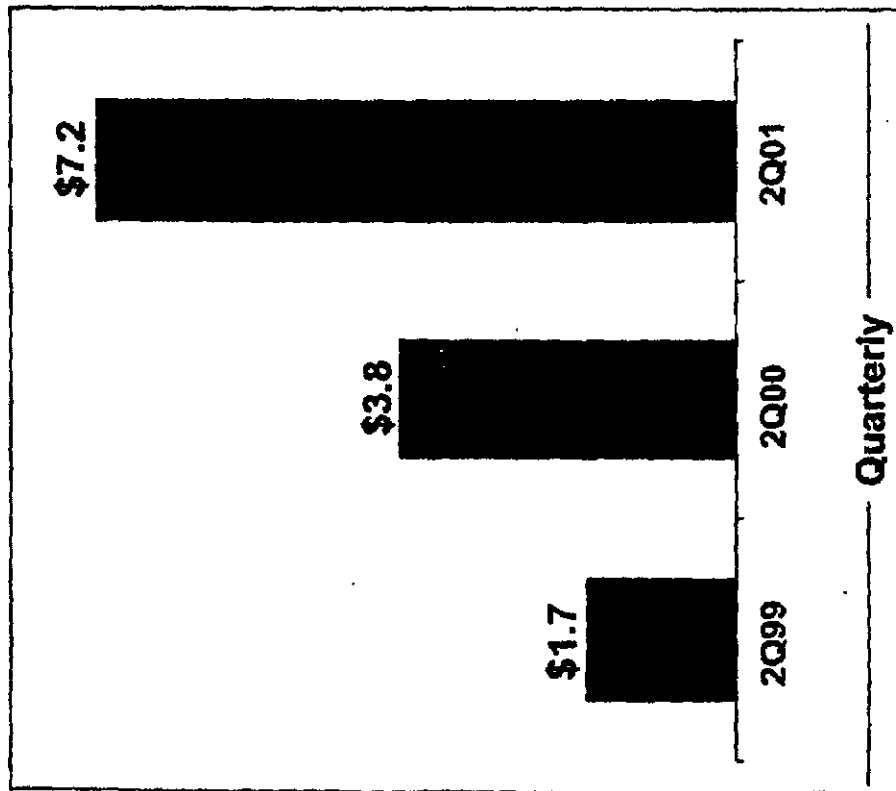
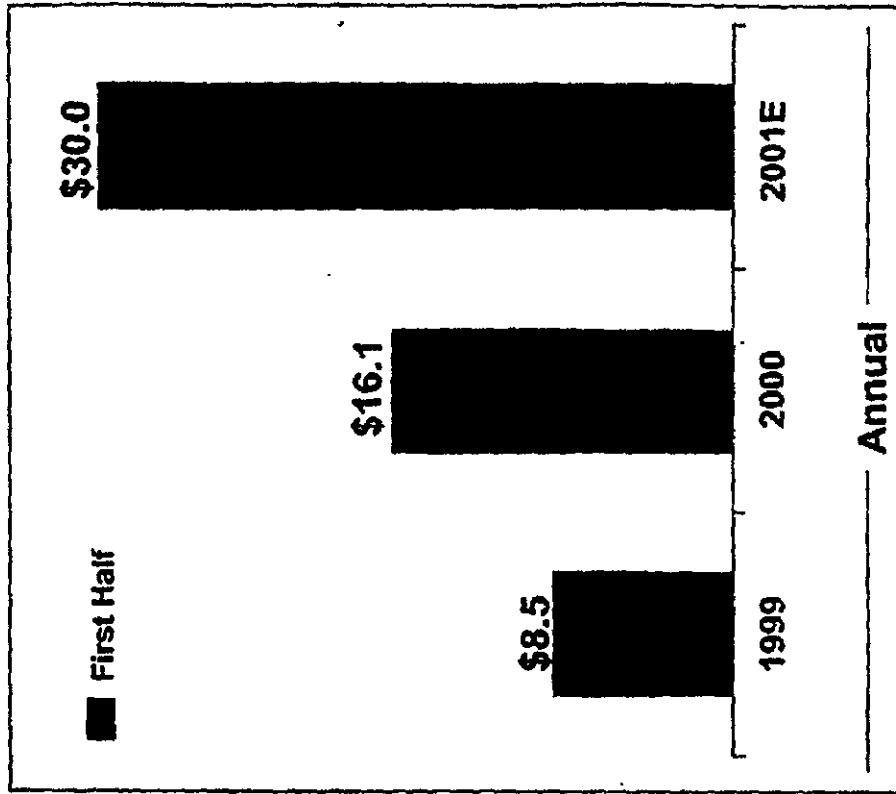
ENRON ENERGY SERVICES		2000	2001
Earnings (MM)			
Revenues	\$ 421	\$ 557	
CGS	\$ 295	\$ 327	
Gross Margin	\$ 126	\$ 230	
GM as a % of Revenue	29.9%	41.3%	
Expenses (incl. Depreciation)	\$ (91)	\$ (179)	
Other	\$ 11	\$ 9	
IBIT	\$ 46	\$ 60	

	IBIT (Millions)*	
	Before Restatement	Restated
1997	\$ (119)	\$ (82)
1998	\$ (107)	\$ (86)
1999	\$ (68)	\$ (50)
2000	\$ 103	\$ 111
2001E	\$ 225	\$ 225

	IBIT (Millions)*	
	Before Restatement	Restated
Q100	\$ 16	\$ 6
Q200	\$ 24	\$ 46
Q300	\$ 30	\$ 27
Q400	\$ 33	\$ 32
Q101	\$ 40	\$ 40
Q201	\$ 60	\$ 60

* Recurring

Total Contract Value (Billions)



Reflects Customers Energy Expenditures Over Contract Life

Business Highlights

- Enron Energy Services is the leading provider of energy services to end-use customers in the commercial and light industrial markets. We are the largest manager of energy assets in the world, and we offer customers expert commodity risk management. Enron remains the sole nationwide provider of these energy services in the U.S., while our domestic competitors are more regional in nature.
- Product awareness is at an all time high and getting higher. The fundamental market has changed. Our customers are experiencing volatility in their energy costs, and they are under budget pressure to contain these costs. This environment has further enhanced opportunities, as we are uniquely suited to help customers manage risks associated with increasingly volatile energy prices and energy usage.
- We are continuing to expand by penetrating new markets. We have expanded geographically, as reflected by our very successful U.K. activities. We have penetrated our markets more deeply by going further downstream into a given customer segment. We have rolled out proven, standardized products, which are enabling us to deliver more products in more markets and shorten our sales cycles.
- We are achieving significant scale in our operations and in our product offerings. We have a highly developed network for both origination and delivering energy management services, and we have built extensive execution capabilities.
- As you have seen from the results, our profitability is accelerating. We are significantly growing our customer base. At the same time, we are concentrating on leveraging our cost structure that is already in place. The resulting earnings power of this business will be tremendous.

Core Functions

Enron Energy Services

Ⓢ Contract Origination

- Marketing/Sales
- Product Development
- Upsell/Portfolio Management

Ⓢ Customer Services

- Customer Relationship Management
- Energy Information Services
- Demand Side Management
- Commodity and Risk Management

Enron Wholesale Services

Enron's Distinct Capabilities Combine
For a Compelling Value Proposition

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Europe Natural Gas Volumes

- Our natural gas volumes in our European business increased significantly during the second quarter 2001 to 7,432 MMcf/d, representing a 99% increase over the prior year.
- In the U.K., Enron is the largest gas marketer in the region. Even though the U.K. markets are the most mature in Europe, Enron's volumes increased 85% compared with the second quarter of 2000 to 6,090 MMcf/d.
- Gas volumes on the Continent are also rapidly increasing, with a 205% increase over the prior year to 1,342 MMcf/d. We expect this growth to continue as the market continues to develop following the implementation of the Continental Gas Directive, which was effective in August 2000.
- We are transacting with over 100 customers with our European gas networks.

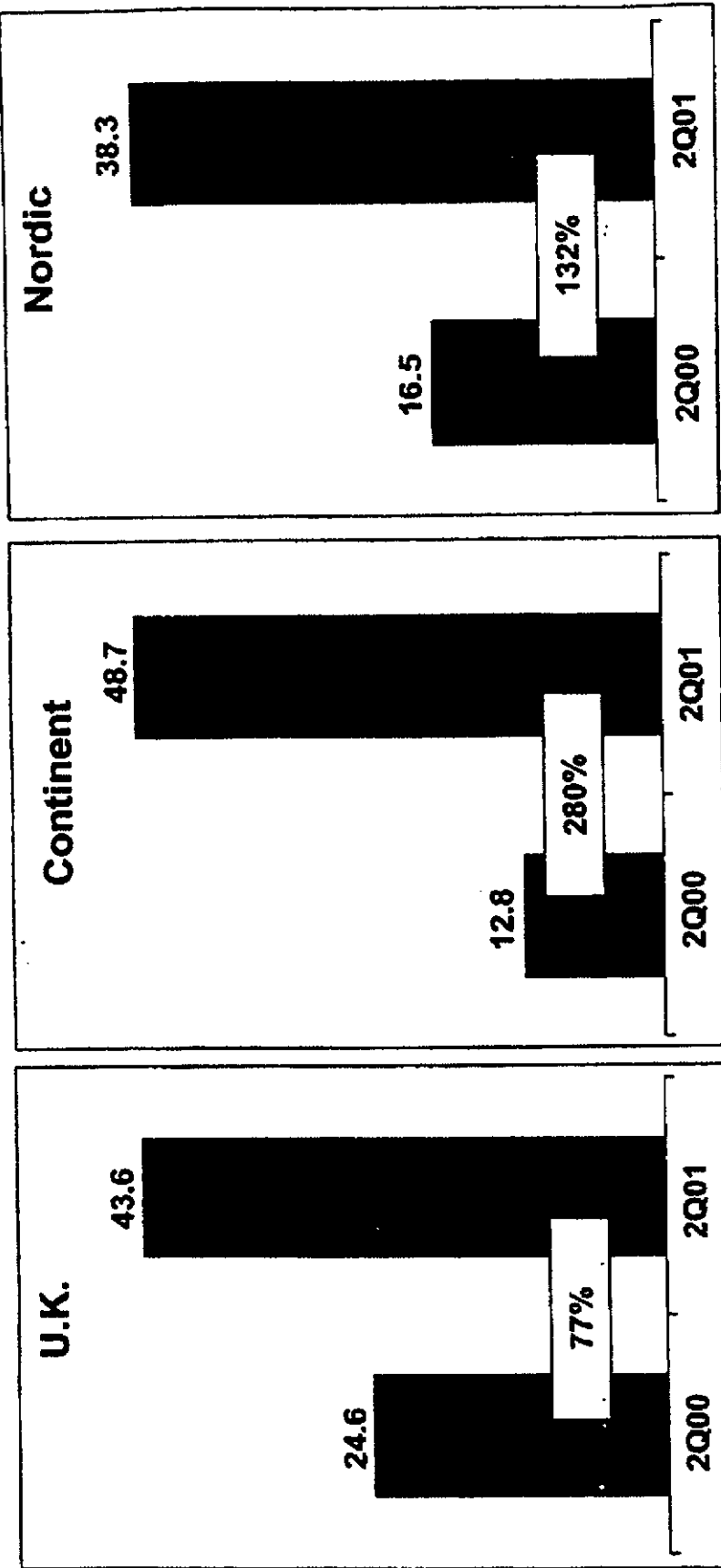
Background:

	1Q2000	2Q2000	YTD2000	1Q2001	2Q2001	YTD2001	Q. Chg	% Chg	YTD Chg	% YTD Chg
Enron Europe (MMcf/d)										
Physical Gas	2,149	3,127	2,638	7,257	5,931	6,590	2,804	90%	3,952	150%
Financial Gas	17	159	88	73	159	116	0	0%	28	32%
UK Gas	2,166	3,286	2,726	7,330	6,090	6,706	2,804	85%	3,980	146%
Physical Gas	262	440	351	1,438	1,342	1,390	902	205%	1,039	296%
Financial Gas	0	0	0	0	0	0	0	0	0	0
Continent Gas	262	440	351	1,438	1,342	1,390	902	205%	1,039	296%
Total Europe Gas Volumes (MMcf/d)	2,428	3,726	3,077	8,768	7,432	8,096	3,708	98%	5,019	163%

Note: - Europe volumes include financial volumes, given market structure and similarity to U.S. physical volumes.

Europe Power Volumes

(Million MWh)



Physical and Financial Settled Volumes

Transacting with Almost 200 Customers

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2nd Quarter-30

Reflects Customers Energy Expenditures Over Contract Life

2nd Quarter-35

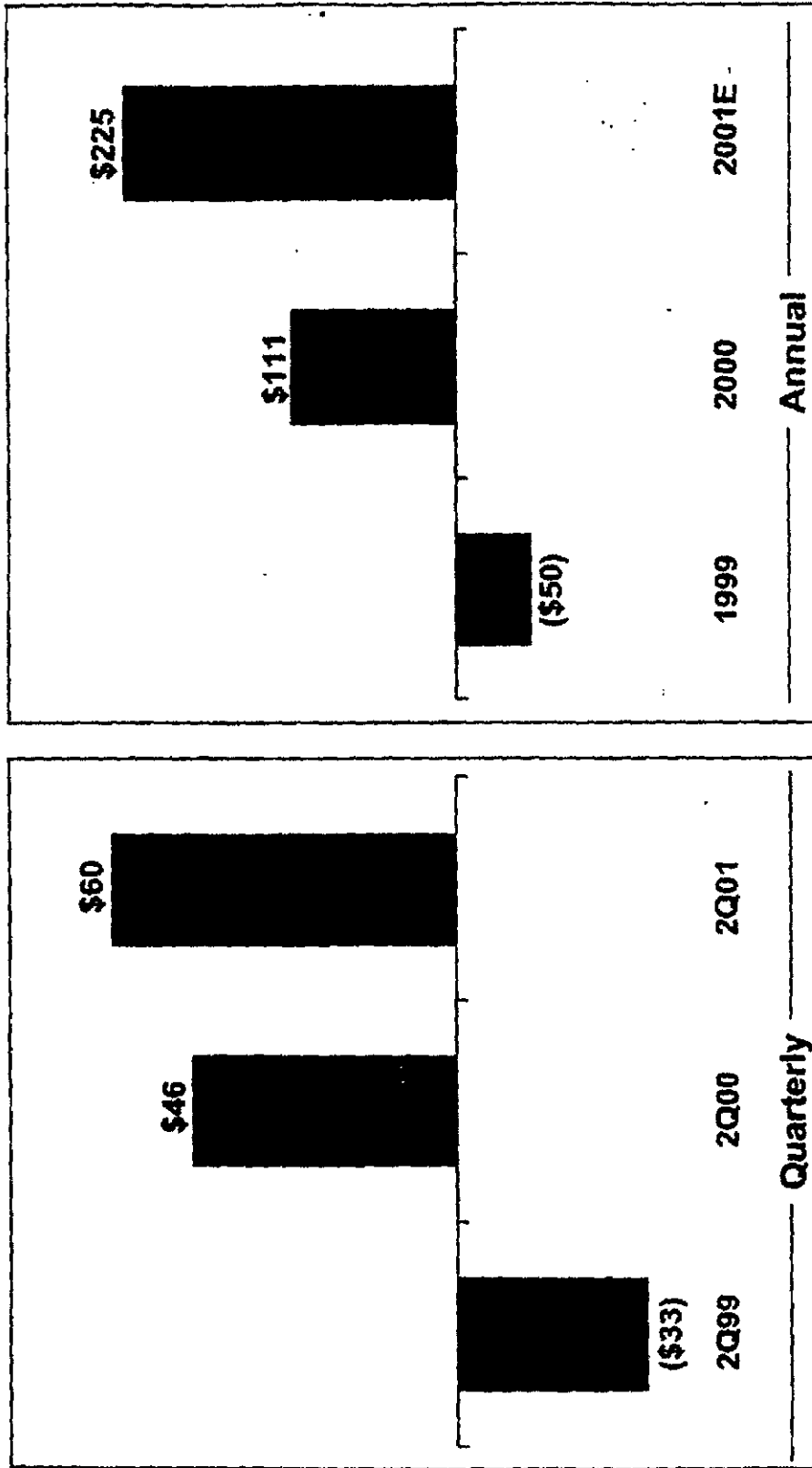
Retail Energy – Organization Chart

- Dave Delainey became Chairman and CEO of EES this past February. Dave is extremely well prepared for this new role, and we look forward to investors getting to know him. Seven years ago, Dave joined Enron Canada, where he led the growth of our Canadian business, then led all of our North American origination activity and most recently ran our entire North America wholesale business.

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Income Before Interest and Taxes

(Millions)



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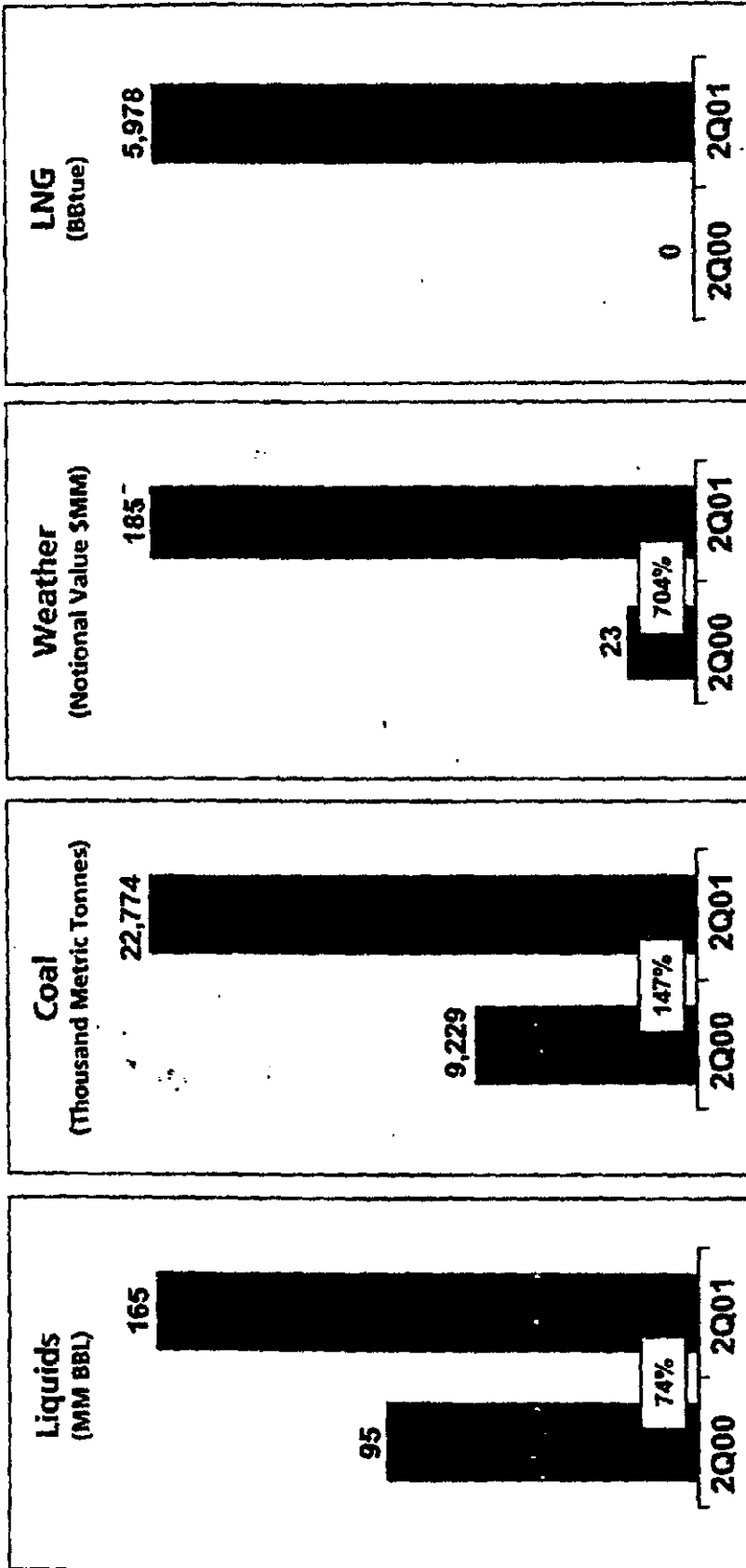
Europe Power Volumes

- We had tremendous growth in our overall European power activities, with 131 million MWhs delivered in the quarter, an increase of over 140% from a year ago. Evolution of the European power market continues with the introduction of the Continental Power Directive (February 1999) and NETA (March 27, 2001).
- In the U.K., we achieved a 77% increase in power volumes for the quarter to 43.6 million MWh. We are well-positioned to benefit from the recent implementation of NETA which provides Enron with additional opportunities. 54% of our power volumes were physical during the second quarter 2001 as compared to 3% in the prior year.
- Continental power markets opened in February of 1999. We experienced almost a 26-fold increase in volumes in the second quarter of 2001 (to 49 million MWh). Enron is establishing power-marketing hubs across Europe, and liquidity is increasing.
- Enron is the largest power market-maker in the Nordic Power area, and we saw increasing transaction flow during the second quarter of 2001 in spite of recent low volatility. Enron is ideally positioned for increased volatility. Nordic volumes rose to 38.3 million MWhs, an increase of 132% over the second quarter of 2000.

Background:

Enron Europe (Million MWh)	1Q2000	2Q2000	YTD2000	1Q2001	2Q2001	YTD2001	Q. Chg	% Chg	YTD Chg	% YTD Chg
Physical Power	2.6	0.8	3.4	1.2	23.7	24.9	23	2883%	22	632%
Financial Power	21.2	23.8	45.0	58.8	19.9	78.7	4	-16%	34	75%
UK Power	23.8	24.6	48.4	60.0	43.6	103.6	19	77%	55	114%
Physical Power	4.6	11.1	15.7	34.1	47.1	81.2	36	324%	66	417%
Financial Power	0.6	1.7	2.3	0.8	1.8	2.4	0	-6%	0	4%
Continent Power	5.2	12.8	18.0	34.9	48.7	83.6	38	280%	66	384%
Physical Power	0.4	0.4	0.8	0.4	0.3	0.7	0	-25%	0	-13%
Financial Power	12.1	16.1	28.2	34.4	38.0	72.4	22	138%	44	157%
Nordic Power	12.5	16.5	29.0	34.8	38.3	73.1	22	132%	44	152%
Total Power Volumes (Million MWh)	41.5	53.9	95.4	129.7	130.6	260.3	77	142%	165	173%

Enron Global Markets



2nd Quarter-31

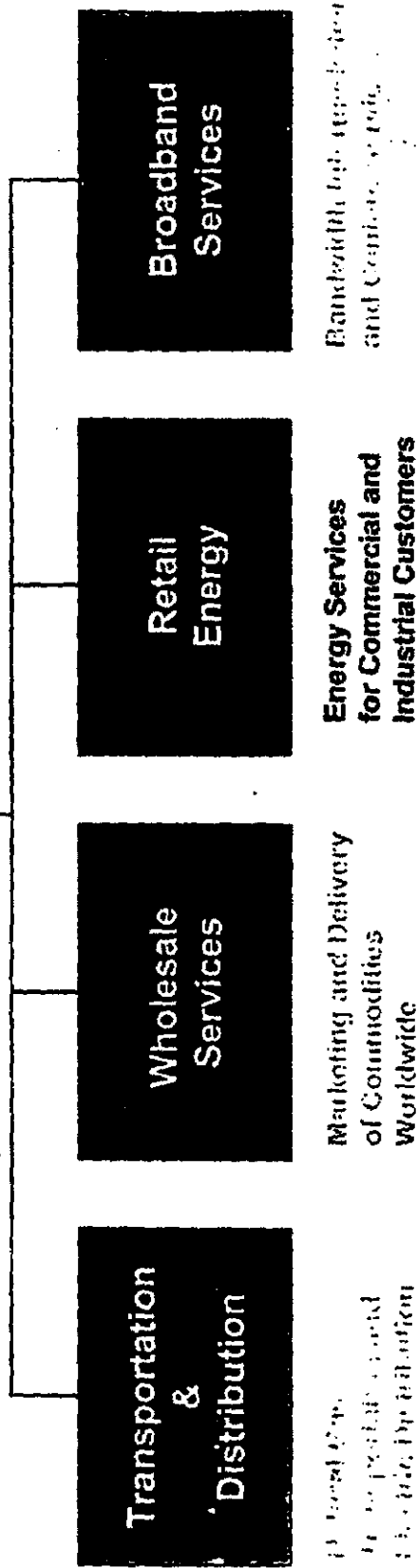
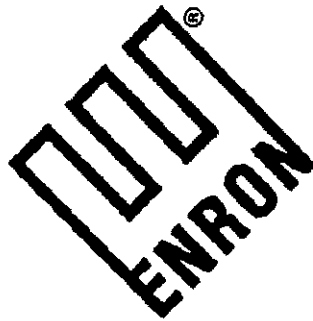
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Enron Industrial Markets

- Enron has also extended its Network business model to industries with very traditional sales channels and little price transparency.
- Metals, where we are:
 - A leading provider of merchant energy and financial services;
 - Leveraging EnronOnline's capability, with more than 30% of transactions executed online for the first quarter; and
 - Transacting with over 900 customers.
- Forest Products, where we are:
 - Creating world class logistics, operating and financial services capabilities;
 - Creating physical liquidity at key market hubs; and
 - Leveraging our access of physical newsprint capability (Garden State - 2100,000 tones/yr; Quebec City Mill - 515,000 tones/year).
- Steel, where we are:
 - Establishing a position as a leading market-maker in the steel industry;
 - Initially rolling out business in the U.S with plans to build a European capability; and
 - Creating physical and financial liquidity at market hubs; developing world-class logistics; providing operational and financial services; and
 - Initial industry reception is very encouraging.

	1Q2000	2Q2000	YTD2000	1Q2001	2Q2001	YTD2001	Q. Chg	% Chg	YTD Chg	% YTD Chg
Enron Industrial Markets										
Metals (Thousand Tons)	835	959	1,794	2,345	1,775	4,120	818	85%	2,326	130%
Forest Products (Thousand Metric Tons)	16	13	29	339	584	923	571	4382%	894	3083%
Steel (Thousand Metric Tons)	-	-	-	132	99	231	99	-	231	-

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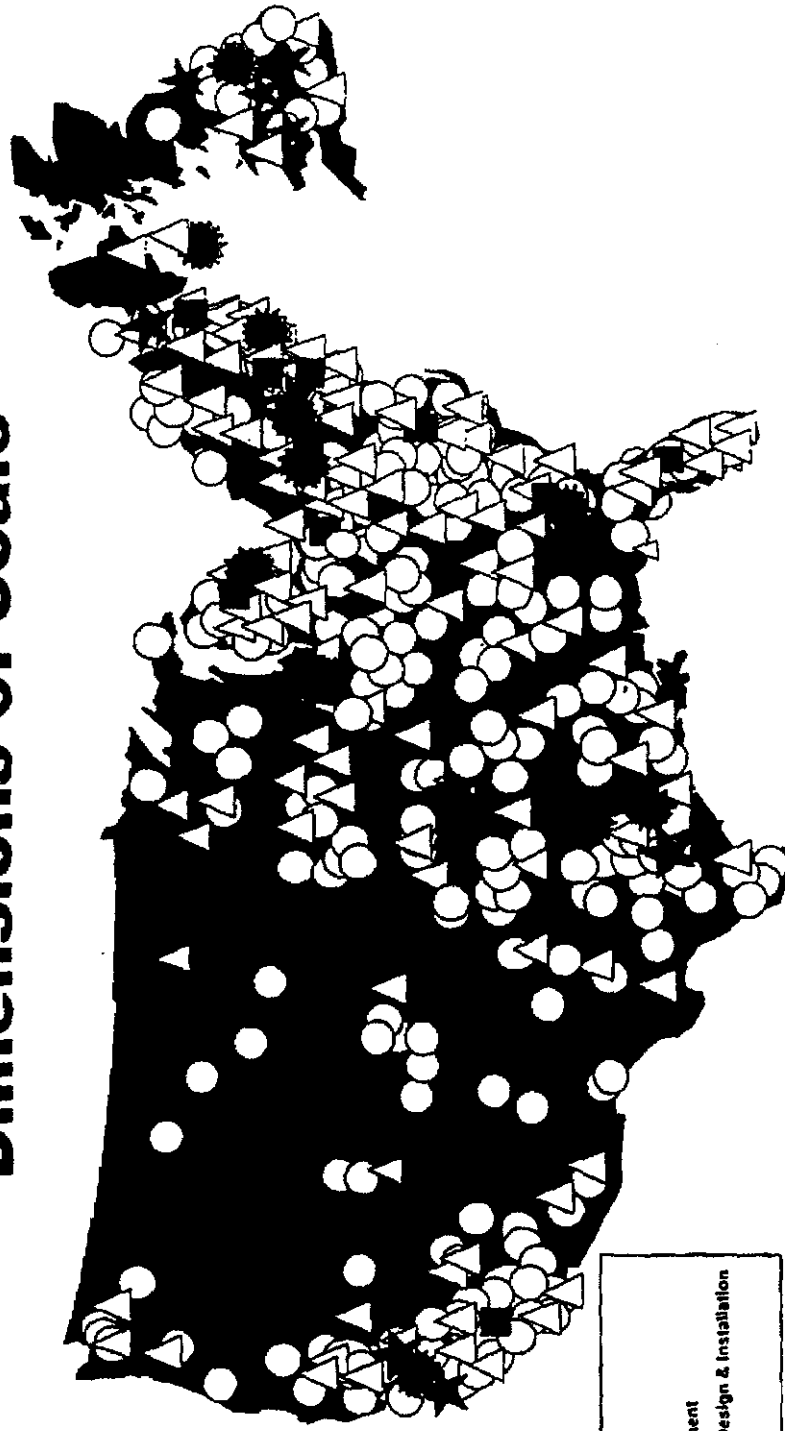
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Core Functions

- EES provides all facets of contract origination and customer services.
- Our marketing and sales teams target customers and originate new energy contracts. We understand the market and have developed products with rapid acceptance. In addition to standardizing our products, we have standardized our processes- credit, legal, finance, etc.- to quickly and cost effectively expand our business. We continue to actively manage our contracts throughout their life to maximize the value of imbedded options in the contracts and to capture upsell opportunities to expand the services provided.
- EES provides all customer service and relationship management. We service all aspects of billing and client management. The delivery and execution of our demand side management and load curtailment products are also an integral part of EES.
- EES is leveraging Enron's wholesale expertise into the retail market. Our internal coordination enables EES to offer differentiated commodity products, maximizes Enron's core competencies and eliminates redundancy.
- Enron's distinct capabilities combine for a compelling customer value proposition.

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Dimensions of Scale











- ★ Enron Offices
- ▲ HVAC Service
- Facility Management
- Energy System Design & Installation
- Customer Sites

- Leveraging Enron's Commodity Capabilities
- Achieving Significant Operating Scale
- Standardizing Products; Reducing Sales Cycle

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Customer Segments

<p>>\$30 Million Annual Energy Spend</p>	<p>Large National and Multi-National Companies with Multiple Facilities</p> <p>Comprehensive, Packaged Energy and Facilities Management</p>   
<p>\$10 - 30 Million Annual Energy Spend</p>	<p>National and Regional Companies with Numerous Facilities</p> <p>Gas, Power and Energy Management Services</p>    
<p><\$10 Million Annual Energy Spend</p>	<p>Single-to-Multiple Site Businesses</p> <p>Standardized Gas and Power Services</p>  <p>USA Canada UK</p>

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Customer Segments

Internally, we think of our target customers in three major segments:

- Greater than \$30 million in total annual energy spend and less than 100 sites. These are large companies with facilities across North America and Europe that require highly packaged and comprehensive agreements and service. (Potential number of customers: <400)

Examples of energy management agreements signed in this segment during the first half of 2001 are: Eli Lilly, Owens-Illinois, Harrah's and Quaker Oats.

- Total annual energy spend between \$10 and \$30 million, and more than 100 sites. This is much more of a component-based transaction with lower customization. (Potential number of customers: 1,000s)

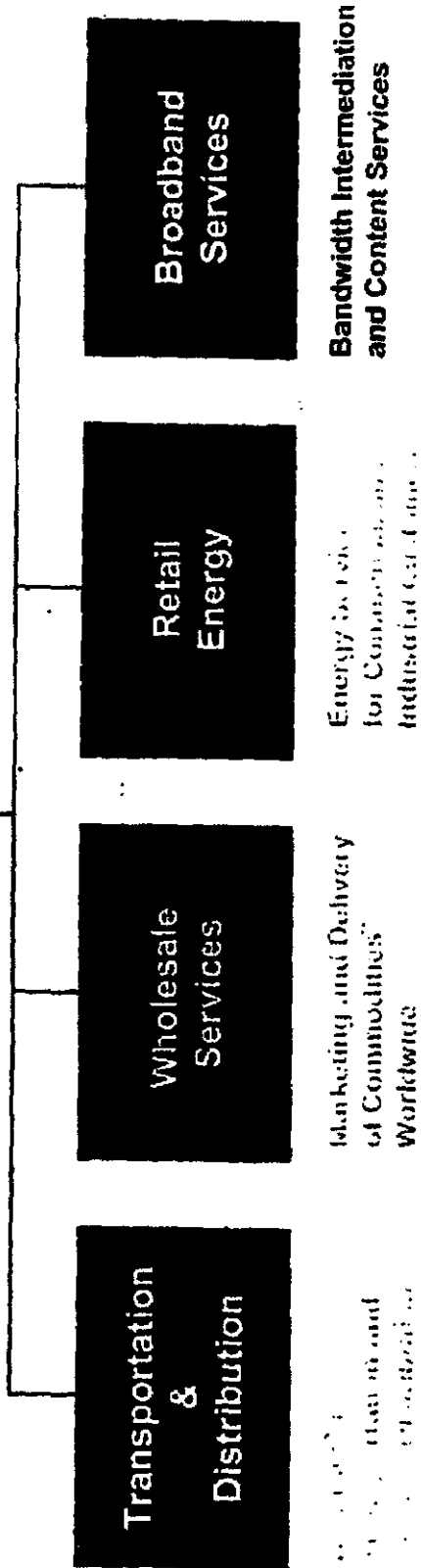
Examples of contracts signed during the first six months of this year are: Equity Office, Home Depot, JC Penney, and Saks, Incorporated.

- Less than \$10 million of total annual energy spend. This segment is a component-based transaction with high standardization. (Potential number of customer: 10,000s).

- Enron Direct in the U.K. has over 140,000 customers. We had great success in the U.S. during the most recent quarter with this customer base, including approximately 2,000 new agreements for energy services. We launched Enron Direct in Canada during the most recent quarter as well.

Background:

SEGMENT	TCV - YTD 6/30/01
Energy Outsourcing	\$3.8 million
Energy Portfolio Mgmt	\$3.8 million
Energy Direct (including U.K.)	\$5.5 million
	\$13.1 million



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Enron Broadband Services - Organization Chart

- The broadband industry is undergoing major "upheaval". I will address overall industry conditions, and also show indicators of our relatively strong performance.

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Broadband Market Overview

- **Severe Imbalance of Supply and Demand for Bandwidth; Extreme Commodity Price Pressures**
- **Deteriorated Creditworthiness of Major Industry Counterparties**
- **Enormous Slowdown in Industry-Wide Commercial Activities**
- **Long-Term Opportunities for Innovation**

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Broadband Market Overview

- There have been dramatic industry changes in communications and broadband.
- Severe supply and demand imbalances, combined with the deteriorating creditworthiness of available counterparties (particularly wholesale carriers and CLEC's), have significantly reduced revenue opportunities in the marketplace.
- There has been a significant drop-off in the commercial activities across the broadband market.
- Our natural customers are in acute distress, and some level of industry recovery is necessary to propel the business. We continue to believe there are attractive longer-term opportunities to build a very profitable business with Enron's market-based intermediation model and bundled product capabilities.

Background:

Decline in Market Capitalization (in millions)

<u>Company</u>	<u>12/99</u>	<u>12/00</u>	<u>Current (7/23/01)</u>	<u>% Change 12/99 to Cur</u>	<u>% Change 12/00 to Cur</u>
<u>Level 3</u>	<u>27,952</u>	<u>12,062</u>	<u>1,840</u>	<u>(93%)</u>	<u>(85%)</u>
<u>Global Crossing</u>	<u>38,855</u>	<u>12,656</u>	<u>7,020</u>	<u>(67%)</u>	<u>(45%)</u>
<u>Qwest</u>	<u>37,645</u>	<u>68,351</u>	<u>47,794</u>	<u>+27%</u>	<u>(30%)</u>
<u>AT&T Corp.</u>	<u>126,134</u>	<u>50,372</u>	<u>68,497</u>	<u>(46%)</u>	<u>+16%</u>
<u>WorldCom</u>	<u>144,987</u>	<u>39,032</u>	<u>40,609</u>	<u>(72%)</u>	<u>+4%</u>
<u>Akamai</u>	<u>30,305</u>	<u>2,279</u>	<u>894</u>	<u>(97%)</u>	<u>(60%)</u>

Enron's Broadband Focus

Network

- Maintain Functionality to Support Highly Focused Commercial Activities

Intermediation

- Make Liquid, Transparent Markets for Broadband-Related Products
- Provide Reliable Delivery at Predictable Prices

Content Services

- Provide Bundled Services to Large-Scale Users on Usage-Based Terms

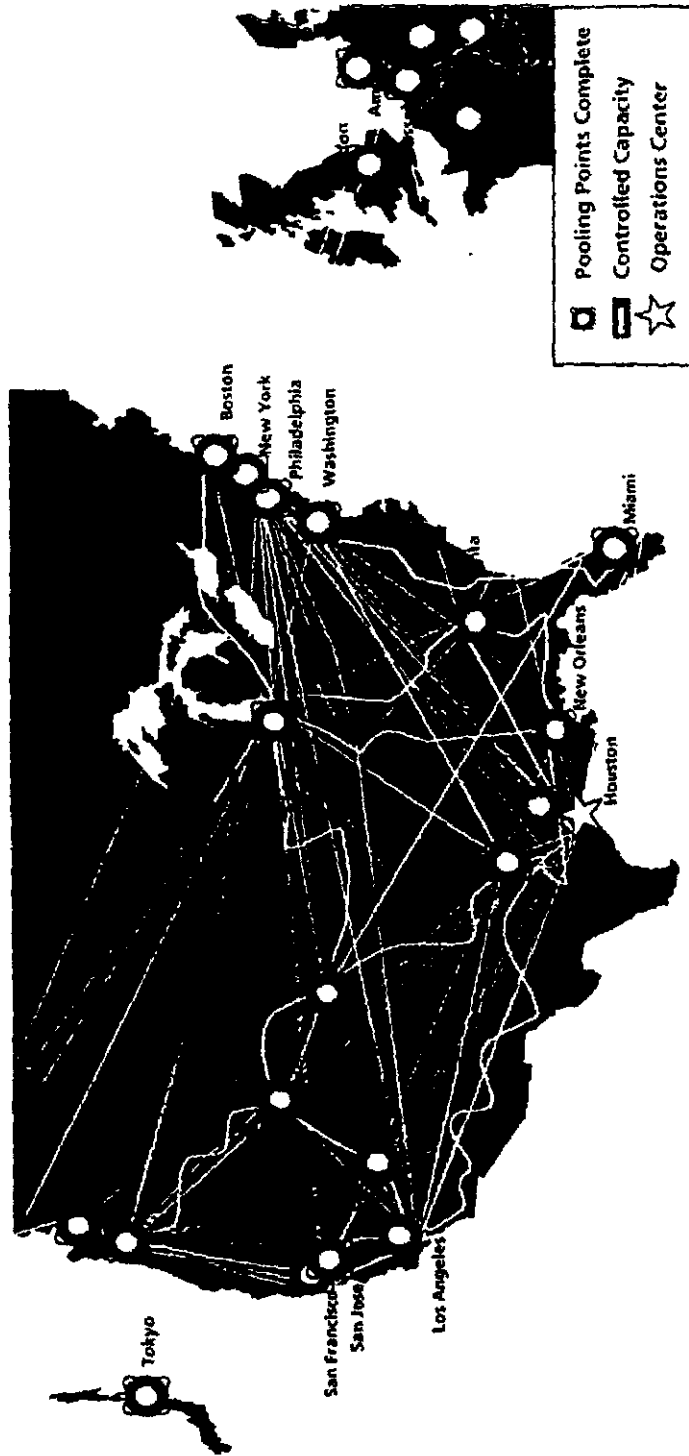
Objective: Cost Effectively Maximize Option Value

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Enron's Broadband Focus

- In short order, our Enron Broadband will be properly sized for the current environment. The three major components of our business (network, intermediation and content services) are unchanged, but we are highly focused on our near-term network needs and transactions with associated current gross margin.
- Network – Our existing broadband platform continues to provide us with a low-cost, flexible network. Our network is a key differentiation from other entrants into bandwidth intermediation. We plan to maintain the functionality necessary to deliver on our existing commitments and support our highly focused commercial activities which is demonstrated by limited headcount reduction in this area (from 208 to 196 employees).
- Intermediation – We will continue to make markets for bandwidth products (circuits, storage and IP) as well as originate bundled services. The market values our reliable delivery and firm price commitments. We continue a strong resource commitment in this business. Our intermediation commercial team has been impacted the least by our recent initiatives with a reduction of 13%. (Note: Origination commercial team has been reduced by 50%).
- Content Services – We have further focused our content business to the large players who can have a major impact on the Entertainment-on-Demand market. We have a few (12 employees), very effective commercial employees pursuing a low-cost, high impact approach to the business.
- During this period of industry turmoil, we have a focus that enables us to actively pursue intermediation opportunities and maximize the option value related to the network and content services.

Enron Intelligent Network



- Low Cost, Interconnected, Scalable Global Network
- \$1.2 Billion Total Investment Expected at Year-End 2001
- Network Layers Include Dark Fiber, Lit Capacity and Pooling Points

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Enron Intelligent Network

- Enron's network strategy has not been about owning fiber. Our objective has been to attain extensive reach. This approach has resulted in a low cost, interconnected and scalable global network.
- We have substantially completed our network. We expect to have approximately \$1.2 billion invested by year-end 2001, including \$250 million capital this year. This level of investment is a fraction of that made by traditional carriers.
- Like in our Wholesale business, we expect our network to continue to evolve as the market evolves. Our network has several layers, including dark fiber, lit capacity and our pooling points. We will seek to optimize each of these components as opportunities present themselves.

Notes:

- Pooling points - We currently operate pooling points in 25 cities through which 63 unique counterparties are connected, up from 36 counterparties during 1st quarter.
- Broadband Operating System - Enables Enron and our customers to provision capacity on the network. Also integrates our mid and back office functions.

Fiber (excluding leased)	Total Today	Total Expected (3/31/02)
Owned (route miles)	3,866	3,866
Swapped (route miles)	4,433	17,484
Total	8,299	21,350
Lit	66% (1)	
Dark	34%	

(1) Represents percentage lit of existing delivered network (8,299).

Pooling Points	Pooling Points
U.S. Pooling Points (18 unique cities)	21
Europe Pooling Pts.	6
Asia Pooling Pts.	1
Total Pooling Pts.	28

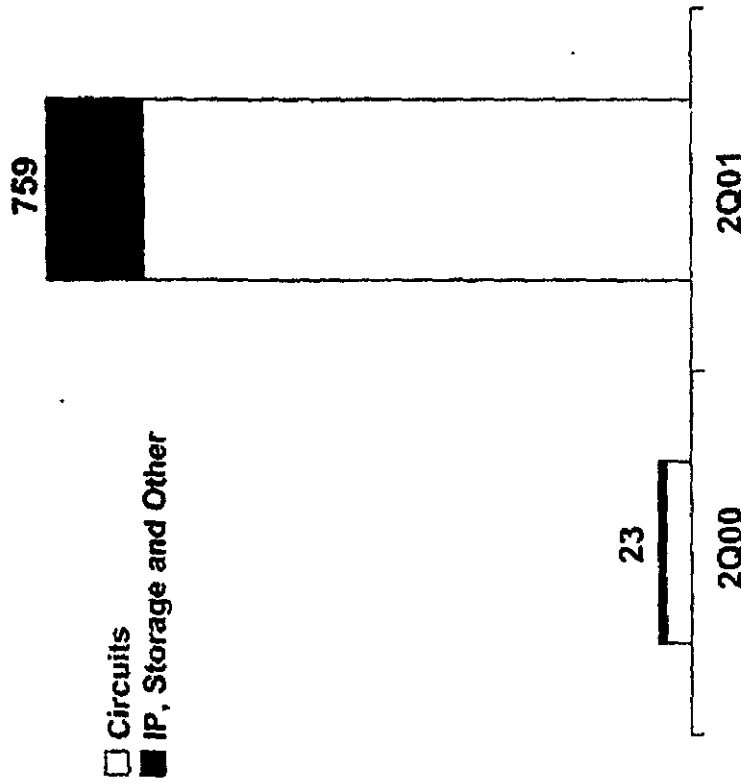
In addition, Enron accesses 30 customer sites

Counterparties Connected to Pooling Pts.	Counterparties Connected to Pooling Pts.
Direct	46
via Metro Loop Fiber	17
Total Connections	63

Primarily NSPs & carriers

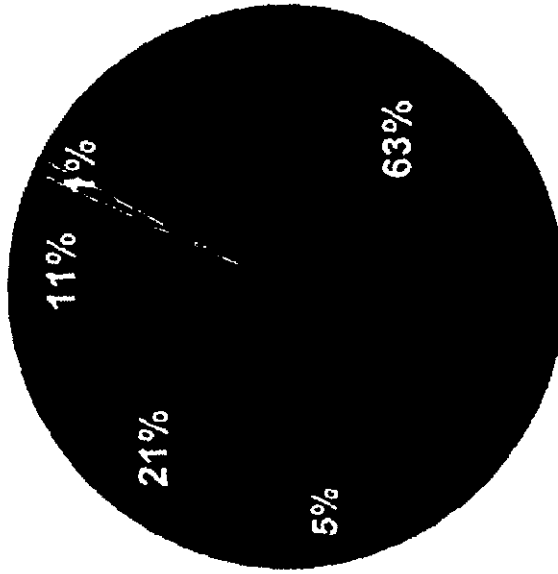
Intermediation

Transactions



□ Circuits
■ IP, Storage and Other

Transaction Mix



■ Carriers
■ Network Service Providers
□ Enterprises
■ Marketers/Resellers
■ Media and Other

Customers
45 New
165 Total

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○ Marketers/Resellers Typically Opt for Financial Settlements
○ Traditional Industry Participants Demand Enron's Reliable Physical Delivery

2nd Quarter-01



Intermediation

- We have led development of intermediation in the industry. We have attracted new customers who have found Enron's flexible term structures to be quite valuable. Capacity holders have realized the value of Enron's market-making capabilities and our ability to provide them with incremental revenue sources.
- We have seen a ramp-up in transaction activity for all products. We completed 759 transactions in the second quarter, up 31% from the first quarter. Circuit transactions remain strong, and we're seeing increased demand for our storage, IP and other products.
- We transact with a broad range of customers, including carriers, network services providers, enterprises, marketers and media companies. In the second quarter, carriers and network service providers accounted for just under 40% of our transactions, while marketers and resellers (primarily merchant energy entrants) accounted for the remaining 60%. These levels compare to a first quarter split of 50/50 between traditional industry players and marketers, reflecting the general retreat of traditional industry participants from the marketplace and the initiatives by other marketers to create liquidity in the business. In the second quarter, we added 45 counterparties for a total of 165 customers.
- We will transact on a financial basis with other marketers to further develop liquidity and viable counterparties. Because of our network, Enron will be a provider of choice for carriers, ISPs and enterprises as the market recovers, as they generally seek the reliable low-cost, physical provisioning that few others can provide.

Confidential Note:

[Note: All data includes network services, advertising and DRAM and excludes inter-company activity.]

2001 TB Target Information	
1Q01 TB Delivered	43,400
2Q01 TB Delivered	98,478
YTD TB Delivered	141,878
2001 Delivery Commitments	309,906
2001 Delivery Target	570,000
% of 2001 Target	54%
LTD TB Delivered	214,253

	Transaction Detail							YTD	LTD	
	1992	1999	2000	3Q00	4Q00	YE2000	1Q01			
Circuits	6	3	22	59	223	307	515	647	1162	1475
IP	2	0	0	0	7	7	18	41	59	68
Storage	0	0	0	0	4	4	9	14	23	27
Collocation								14	14	14
Ports								11	11	11
Subtotal	8	3	22	59	234	318	542	727	1269	1595
Other*	1	0	1	0	2	3	39	32	71	75
Total	9	3	23	59	236	321	581	759	1340	1670

*Primarily advertising

	Customer Ramp-Up			
	1992	1999	2000	3Q00
New Customers	5	2	7	9
Total Customer	5	7	14	23

	end 2001 Customer Breakout		% of Transactions		Since Inception
	# CPs	% of Total	1Q01	3Q01	
Carriers	69	42%	40%	21%	29%
Marketers/Resellers	9	5%	49%	63%	57%
Enterprise	10	6%	1%	1%	1%
Network Service Providers	48	29%	6%	11%	9%
Media and Other	29	18%	3%	5%	4%
Total	165	100%	100%	100%	100%



Enron and MSN



- **Enron Provides Broadband On-Demand for MSN with Usage-Based Terms**
- **Multi-Year Contract**
- **Combines Enron's Intermediation Expertise and Network Capabilities for Valuable Enterprise Service**

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Enron and MSN

- We have a long-term contract to provide broadband services to MSN. Details of the opportunity have not yet been released, but it is an exciting opportunity for Enron. With 5 million customers, MSN is the 2nd largest provider of Internet access in the U.S.
- In the multi-year service contract, Enron is combining our intermediation expertise and our network capabilities to provide MSN with bandwidth on-demand. Our service enables MSN to dynamically provision and pay for bandwidth, as they need it.
- We will provide more information along with MSN at a later date and Enron will demonstrate the financial impact of the new contract as the service is implemented.

Conclusion

- **Attentive to Investor Concerns; Some Matters May Be Noisy But All are Well Managed**
- **Well-Positioned Balance Sheet; Expanding Cash Flows**
- **Record First Half Earnings, Volume and Contracting Results Demonstrate Enron's Very Strong Business Fundamentals**
- **Recent Broadband Initiative Lowers Costs While Retaining Valuable Option on Future Opportunities**
- **Firmly On Track For Continued Strong Earnings Growth**

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Conclusion

- Work from Slide.

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STATISTICS

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SELECTED FINANCIAL DATA
Exxon Corp. and Subsidiaries

	1999			2000			2001		Year		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year			
Revenue, Net of Intercompany	\$ 178	\$ 171	\$ 160	\$ 175	\$ 634	\$ 202	\$ 183	\$ 692	\$ 247	\$ 148	\$ 395
Transportation and Distribution	259	296	407	377	1,379	367	382	2,050	686	787	1,473
Wholesale Services (1)	6,691	6,702	10,841	9,836	36,172	12,182	15,633	95,440	48,407	48,616	97,023
Retail Energy Services (1)	188	157	181	321	847	288	468	1,662	642	283	925
Refined Energy Services	-	-	-	-	-	59	151	488	85	15	100
Exploration and Production (2)	149	175	105	429	-	-	-	-	-	-	-
Corporate and Other	177	221	141	651	-	37	149	537	62	211	773
Total	\$ 7,632	\$ 9,672	\$ 13,835	\$ 10,973	\$ 40,112	\$ 33,145	\$ 16,886	\$ 160,789	\$ 50,129	\$ 50,060	\$ 100,196
Net Income	\$ 126	\$ 72	\$ 65	\$ 97	\$ 380	\$ 128	\$ 77	\$ 391	\$ 133	\$ 77	\$ 210
Income (Loss) Before Interest, Minority Interests and Income Taxes	82	56	52	105	305	105	62	341	60	65	125
Transportation and Distribution	328	383	375	233	1,299	429	415	2,252	755	802	1,537
Transportation Services	(98)	(93)	(79)	37	(90)	6	46	32	(15)	(102)	(137)
Wholesale Services (1)	12	20	33	-	65	-	(80)	(66)	-	-	-
Retail Energy Services	44	68	(73)	1	(17)	(44)	17	(289)	(159)	(109)	(267)
Exploration and Production (2)	53	469	907	473	1,822	624	609	2,746	795	793	1,566
Corporate and Other	-	-	-	-	-	-	-	-	-	-	-
Minority Interests	-	-	-	-	-	-	-	-	-	-	-
Income Tax Provision (Benefit)	533	469	520	473	1,985	634	609	2,864	795	793	1,566
Cumulative Effect of Accounting Changes, net of tax	19	175	187	119	656	161	198	247	201	215	416
Preferred Stock Dividend (2)	33	23	38	41	135	18	21	77	38	18	36
Earnings on Common Stock	53	20	22	55	104	35	39	154	40	30	70
Basic	253	222	200	259	1,024	318	289	979	339	328	616
Diluted	(120)	22	20	259	(131)	19	20	979	406	404	819
Non-Recurring Items (See Analysis of Reported Earnings)	4	19	19	24	68	20	21	83	20	21	41
Total 2001	\$ 118	\$ 203	\$ 271	\$ 235	\$ 847	\$ 318	\$ 288	\$ 986	\$ 485	\$ 363	\$ 788
Basic	\$ 0.17	\$ 0.29	\$ 0.38	\$ 0.33	\$ 1.17	\$ 0.44	\$ 0.37	\$ 0.85	\$ 0.54	\$ 0.51	\$ 1.04
Diluted	\$ 0.34	\$ 0.27	\$ 0.27	\$ 0.31	\$ 1.18	\$ 0.40	\$ 0.34	\$ 0.41	\$ 0.47	\$ 0.45	\$ 0.92
Non-Recurring Items (See Analysis of Reported Earnings)	(0.19)	-	0.09	-	(0.06)	-	-	(0.36)	0.02	-	0.02
Reported	\$ 0.16	\$ 0.27	\$ 0.35	\$ 0.31	\$ 1.10	\$ 0.40	\$ 0.34	\$ 0.05	\$ 0.49	\$ 0.45	\$ 0.94
Depreciation, Depletion and Amortization	\$ 17	\$ 17	\$ 18	\$ 14	\$ 66	\$ 18	\$ 17	\$ 67	\$ 17	\$ 17	\$ 34
Transportation and Distribution	46	48	43	44	181	46	46	59	51	55	106
Transportation Services	57	70	71	86	284	75	85	343	92	109	201
Wholesale Services (1)	6	4	9	10	29	9	9	38	9	10	19
Retail Energy Services	-	-	-	-	-	3	8	14	14	16	30
Refined Energy Services	82	89	42	-	213	-	-	-	-	-	-
Exploration and Production (2)	7	6	42	30	87	23	27	49	30	33	63
Corporate and Other	215	236	275	194	870	177	192	855	213	240	453
Total	\$ 215	\$ 236	\$ 275	\$ 194	\$ 870	\$ 177	\$ 192	\$ 855	\$ 213	\$ 240	\$ 453

(1) Beginning in 2001, retail energy activities are segregated with Energy into separate units. Prior periods include Wholesale Services and Retail Energy Services. (2) Beginning in 2001, retail energy activities are segregated with Energy into separate units. Prior periods include Wholesale Services and Retail Energy Services. (3) The Second Preferred Stock and the Series B Preferred Stock are held in trust for the benefit of the stockholders. The Second Preferred Stock is shown for the year 2000, while the Series B Preferred Stock is shown for the same period. The Series B Preferred Stock and the Series C Preferred Stock are both shown in the first two columns of 2001. (4) Assumed to reflect two-for-one common stock split effective August 13, 1999.

ANALYSIS OF REPORTED EARNINGS

Enron Corp. and Subsidiaries

	1999					2000					2001		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
(in Millions, Except Per Share Amounts)													
Diluted Earnings Per Share - Recurring (1)	\$ 0.34	\$ 0.27	\$ 0.27	\$ 0.31	\$ 1.18	\$ 0.40	\$ 0.34	\$ 0.34	\$ 0.41	\$ 1.47	\$ 0.47	\$ 0.45	\$ 0.92
Non-Recurring Earnings (Loss) Items Per Share (1)	-	-	-	-	-	-	-	-	(0.41)	(0.40)	-	-	-
Change to reflect impairment by Assets of certain assets	-	-	-	-	-	-	-	-	0.05	0.05	-	-	-
Gain on The New Power Company, net	-	-	0.44	-	0.45	-	-	-	-	-	-	-	-
Gain on sale of subsidiary stock	-	-	(0.36)	-	(0.36)	-	-	-	-	-	-	-	-
Change to reflect losses on impairment of MTBE assets	(0.16)	-	-	-	(0.17)	-	-	-	-	-	-	-	-
Cumulative effect of accounting changes (2)	(0.16)	-	-	-	(0.17)	-	-	-	-	-	0.02	-	0.02
Total Non-Recurring Earnings (Loss) Items Per Share	\$ 0.18	\$ 0.27	\$ 0.35	\$ 0.31	\$ 1.10	\$ 0.40	\$ 0.34	\$ 0.34	\$ 0.35	\$ 1.12	\$ 0.49	\$ 0.45	\$ 0.94
Reported Diluted Earnings Per Share	\$ 0.15	\$ 0.27	\$ 0.35	\$ 0.31	\$ 1.10	\$ 0.40	\$ 0.34	\$ 0.34	\$ 0.35	\$ 1.12	\$ 0.49	\$ 0.45	\$ 0.94
Average Number of Common Shares Used in Diluted Computation (1)(3)	744.6	771.1	781.1	779.1	789.0	651.9	652.2	669.6	787.7	813.9	871.6	891.1	881.5
Non-Recurring Earnings (Loss) Items - After tax (4)													
Change to reflect impairment by Assets of certain assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (326)	\$ (326)	\$ -	\$ -	\$ -
Gain on The New Power Company, net	-	-	-	-	-	-	-	-	39	39	-	-	-
Gains on sales of subsidiary stock	-	-	345	-	345	-	-	-	-	-	-	-	-
Change to reflect losses on impairment of MTBE assets	-	-	(278)	-	(278)	-	-	-	-	-	-	-	-
Cumulative effect of accounting changes (2)	(131)	-	-	-	(131)	-	-	-	-	-	19	-	19
Total Non-Recurring Earnings (Loss) Items - After tax	\$ (131)	\$ -	\$ 67	\$ -	\$ 64	\$ -	\$ -	\$ -	\$ (287)	\$ (287)	\$ 19	\$ -	\$ 19
Non-Recurring Earnings (Loss) Items - Pre-tax													
Change to reflect impairment by Assets of certain assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (326)	\$ (326)	\$ -	\$ -	\$ -
Gain on The New Power Company, net	-	-	-	-	-	-	-	-	62	62	-	-	-
Gains on sales of subsidiary stock	-	-	454	-	454	-	-	-	-	-	-	-	-
Change to reflect losses on impairment of MTBE assets	-	-	(441)	-	(441)	-	-	-	-	-	-	-	-
Cumulative effect of accounting changes (2)	(200)	-	-	-	(200)	-	-	-	-	-	31	-	31
Total Non-Recurring Earnings (Loss) Items - Pre-tax	\$ (200)	\$ -	\$ 13	\$ -	\$ (187)	\$ -	\$ -	\$ -	\$ (264)	\$ (264)	\$ 31	\$ -	\$ 31

(1) Adjusted to reflect buy-back common stock (only effective August 13, 1999)
 (2) 1999 amounts due to the adoption of an accounting pronouncement requiring that costs for all start-up activities and organizational costs be expensed as incurred. 2001 due to the adoption of an accounting pronouncement requiring the measurement of all business combinations at fair value.
 (3) In 2001, the average number of diluted shares representing subject to equity instruments issued to Enron common stock. The equity instruments, which commence beginning in 2003, were adjusted in conjunction with all-business related transactions.
 (4) Except where a specific tax rate applied, amounts a 35% tax rate.

CAPITAL STRUCTURE AND STATISTICS
Eaton Corp. and Subsidiaries

	1999			2000			2001		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
(In Millions, Except Per Share Amounts)									
Common Shares Outstanding (A)	683.4	703.0	714.1	715.3	705.3	722.5	730.4	741.2	747.9
Average Basic	744.6	773.1	781.1	783.0	783.0	861.3	863.2	869.6	877.7
End of Period Diluted	744.4	773.0	781.1	783.2	783.2	861.3	863.3	872.3	871.1
Market Price Per Share (end of period) (B)	\$ 32.125	\$ 40.275	\$ 41.853	\$ 44.375	\$ 44.375	\$ 74.875	\$ 84.500	\$ 87.645	\$ 83.125
Dividends Per Share									
Common Shares Outstanding (A)									
1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
3.413	3.413	3.413	3.413	13.652	3.413	3.413	3.413	3.413	13.652
65,000	65,000	65,000	65,000	260,000	65,000	65,000	65,000	65,000	260,000
0.125	0.125	0.125	0.125	0.500	0.125	0.125	0.125	0.125	0.500
0.500	0.500	0.500	0.500	2,000	0.500	0.500	0.500	0.500	2,000
0.500	0.500	0.500	0.500	2,000	0.500	0.500	0.500	0.500	2,000
2,142,500	2,142,500	2,142,500	2,142,500	8,570,000	2,142,500	2,142,500	2,142,500	2,142,500	8,570,000
1,847,500	1,847,500	1,847,500	1,847,500	7,390,000	1,847,500	1,847,500	1,847,500	1,847,500	7,390,000
0.519	0.519	0.519	0.519	2,076	0.519	0.519	0.519	0.519	2,076
0.508	0.508	0.508	0.508	2,032	0.508	0.508	0.508	0.508	2,032
18,878	18,878	18,878	18,878	78,512	18,878	18,878	18,878	18,878	78,512
14,528	14,528	14,528	14,528	54,276	14,528	14,528	14,528	14,528	54,276
1,808	1,808	1,808	1,808	7,232	1,808	1,808	1,808	1,808	7,232
18,125	18,125	18,125	18,125	72,500	18,125	18,125	18,125	18,125	72,500
11,857	11,857	11,857	11,857	47,428	11,857	11,857	11,857	11,857	47,428
10,172	10,172	10,172	10,172	40,688	10,172	10,172	10,172	10,172	40,688
46.3	46.3	46.3	46.3	185.2	46.3	46.3	46.3	46.3	185.2
8.182	8.182	8.182	8.182	32.72	8.182	8.182	8.182	8.182	32.72
4.15	4.15	4.15	4.15	16.6	4.15	4.15	4.15	4.15	16.6
2.475	2.475	2.475	2.475	9.9	2.475	2.475	2.475	2.475	9.9
1.001	1.001	1.001	1.001	4.004	1.001	1.001	1.001	1.001	4.004
4.7	4.7	4.7	4.7	18.8	4.7	4.7	4.7	4.7	18.8
9.206	9.206	9.206	9.206	36.824	9.206	9.206	9.206	9.206	36.824
41.3	41.3	41.3	41.3	165.2	41.3	41.3	41.3	41.3	165.2
11,857	11,857	11,857	11,857	47,428	11,857	11,857	11,857	11,857	47,428
10,172	10,172	10,172	10,172	40,688	10,172	10,172	10,172	10,172	40,688
46.3	46.3	46.3	46.3	185.2	46.3	46.3	46.3	46.3	185.2
8.182	8.182	8.182	8.182	32.72	8.182	8.182	8.182	8.182	32.72
4.15	4.15	4.15	4.15	16.6	4.15	4.15	4.15	4.15	16.6
2.475	2.475	2.475	2.475	9.9	2.475	2.475	2.475	2.475	9.9
1.001	1.001	1.001	1.001	4.004	1.001	1.001	1.001	1.001	4.004
4.7	4.7	4.7	4.7	18.8	4.7	4.7	4.7	4.7	18.8
9.206	9.206	9.206	9.206	36.824	9.206	9.206	9.206	9.206	36.824
41.3	41.3	41.3	41.3	165.2	41.3	41.3	41.3	41.3	165.2
11,857	11,857	11,857	11,857	47,428	11,857	11,857	11,857	11,857	47,428
10,172	10,172	10,172	10,172	40,688	10,172	10,172	10,172	10,172	40,688
46.3	46.3	46.3	46.3	185.2	46.3	46.3	46.3	46.3	185.2
8.182	8.182	8.182	8.182	32.72	8.182	8.182	8.182	8.182	32.72
4.15	4.15	4.15	4.15	16.6	4.15	4.15	4.15	4.15	16.6
2.475	2.475	2.475	2.475	9.9	2.475	2.475	2.475	2.475	9.9
1.001	1.001	1.001	1.001	4.004	1.001	1.001	1.001	1.001	4.004
4.7	4.7	4.7	4.7	18.8	4.7	4.7	4.7	4.7	18.8
9.206	9.206	9.206	9.206	36.824	9.206	9.206	9.206	9.206	36.824
41.3	41.3	41.3	41.3	165.2	41.3	41.3	41.3	41.3	165.2

(A) On September 24, 2001, 2000, and 1999, the number of Common Shares outstanding was based on the number of shares of Common Shares outstanding at the end of each quarter. The number of shares of Common Shares outstanding at the end of each quarter is based on the number of shares of Common Shares outstanding at the end of each quarter. The number of shares of Common Shares outstanding at the end of each quarter is based on the number of shares of Common Shares outstanding at the end of each quarter. The number of shares of Common Shares outstanding at the end of each quarter is based on the number of shares of Common Shares outstanding at the end of each quarter.

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CONSOLIDATED BALANCE SHEET
Enron Corp. and Subsidiaries

	1999				2000				2001	
	301	670	930	1201	371	620	920	1201	301	301
Current Assets										
Cash and cash equivalents	\$ 296	\$ 286	\$ 316	\$ 288	\$ 466	\$ 718	\$ 697	\$ 1,374	\$	\$ 1,086
Trade and other receivables, net	3,534	3,522	3,851	3,548	4,352	8,269	7,675	12,270		11,310
Assets from price risk management activities	1,554	1,756	2,156	2,205	3,135	5,696	7,294	12,018		12,672
Inventories	458	537	613	598	437	571	1,942	953		650
Other	503	772	631	816	939	1,116	1,198	3,766		3,449
Total Current Assets	6,445	6,893	7,567	7,255	9,333	14,370	18,006	30,381		29,167
Investments and Other Assets										
Investments in and advances to unconsolidated equity affiliates	4,632	4,779	4,968	5,035	6,020	5,821	5,376	5,294		5,694
Assets from price risk management activities	2,271	2,364	3,052	2,929	3,428	5,228	7,367	8,968		9,998
Goodwill	2,690	2,696	2,836	2,789	2,905	3,408	3,646	3,638		3,609
Other	5,076	5,599	5,578	4,881	5,101	5,728	6,248	5,459		7,217
Total Investments and Other Assets	14,669	15,438	16,234	15,645	17,454	19,985	22,737	23,379		26,518
Property, Plant and Equipment, at cost	17,197	17,507	12,924	13,912	14,012	14,682	15,133	15,459		15,297
Less accumulated depreciation, depletion and amortization	5,612	5,691	3,149	3,231	3,515	3,471	3,690	3,736		3,722
Net Property, Plant and Equipment	11,585	11,816	9,775	10,681	10,497	11,211	11,443	11,723		11,575
Total Assets	\$ 32,699	\$ 34,147	\$ 33,576	\$ 33,381	\$ 37,484	\$ 45,566	\$ 52,996	\$ 65,503		\$ 67,260
Current Liabilities										
Accounts payable	\$ 2,694	\$ 2,693	\$ 2,281	\$ 2,154	\$ 2,914	\$ 4,400	\$ 5,390	\$ 9,777		\$ 8,686
Liabilities from price risk management activities	1,542	2,306	2,829	1,835	2,697	4,292	6,187	10,495		10,840
Short-term debt	-	-	-	1,009	1,884	1,486	3,117	1,679		2,159
Other	1,408	1,457	1,559	1,768	1,695	2,944	2,408	6,455		5,885
Total Current Liabilities	5,644	6,446	6,669	6,765	6,190	12,222	11,002	28,406		27,570
Long-Term Debt	9,419	8,978	8,592	7,151	9,286	10,211	10,694	8,550		9,763
Deferred Credits and Other Liabilities										
Deferred income taxes	2,184	2,352	1,908	1,894	1,791	1,678	1,565	1,644		1,625
Liabilities from price risk management activities	1,652	2,068	2,571	2,998	3,510	5,525	7,314	9,423		10,472
Other	1,640	1,820	1,716	1,587	1,594	2,369	2,282	2,692		2,781
Total Deferred Credits and Other Liabilities	5,476	6,240	6,147	6,471	6,895	9,572	11,161	13,759		14,878
Minority Interests	2,125	2,475	1,822	2,430	1,872	1,893	1,889	2,414		2,418
Company-Organized Preferred Securities of Subsidiaries	1,001	1,001	1,001	1,000	1,099	899	904	904		904
Shareholders' Equity										
Cumulative second preferred convertible stock	131	131	130	130	129	127	127	124		121
Juniata convertible preferred stock	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		1,000
Common stock	6,249	6,588	6,640	6,637	7,041	7,665	8,003	8,346		9,513
Retained earnings	2,256	2,369	2,537	2,698	2,922	3,301	3,277	3,226		3,525
Cumulative foreign currency translation adjustment	(711)	(760)	(853)	(741)	(756)	(861)	(958)	(1,048)		(1,193)
Common stock held in treasury	(50)	(1)	(1)	(49)	(16)	(64)	(16)	(32)		(1,062)
Restricted stock and other	(51)	(121)	(108)	(105)	(180)	(179)	(155)	(148)		(157)
Total Shareholders' Equity	8,824	9,206	9,345	9,570	10,140	10,769	11,276	11,470		11,777
Total Liabilities and Shareholders' Equity	\$ 32,699	\$ 34,147	\$ 33,576	\$ 33,381	\$ 37,484	\$ 45,566	\$ 52,996	\$ 65,503		\$ 67,260

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CONSOLIDATED STATEMENT OF CASH FLOWS

Enco Corp. and Subsidiaries

	YTD 1989		YTD 2000		YTD 2001	
	\$	\$	\$	\$	\$	\$
Cash Flows From Operating Activities						
Net income	122	344	627	919	979	425
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Cumulative effect of accounting changes	131	131	-	-	-	(199)
Depreciation, depletion and amortization	215	451	364	620	855	213
Increase (decrease) in long-term investments	-	(11)	-	-	376	-
Deferred income taxes	2	(11)	31	22	207	113
Gains on sales of non-merchandise assets	(12)	(12)	(18)	(138)	(146)	(32)
Changes in components of working capital	(956)	(909)	(524)	(188)	1,769	(599)
Net assets from price risk management activities	(518)	247	(790)	(952)	(763)	(270)
Merchandise assets and investments:						
Realized gains and losses on sales	(22)	(161)	(29)	15	(104)	26
Proceeds from sales	26	661	553	603	1,438	135
Additions and unrealized gains	(135)	(629)	(1,095)	(1,414)	(1,295)	(74)
Other operating activities	87	150	357	530	1,113	(302)
Other investing activities	(650)	(38)	(547)	180	4,779	(654)
Net Cash Provided by (Used in) Operating Activities						
Cash Flows From Investing Activities						
Capital expenditures	(519)	(989)	(1,009)	(1,549)	(2,381)	(382)
Equity investments	(409)	(646)	(390)	(670)	(933)	(716)
Proceeds from sales of non-merchandise assets	43	138	105	222	494	239
Acquisition of subsidiary stock	-	-	(485)	(485)	(485)	-
Business acquisitions, net of cash acquired	(38)	(40)	(144)	(173)	(177)	(13)
Other investing activities	(207)	(246)	(117)	(147)	(182)	(132)
Net Cash Used in Investing Activities						
Cash Flows From Financing Activities						
Issuance of long-term debt	114	1,301	2,479	2,725	3,994	1,747
Repayment of long-term debt	(68)	(645)	(431)	(545)	(2,331)	(995)
Net increase (decrease) in short-term borrowings	1,119	128	1,301	1,694	(1,598)	799
Net increase (decrease) of company-obligated preferred securities of subsidiaries	-	-	105	(85)	(96)	-
Issuance of common stock	890	809	264	162	307	119
Issuance of subsidiary equity	-	513	-	-	500	-
Dividends paid	(113)	(227)	(263)	(396)	(423)	(143)
Net (acquisition) disposition of treasury stock	(95)	(68)	107	(8)	(6)	(226)
Other financing activities	1975	2,072	3,231	3,911	3,271	1,300
Net Cash Provided by Financing Activities						
Increases (Decreases) in Cash and Equivalents	165	775	430	429	1,095	(289)
Cash and Cash Equivalents, Beginning of Period	111	111	205	268	268	1,374
Cash and Cash Equivalents, End of Period						
Capital Expenditures						
Transportation and Distribution	25	50	10	33	71	50
Portland General	29	60	78	130	199	54
Wholesale Services	278	610	523	862	1,280	145
Retail Energy Services	22	34	30	40	70	12
Broadcast Services	-	-	71	280	436	64
Exploration and Production	92	160	-	-	-	-
Corporate and Other	73	35	167	204	325	77
Total						
Equity Investments						
Transportation and Distribution	-	-	-	-	-	-
Portland General	381	647	372	848	911	388
Wholesale Services	-	-	-	-	-	-
Retail Energy Services	-	-	-	-	-	-
Broadcast Services	-	-	-	-	-	-
Exploration and Production	26	1	18	22	21	325
Corporate and Other	409	648	390	870	913	216
Total						

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SELECTED FINANCIAL AND OPERATING HIGHLIGHTS
Transportation and Distribution - Transportation Services

	1999				2000				2001				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Transportation Services													
Gross Margin	\$ 161	\$ 124	\$ 145	\$ 176	\$ 626	\$ 201	\$ 148	\$ 119	\$ 182	\$ 650	\$ 243	\$ 121	\$ 364
Operating Expenses	61	65	64	74	264	65	76	63	76	280	107	54	161
Depreciation and Amortization	17	17	18	14	66	16	17	16	18	67	17	17	34
Equity in Earnings of Unconsolidated Affiliates	8	8	14	8	38	7	10	28	18	63	14	16	30
Other, net	15	22	8	1	46	1	12	15	(3)	25	-	11	31
Reported Income Before Interest and Taxes	\$ 126	\$ 72	\$ 85	\$ 97	\$ 360	\$ 128	\$ 77	\$ 83	\$ 103	\$ 391	\$ 133	\$ 77	\$ 210
Northern Natural Gas (100% Owned)													
Transportation Revenues	\$ 140	\$ 87	\$ 86	\$ 137	\$ 450	\$ 164	\$ 69	\$ 77	\$ 136	\$ 446	\$ 170	\$ 76	\$ 246
Average Transportation Rate (per MMBtu)	\$ 0.35	\$ 0.27	\$ 0.27	\$ 0.40	\$ 0.32	\$ 0.44	\$ 0.23	\$ 0.28	\$ 0.40	\$ 0.34	\$ 0.50	\$ 0.29	\$ 0.42
Gas Transportation (BBtu/d)	4,464	3,553	3,525	3,730	3,820	4,147	3,237	3,009	3,726	3,529	3,750	2,908	3,327
Transwestern Pipelines (100% Owned)													
Transportation Revenues	\$ 35	\$ 35	\$ 36	\$ 36	\$ 142	\$ 36	\$ 36	\$ 39	\$ 40	\$ 151	\$ 41	\$ 45	\$ 66
Average Transportation Rate (per MMBtu)	\$ 0.28	\$ 0.27	\$ 0.25	\$ 0.27	\$ 0.27	\$ 0.24	\$ 0.25	\$ 0.24	\$ 0.25	\$ 0.25	\$ 0.26	\$ 0.25	\$ 0.26
Gas Transportation (BBtu/d)	1,293	1,419	1,575	1,480	1,482	1,565	1,606	1,746	1,715	1,657	1,744	1,973	1,859
Florida Gas Transmission (80% Owned)													
Transportation Revenues	\$ 75	\$ 76	\$ 78	\$ 76	\$ 305	\$ 76	\$ 77	\$ 78	\$ 77	\$ 308	\$ 80	\$ 87	\$ 167
Average Transportation Rate (per MMBtu)	\$ 0.68	\$ 0.54	\$ 0.47	\$ 0.54	\$ 0.56	\$ 0.54	\$ 0.53	\$ 0.51	\$ 0.68	\$ 0.56	\$ 0.72	\$ 0.61	\$ 0.66
Gas Transportation (BBtu/d)	1,225	1,546	1,659	1,538	1,495	1,563	1,591	1,649	1,270	1,501	1,234	1,574	1,404
Northern Border Pipelines (0% Owned)													
Transportation Revenues	\$ 74	\$ 73	\$ 74	\$ 78	\$ 299	\$ 76	\$ 77	\$ 78	\$ 79	\$ 310	\$ 77	\$ 77	\$ 154
Gas Transportation (BBtu/d)	2,368	2,485	2,419	2,408	2,405	2,464	2,429	2,420	2,460	2,443	2,490	2,303	2,396
Rate per 100 Debitum MMBtu	\$ 0.037	\$ 0.037	\$ 0.036	\$ 0.036	\$ 0.037	\$ 0.041	\$ 0.041	\$ 0.040	\$ 0.040	\$ 0.041	\$ 0.037	\$ 0.037	\$ 0.037

SELECTED FINANCIAL AND OPERATING HIGHLIGHTS
Transmission and Distribution - Portland General Electric

	1999				2000				2001		Year		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr			
(In Millions, Except Where Noted)													
Revenues (Portland General Group)													
Residential	\$ 134	\$ 98	\$ 86	\$ 120	\$ 438	\$ 135	\$ 99	\$ 90	\$ 124	\$ 448	\$ 134	\$ 98	\$ 232
Commercial	89	66	96	96	367	92	92	102	102	388	94	94	104
Industrial	36	39	46	52	173	46	51	56	55	208	48	47	95
Accrued (Coloanac) Revenues	10	6	7	3	26	3	2	9	-	14	-	-	-
Retail Revenues	289	229	235	271	1,004	276	244	257	281	1,058	276	235	511
Wholesale	25	62	168	102	355	114	182	466	409	1,171	480	587	1,067
Other	5	5	8	4	20	7	5	6	9	27	11	9	20
Total Revenues	299	295	407	377	1,379	397	431	729	699	2,256	767	831	1,598
Purchased Power & Fuel	100	119	241	179	639	202	252	522	485	1,461	582	624	1,206
Operating Expenses	70	79	74	81	304	78	76	85	82	321	67	94	161
Depreciation & Amortization	46	46	43	44	181	46	46	60	59	211	51	55	105
Other Income (Expense)	9	6	3	32	50	34	5	12	27	78	(7)	7	-
Income Before Interest and Taxes	\$ 97	\$ 36	\$ 52	\$ 165	\$ 305	\$ 105	\$ 62	\$ 74	\$ 100	\$ 341	\$ 60	\$ 65	\$ 125
Operating Statistics (Portland General Electric)													
Retail Customers (End of Period, Thousands)	706	711	714	719	719	724	726	722	725	725	727	728	728
Electricity Sales (Thousands kWh)	2,342	1,618	1,440	2,004	7,404	2,381	1,680	1,444	2,148	7,433	2,171	1,548	3,719
Residential	1,816	1,746	1,951	1,878	7,382	1,872	1,769	1,864	1,922	7,527	1,820	1,785	3,605
Commercial	1,020	1,083	1,182	1,198	4,483	1,169	1,235	1,249	1,259	4,912	1,200	1,139	2,339
Industrial	516	447	453	501	1,829	540	484	457	529	1,982	519	472	963
Total Retail	3,338	3,053	4,921	3,480	12,612	4,281	4,099	3,723	3,655	13,548	3,739	3,035	5,774
Wholesale	6,316	7,500	9,474	8,361	31,871	9,683	9,300	10,360	8,984	38,420	7,507	7,507	15,437
Average Billed Revenue (\$ per kWh)	5.73	6.06	6.04	5.99	5.91	5.72	6.69	6.23	5.77	6.03	6.17	6.27	6.21
Residential	4.91	4.82	4.87	5.12	4.97	4.91	5.20	5.19	5.31	5.15	5.16	5.04	5.10
Commercial	3.49	3.63	3.96	4.32	3.88	3.93	4.13	4.48	4.37	4.23	4.00	4.21	4.10
Industrial	5.00	5.03	5.01	5.27	5.08	5.05	5.40	5.30	5.27	5.25	5.32	5.25	5.29
Total Retail	1.89	2.03	2.37	3.11	2.82	2.68	3.71	3.17	3.19	3.31	3.17	3.19	3.19
Wholesale	4.36	3.81	4.15	4.42	4.18	4.00	4.51	6.89	7.88	5.77	3.67	3.67	3.67
Total Sales	18%	12%	14%	16%	15%	13%	7%	9%	15%	11%	16%	12%	14%
Resource Mix	4%	6%	8%	14%	8%	10%	6%	14%	17%	12%	17%	17%	17%
Coal	13%	10%	5%	8%	9%	8%	7%	4%	6%	7%	6%	7%	6%
Combustion Turbine	35%	26%	27%	30%	32%	31%	20%	27%	37%	29%	39%	36%	37%
Hydro	47%	61%	61%	56%	57%	62%	74%	63%	53%	63%	53%	58%	56%
Firm Purchases	18%	11%	12%	8%	11%	7%	6%	10%	10%	6%	8%	6%	7%
Secondary Purchases	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Resources													
Average Variable Power Cost (\$/kWh)	8.0	8.7	10.1	11.5	11.3	12.1	14.5	15.1	16.0	14.5	24.0	19.6	22.2
Generation	16.7	16.8	20.3	25.0	23.2	23.3	25.0	30.1	43.0	34.9	91.2	111.7	101.6
Firm Purchases	15.0	18.5	22.0	27.4	19.7	25.5	24.6	28.6	28.6	23.6	173.9	177.2	175.3
Secondary Purchases	15.0	15.5	24.7	20.7	20.0	20.8	26.9	48.8	52.1	37.2	71.9	83.6	71.6
Total Average Variable Power Cost													

SELECTED FINANCIAL AND OPERATING HIGHLIGHTS

	1999				2000				2001				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Wholesale Services (In Millions, Except Where Noted)													
Income Before Interest, Minority Interests and Income Taxes	\$ 232	\$ 86	\$ 169	\$ 121	\$ 610	\$ 256	\$ 420	\$ 407	\$ 539	\$ 1,622	\$ 765	\$ 762	\$ 1,547
Commodity Sales and Services (1)	136	325	240	149	850	220	55	305	309	889	59	134	193
Assets and Investments	(40)	(50)	(94)	(37)	(161)	(47)	(69)	(62)	(70)	(251)	(69)	(94)	(163)
Unallocated Expenses	\$ 308	\$ 303	\$ 375	\$ 233	\$ 1,298	\$ 479	\$ 415	\$ 630	\$ 778	\$ 2,252	\$ 755	\$ 802	\$ 1,557
Reported EBIT													
Physical Volumes (Bbl/week)													
Gas:													
North America	13,042	12,519	13,271	14,625	11,380	20,606	22,438	24,625	28,410	24,033	27,256	25,614	26,430
Europe and Other	1,799	1,223	1,640	1,620	1,572	2,469	3,593	3,605	4,066	3,637	6,698	7,290	7,981
Total Physical Sales Volumes	14,841	13,742	14,911	16,245	14,952	23,075	26,031	28,230	33,276	27,670	33,955	32,904	34,411
Transportation Volumes	556	513	537	693	575	456	585	618	925	649	506	319	412
Total Physical Gas Volumes	15,397	14,255	15,448	16,938	15,527	23,531	26,616	28,848	34,201	28,319	35,461	33,223	34,823
Crude Oil and Liquids	4,284	4,822	4,698	6,824	6,160	6,134	5,048	5,754	7,405	6,048	6,836	10,054	8,454
Electricity (2)	9,594	10,637	13,046	10,366	10,762	12,170	15,098	18,657	23,068	17,308	25,822	31,500	28,677
Total Physical Volumes	29,275	30,708	32,603	34,078	32,429	41,835	48,750	53,459	64,675	51,715	68,119	74,777	71,964
Electricity Volumes (Thousand MWh)													
North America	85,962	94,966	111,336	88,254	380,518	102,803	124,089	162,963	186,832	578,787	196,064	213,948	410,012
Europe and Other	284	1,833	2,795	6,594	11,576	7,844	12,912	10,925	23,389	54,670	36,338	72,704	109,042
Transaction Volumes (Mile/week)	86,246	96,788	114,131	94,818	392,004	110,747	137,001	173,488	212,221	633,457	233,402	286,652	519,054
Financial Settlements (Bbl/week) (Bbl/week)	95,151	82,699	109,351	109,872	95,137	141,865	152,827	212,174	276,865	196,148	302,694	258,443	280,447

	1999				2000				2001				
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	Year
Retail Energy Services (In Millions, Except Where Noted)													
Revenues (1)	\$ 181	\$ 161	\$ 202	\$ 332	\$ 878	\$ 314	\$ 420	\$ 355	\$ 497	\$ 1,766	\$ 683	\$ 557	\$ 1,290
EBIT (excluding) (1)	\$ (29)	\$ (23)	\$ (15)	\$ 37	\$ (40)	\$ 6	\$ 48	\$ 27	\$ 32	\$ 111	\$ 40	\$ 60	\$ 160
Total Contract Value (In Billions) (2)	\$ 1.7	\$ 1.7	\$ 2.5	\$ 2.6	\$ 8.5	\$ 3.7	\$ 3.8	\$ 4.1	\$ 4.5	\$ 16.1	\$ 5.9	\$ 7.2	\$ 13.1
Broadsheet Services (In Millions, Except Where Noted)													
Revenues	\$ 59	\$ 151	\$ 135	\$ 63	\$ 408	\$ 63	\$ 135	\$ 63	\$ 43	\$ 408	\$ 63	\$ 16	\$ 99
EBIT	\$ 6,005	\$ 13,622	\$ 19,446	\$ 33,263	\$ 72,406	\$ 43,400	\$ (35)	\$ (102)	\$ (60)	\$ (137)	\$ 43,400	\$ 98,478	\$ 141,838
Termination Delivered (3)													

(1) Beginning in 2001, unit arrangements achieved with Enron's retail customers are managed by Wholesale Services and Retail Energy Services amounts have been restated.
 (2) Represents electricity volumes converted to Bbl/week.
 (3) Represents customer estimated future requirements related to new contracts.
 (4) Unit of measurement for day, detailed, equal to one million bbls.

EARNINGS RELEASE

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Enron
P.O. Box 1188
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News Release

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ENRON REPORTS SECOND QUARTER EARNINGS OF \$0.45 PER DILUTED SHARE; CONFIRMS 2001 EPS ESTIMATE OF \$1.80 AND ANNOUNCES 2002 TARGET

FOR IMMEDIATE RELEASE: Thursday, July 12, 2001

HOUSTON -- Enron Corp. announced today a 32 percent increase in diluted earnings per share to \$0.45 for the second quarter of 2001 from \$0.34 a year ago. Strong results in the quarter include:

- a 40 percent increase in net income to \$404 million;
- a 58 percent increase in energy volumes delivered to 74 trillion British thermal unit equivalents per day (Tbtue/d); and
- an 89 percent increase in new retail energy services contracts to \$7.2 billion.

"Enron completed another quarter of exceptional performance. Our wholesale and retail energy businesses continue to dramatically expand business activity and increase profitability. In addition, Enron is distinct in developing a leading role in the European energy markets and in other high potential wholesale markets," said Jeff Skilling, Enron president and CEO.

"In contrast to our extremely strong energy results, this was a difficult quarter in our broadband business. However, our asset-light approach will allow us to adjust quickly to weak broadband industry conditions. We are significantly reducing our broadband cost structure to match the reduced revenue opportunities currently available," said Skilling.

Enron also announced both confidence in achieving \$1.80 of recurring earnings per diluted share for the full year 2001 and new guidance for 2002 of \$2.15 per diluted share.

Endless possibilities.™

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PERFORMANCE SUMMARY

Enron's businesses are reported as Wholesale Services, Retail Energy Services, Transportation and Distribution, and Broadband Services.

Wholesale Services: Enron's wholesale business has led the company's growth for more than a decade and continues to deliver very strong results. Income before interest, minority interests and taxes (IBIT) for the business increased 93 percent in the recent quarter to a record level of \$802 million.

Commodity Sales and Services: Enron's wholesale business provides an unparalleled market-making service for customers to secure commitments to purchase or sell gas, power and other commodities at a broad range of physical receipt and delivery points. Enron uses its broad network of owned and contract assets to provide these services at a low cost. In addition, Enron offers customers a range of bundled services with terms structured to fit their business needs.

IBIT related to these activities increased 81 percent to \$762 million in the recent quarter. Wholesale physical volumes continued to experience strong growth, including significant increases in gas, power and crude-related activities:

- Total Wholesale:
 - a 58 percent increase in total wholesale volumes to 74 TBtu/d;
 - a 21 percent increase in natural gas volumes to 32.3 TBtu/d; and
 - a 108 percent increase in power volumes to 285 million megawatt hours.
- North America:
 - a 9 percent increase in natural gas volumes to 25 TBtu/d, and
 - a 71 percent increase in power volumes to 212 million megawatt hours.
- Europe and Other:
 - a 103 percent increase in natural gas volumes to 7.3 TBtu/d, and
 - a 463 percent increase in power volumes to 73 million megawatt hours.

In addition, Enron has demonstrated early success in effectively building physical liquidity in other wholesale markets. During the recent quarter, Enron more than doubled delivered volumes in weather, metals, lumber and steel relative to a year ago.

Enron's broad-based North American energy business led the increase in wholesale profitability, with strong results from power marketing activities across the U.S. Enron's expanded scale of operations and deep contract access to gas and power supplies in North America have enabled a further reduction in energy asset ownership, including a sale in the recent quarter of three power plants totaling 1,710 megawatts of peaking capacity that directly supported commodity sales contracts. Enron's wholesale energy business in Europe continues to expand, as reflected in increased profitability in the energy marketing operations.

During the quarter, EnronOnline, Enron's eCommerce transaction platform, surpassed one million transactions since inception in late 1999, with over \$685 billion of total gross value transacted to date. EnronOnline continues to advance functionality and price transparency for customers, as well as increase Enron's transaction efficiencies and reduce costs.

Assets and Investments: Enron invests in, develops, constructs and operates energy-related and other assets. IBIT from Assets and Investments was \$134 million compared to \$55 million last year, primarily due to increased valuation and sales of investments relative to a year ago.

Retail Energy Services: Enron Energy Services is the leading provider of energy management services in North America and Europe. IBIT for the business increased 30 percent to \$60 million in the second quarter. Enron's retail business is firmly on track in 2001 to more than double last year's results to \$225 million.

In the second quarter, \$7.2 billion of new contracts were completed, which represents an 89 percent increase compared to a year ago. Enron has very successfully penetrated key customer segments with its outsource energy product, including new contracts with large companies in the hospitality, entertainment and retail food markets in the U.S. and Europe. In addition, Enron is experiencing significant new demand for its products and services from a range of existing and new customers who value Enron's reliable delivery and predictable pricing in uncertain energy markets.

Transportation and Distribution: Enron's Transportation and Distribution segment includes Enron's regulated businesses, Enron Transportation Services and Portland General Electric.

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Enron Transportation, comprised largely of Enron's North American interstate gas pipelines, reported \$77 million of IBIT. A pipeline expansion project recently completed by Florida Gas adds 200 million cubic feet per day (MMcf/d) of new capacity to Florida, and a 425 MMcf/d expansion is underway. A 150 MMcf/d capacity addition on the Transwestern pipeline to California will be completed in 2002.

IBIT for Portland General was \$65 million in the second quarter. Portland General continues to optimize over 2,000 MW of owned generation and consistently maintains a balance of supply and demand through its wholesale market activities.

Broadband Services: Enron Broadband Services reported a \$102 million IBIT loss for the second quarter compared to a loss of \$8 million in the same period a year ago. This quarter's loss reflects significantly lower revenues and comparable operating expenses from a year ago. Enron expects to significantly modify the cost structure of its broadband business in the near-term to reduce future losses associated with a lower revenue outlook. Priorities include focusing on the intermediation business and retaining the option value associated with the network and content services business in a cost effective manner.

During the second quarter, Enron completed 759 intermediation transactions, providing circuits, IP, storage and other services. Enron's intermediation business has served 165 customers, including more than 45 new customers in the quarter.

The value of Enron's broadband network and unique business approach is reflected in a recently completed multi-year agreement with MSN to provide bandwidth on-demand and network services. Enron is enabling MSN to dynamically provision and pay for bandwidth based on usage.

Corporate and Other: Corporate and Other reported an IBIT loss of \$109 million for the quarter which included higher unallocated corporate-wide expenses and the impact of Azurix and other non-core businesses.

A conference call with Enron management regarding second quarter results will be conducted live today at 10:00 a.m. EDT and may be accessed through the Investor page at www.enron.com.

Please see attached tables for additional financial information.

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although Enron believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include success in marketing natural gas and power to wholesale customers; the ability to penetrate new retail natural gas and electricity markets, including the energy outsource market, in the United States and Europe; the timing, extent and market effects of deregulation of energy markets in the United States and in foreign jurisdictions; development of Enron's broadband network and customer demand for intermediation and content services; and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.

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ENRON CORP.

Table 1 - Earnings Summary
(Unaudited: in millions, except per share data)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Revenues				
<i>Transportation and Distribution:</i>				
Transportation Services	\$ 150	\$ 166	\$ 396	\$ 372
Portland General	831	431	1,598	828
Wholesale Services	48,478	15,967	96,984	28,296
Retail Energy Services (a)	557	420	1,250	734
Broadband Services	18	151	99	210
Corporate and Other (including intercompany eliminations)	28	(249)	(138)	(409)
Total Revenues	\$ 50,060	\$ 16,886	\$ 100,189	\$ 30,031
After tax results				
Net income excluding nonrecurring items	\$ 404	\$ 289	\$ 810	\$ 627
<i>Non-recurring item:</i>				
Cumulative effect of accounting changes	-	-	19	-
Net Income	\$ 404	\$ 289	\$ 829	\$ 627
Earnings per share (diluted) (b)				
EPS (diluted) excluding nonrecurring items	\$ 0.45	\$ 0.34	\$ 0.92	\$ 0.73
<i>Non-recurring item:</i>				
Cumulative effect of accounting changes	-	-	0.02	-
EPS (diluted)	\$ 0.45	\$ 0.34	\$ 0.94	\$ 0.73
Average shares outstanding (diluted) (b)	891.1	862.2	881.5	857.0

(a) See Table 3b, note b.

(b) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the first two quarters of 2000 and 2001. The average number of diluted shares outstanding reflect the impact of equity-related commitments that would be dilutive if funded at Enron's current share price. These commitments begin to settle in 2003.

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Second Quarter 2001

ENRON CORP.
Table 2a - Results by Segment
(Unaudited: in millions, except per share amounts)

	Recurring	Non- Recurring	Total
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 77	\$ -	\$ 77
Portland General	65	-	65
Wholesale Services	802	-	802
Retail Energy Services	60	-	60
Broadband Services	(102)	-	(102)
Corporate and Other	(109)	-	(109)
IBIT	793	-	793
Interest and Related Charges, net	215	-	215
Dividends on Preferred Securities of Subsidiaries	18	-	18
Minority Interests	30	-	30
Income Tax Expense	126	-	126
Net Income	404	-	404
Preferred Dividends (a):			
Second Preferred Stock	4	-	4
Series B Preferred Stock	17	-	17
Earnings on Common Stock	\$ 383	\$ -	\$ 383
Average Number of Shares Used:			
Basic			757.3
Diluted (b)	891.1	-	891.1
Earnings per Common Share:			
Basic			\$ 0.51
Diluted	\$ 0.45	\$ -	\$ 0.45

- (a) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the second quarter of 2001.
(b) The average number of diluted shares outstanding reflect the impact of equity-related commitments that would be dilutive if funded at Enron's current share price. These commitments begin to settle in 2003.

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Second Quarter 2000

ENRON CORP.
Table 2b - Results by Segment
(Unaudited: in millions, except per share amounts)

	Recurring	Non- Recurring	Total
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 77	\$ -	\$ 77
Portland General	62	-	62
Wholesale Services	415	-	415
Retail Energy Services (a)	48	-	48
Broadband Services	(8)	-	(8)
Corporate and Other	17	-	17
IBIT	609	-	609
Interest and Related Charges, net	196	-	196
Dividends on Preferred Securities of Subsidiaries	21	-	21
Minority Interests	39	-	39
Income Tax Expense	64	-	64
Net Income	289	-	289
Preferred Dividends (b):			
Second Preferred Stock	4	-	4
Series B Preferred Stock	17	-	17
Earnings on Common Stock	\$ 268	\$ -	\$ 268
Average Number of Shares Used:			
Basic			733.4
Diluted	862.2	-	862.2
Earnings per Common Share:			
Basic			\$ 0.37
Diluted	\$ 0.34	\$ -	\$ 0.34

(a) See Table 3b, note b.

(b) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the second quarter of 2000.

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Six Months 2001

ENRON CORP.
Table 2c - Results by Segment
(Unaudited: In millions, except per share amounts)

	Recurring	Non- Recurring	Total
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 210	\$	\$ 210
Portland General	125		125
Wholesale Services	1,557		1,557
Retail Energy Services	100		100
Broadband Services	(137)		(137)
Corporate and Other	(287)		(287)
IBIT	1,588		1,588
Interest and Related Charges, net	418		418
Dividends on Preferred Securities of Subsidiaries	38		38
Minority Interests	70		70
Income Tax Expense	256		256
Net Income Before Cumulative Accounting Change	810		810
Cumulative Effect of Accounting Change, net of tax	-	19	19
Net Income	810	19	829
Preferred Dividends (a):			
Second Preferred Stock	8		8
Series B Preferred Stock	33		33
Earnings on Common Stock	\$ 789	\$ 19	\$ 788
Average Number of Shares Used:			
Basic			754.6
Diluted	881.5	881.5	881.5
Earnings per Common Share:			
Basic			\$ 1.04
Diluted	\$ 0.92	\$ 0.02	\$ 0.94

(a) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the first two quarters of 2001.

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Six Months 2000

ENRON CORP.
Table 2d - Results by Segment
(Unaudited: in millions, except per share amounts)

	Recurring	Non- Recurring	Total
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 205	\$ -	\$ 205
Portland General	167	-	167
Wholesale Services	844	-	844
Retail Energy Services (a)	52	-	52
Broadband Services	(8)	-	(8)
Corporate and Other	(27)	-	(27)
IBIT	1,233	-	1,233
Interest and Related Charges, net	357	-	357
Dividends on Preferred Securities of Subsidiaries	39	-	39
Minority Interests	74	-	74
Income Tax Expense	136	-	136
Net Income	627	-	627
Preferred Dividends (b):			
Second Preferred Stock	8	-	8
Series B Preferred Stock	33	-	33
Earnings on Common Stock	\$ 588	\$ -	\$ 588
Average Number of Shares Used:			
Basic			728.0
Diluted	857.0	-	857.0
Earnings per Common Share:			
Basic			\$ 0.80
Diluted	\$ 0.73	\$ -	\$ 0.73

(a) See Table 3b, note b.
(b) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the first two quarters of 2000.

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ENRON CORP.
Table 3a - Business Highlights
(Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Transportation Services				
<i>(In Millions)</i>				
Net Revenues	\$ 121	\$ 148	\$ 384	\$ 349
Operating Expenses	54	76	161	141
Depreciation and Amortization	17	17	34	33
Equity in Earnings	16	10	30	17
Other, net	11	12	11	13
IBIT	\$ 77	\$ 77	\$ 210	\$ 205
Total Volumes Transported (BBtu/d) (a)				
Northern Natural Gas	2,908	3,237	3,327	3,691
Transwestern Pipeline	1,973	1,608	1,859	1,584
Florida Gas Transmission	1,574	1,591	1,404	1,571
Northern Border Pipeline	2,303	2,429	2,396	2,447
Portland General				
<i>(In Millions)</i>				
Revenues	\$ 831	\$ 431	\$ 1,598	\$ 828
Purchased Power and Fuel	624	252	1,208	454
Operating Expenses	94	78	181	154
Depreciation and Amortization	55	46	108	92
Other income, net	7	5	-	39
IBIT	\$ 65	\$ 62	\$ 125	\$ 167
Retail Customers (end of period, thousands)	728	728	728	728
Electricity Sales (Thousand MWh)				
Residential	1,548	1,480	3,719	3,841
Commercial	1,785	1,769	3,605	3,641
Industrial	1,139	1,235	2,339	2,404
Total Retail	4,472	4,484	9,663	9,886
Wholesale	3,035	4,909	5,774	9,190
Total Sales	7,507	9,393	15,437	19,076

(a) Reflects 100% of each entity's throughput volumes.

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ENRON CORP.
Table 3b - Business Highlights
(Unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2001	2000	2001	2000
Wholesale Services				
(In Millions)				
Commodity Sales and Services	\$ 782	\$ 420	\$ 1,547	\$ 876
Assets and Investments	134	55	193	275
Unallocated Expenses	(94)	(80)	(183)	(107)
IBIT	\$ 802	\$ 415	\$ 1,557	\$ 844
Commodity Sales and Services				
Physical Volumes (BBtu/d)				
Gas:				
North America (a)	24,585	22,438	25,913	21,523
Europe and Other	7,280	3,593	7,991	3,031
	31,875	28,031	33,904	24,554
Transportation Volumes	458	595	482	528
Total Gas Volumes	32,333	28,626	34,386	25,080
Crude Oil and Liquids	10,054	5,048	8,454	5,591
Electricity (b)	31,337	15,058	28,595	13,813
Total Physical Volumes (BBtu/d)	73,724	48,730	71,435	44,284
Electricity Volumes (Thousand MWh)				
United States (a)	212,464	124,089	408,527	228,992
Europe and Other	72,704	12,912	109,043	20,758
Total	285,168	137,001	517,570	247,748
Financial Settlements (Notional)(BBtu/d)	258,443	152,827	280,447	147,247
Retail Energy Services				
Revenues (in millions) (c)	\$ 557	\$ 420	\$ 1,250	\$ 734
IBIT (in millions) (c)	60	48	100	52
Total Contract Value (in billions)(d)	7.2	3.8	13.1	7.5
Broadband Services				
Revenues (in millions)	\$ 16	\$ 151	\$ 99	\$ 210
IBIT (in millions)	(102)	(8)	(137)	(8)
Terabytes Delivered (e)	98,478	13,892	141,878	19,897

- (a) Volumes have been restated subsequent to the date of earnings release. See the Statistics for restated volumes.
(b) Represents electricity volumes, converted to BBtu/d.
(c) Beginning in 2001, risk management activities associated with Enron's North American retail customers are managed by Wholesale Services. Prior to the restatement, Retail Energy Services' reported revenues and recurring IBIT were \$840 million and \$24 million, respectively, for the second quarter of 2000 and \$4,815 million and \$103 million, respectively, for the full year 2000. Restated full year 2000 revenues and recurring IBIT were \$1,788 million and \$111 million, respectively.
(d) Represents customers' estimated future expenditures related to new contracts.
(e) Unit of measurement for data delivered, equal to one trillion bytes.

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Enron
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News Release

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ENRON REPORTS SECOND QUARTER EARNINGS OF \$0.45 PER DILUTED SHARE; CONFIRMS 2001 EPS ESTIMATE OF \$1.80 AND ANNOUNCES 2002 TARGET

FOR IMMEDIATE RELEASE: Thursday, July 12, 2001

HOUSTON -- Enron Corp. announced today a 32 percent increase in diluted earnings per share to \$0.45 for the second quarter of 2001 from \$0.34 a year ago. Strong results in the quarter include:

- a 40 percent increase in net income to \$404 million;
- a 58 percent increase in energy volumes delivered to 74 trillion British thermal unit equivalents per day (TBtue/d); and
- an 89 percent increase in new retail energy services contracts to \$7.2 billion.

"Enron completed another quarter of exceptional performance. Our wholesale and retail energy businesses continue to dramatically expand business activity and increase profitability. In addition, Enron is distinct in developing a leading role in the European energy markets and in other high potential wholesale markets," said Jeff Skilling, Enron president and CEO.

"In contrast to our extremely strong energy results, this was a difficult quarter in our broadband business. However, our asset-light approach will allow us to adjust quickly to weak broadband industry conditions. We are significantly reducing our broadband cost structure to match the reduced revenue opportunities currently available," said Skilling.

Enron also announced both confidence in achieving \$1.80 of recurring earnings per diluted share for the full year 2001 and new guidance for 2002 of \$2.15 per diluted share.

Endless possibilities.™

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PERFORMANCE SUMMARY

Enron's businesses are reported as Wholesale Services, Retail Energy Services, Transportation and Distribution, and Broadband Services.

Wholesale Services: Enron's wholesale business has led the company's growth for more than a decade and continues to deliver very strong results. Income before interest, minority interests and taxes (IBIT) for the business increased 93 percent in the recent quarter to a record level of \$802 million.

Commodity Sales and Services: Enron's wholesale business provides an unparalleled market-making service for customers to secure commitments to purchase or sell gas, power and other commodities at a broad range of physical receipt and delivery points. Enron uses its broad network of owned and contract assets to provide these services at a low cost. In addition, Enron offers customers a range of bundled services with terms structured to fit their business needs.

IBIT related to these activities increased 81 percent to \$762 million in the recent quarter. Wholesale physical volumes continued to experience strong growth, including significant increases in gas, power and crude-related activities:

- Total Wholesale:
 - a 58 percent increase in total wholesale volumes to 74 TBtu/d;
 - a 21 percent increase in natural gas volumes to 32.3 TBtu/d; and
 - a 108 percent increase in power volumes to 285 million megawatt hours.
- North America:
 - a 9 percent increase in natural gas volumes to 25 TBtu/d, and
 - a 71 percent increase in power volumes to 212 million megawatt hours.
- Europe and Other:
 - a 103 percent increase in natural gas volumes to 7.3 TBtu/d, and
 - a 463 percent increase in power volumes to 73 million megawatt hours.

In addition, Enron has demonstrated early success in effectively building physical liquidity in other wholesale markets. During the recent quarter, Enron more than doubled delivered volumes in weather, metals, lumber and steel relative to a year ago.

Enron's broad-based North American energy business led the increase in wholesale profitability, with strong results from power marketing activities across the U.S. Enron's expanded scale of operations and deep contract access to gas and power supplies in North America have enabled a further reduction in energy asset ownership, including a sale in the recent quarter of three power plants totaling 1,710 megawatts of peaking capacity that directly supported commodity sales contracts. Enron's wholesale energy business in Europe continues to expand, as reflected in increased profitability in the energy marketing operations.

During the quarter, EnronOnline, Enron's eCommerce transaction platform, surpassed one million transactions since inception in late 1999, with over \$685 billion of total gross value transacted to date. EnronOnline continues to advance functionality and price transparency for customers, as well as increase Enron's transaction efficiencies and reduce costs.

Assets and Investments: Enron invests in, develops, constructs and operates energy-related and other assets. IBIT from Assets and Investments was \$134 million compared to \$55 million last year, primarily due to increased valuation and sales of investments relative to a year ago.

Retail Energy Services: Enron Energy Services is the leading provider of energy management services in North America and Europe. IBIT for the business increased 30 percent to \$60 million in the second quarter. Enron's retail business is firmly on track in 2001 to more than double last year's results to \$225 million.

In the second quarter, \$7.2 billion of new contracts were completed, which represents an 89 percent increase compared to a year ago. Enron has very successfully penetrated key customer segments with its outsource energy product, including new contracts with large companies in the hospitality, entertainment and retail food markets in the U.S. and Europe. In addition, Enron is experiencing significant new demand for its products and services from a range of existing and new customers who value Enron's reliable delivery and predictable pricing in uncertain energy markets.

Transportation and Distribution: Enron's Transportation and Distribution segment includes Enron's regulated businesses, Enron Transportation Services and Portland General Electric.

Enron Transportation, comprised largely of Enron's North American interstate gas pipelines, reported \$77 million of IBIT. A pipeline expansion project recently completed by Florida Gas adds 200 million cubic feet per day (MMcf/d) of new capacity to Florida, and a 425 MMcf/d expansion is underway. A 150 MMcf/d capacity addition on the Transwestern pipeline to California will be completed in 2002.

IBIT for Portland General was \$65 million in the second quarter. Portland General continues to optimize over 2,000 MW of owned generation and consistently maintains a balance of supply and demand through its wholesale market activities.

Broadband Services: Enron Broadband Services reported a \$102 million IBIT loss for the second quarter compared to a loss of \$8 million in the same period a year ago. This quarter's loss reflects significantly lower revenues and comparable operating expenses from a year ago. Enron expects to significantly modify the cost structure of its broadband business in the near-term to reduce future losses associated with a lower revenue outlook. Priorities include focusing on the intermediation business and retaining the option value associated with the network and content services business in a cost effective manner.

During the second quarter, Enron completed 759 intermediation transactions, providing circuits, IP, storage and other services. Enron's intermediation business has served 165 customers, including more than 45 new customers in the quarter.

The value of Enron's broadband network and unique business approach is reflected in a recently completed multi-year agreement with MSN to provide bandwidth on-demand and network services. Enron is enabling MSN to dynamically provision and pay for bandwidth based on usage.

Corporate and Other: Corporate and Other reported an IBIT loss of \$109 million for the quarter which included higher unallocated corporate-wide expenses and the impact of Azurix and other non-core businesses.

A conference call with Enron management regarding second quarter results will be conducted live today at 10:00 a.m. EDT and may be accessed through the Investor page at www.enron.com.

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Please see attached tables for additional financial information.

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although Enron believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include success in marketing natural gas and power to wholesale customers; the ability to penetrate new retail natural gas and electricity markets, including the energy outsource market, in the United States and Europe; the timing, extent and market effects of deregulation of energy markets in the United States and in foreign jurisdictions; development of Enron's broadband network and customer demand for intermediation and content services; and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.

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ENRON CORP.
Table 1 - Earnings Summary
(Unaudited: in millions, except per share data)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Revenues				
<i>Transportation and Distribution:</i>				
Transportation Services	\$ 150	\$ 166	\$ 396	\$ 372
Portland General	831	431	1,598	828
Wholesale Services	48,478	15,967	96,984	28,296
Retail Energy Services (a)	557	420	1,250	734
Broadband Services	18	151	99	210
Corporate and Other (including intercompany eliminations)	28	(249)	(138)	(409)
Total Revenues	\$ 50,060	\$ 16,856	\$ 100,189	\$ 30,031
After tax results				
Net income excluding nonrecurring items	\$ 404	\$ 289	\$ 810	\$ 627
<i>Non-recurring item:</i>				
Cumulative effect of accounting changes	-	-	19	-
Net income	\$ 404	\$ 289	\$ 829	\$ 627
Earnings per share (diluted) (b)				
EPS (diluted) excluding nonrecurring items	\$ 0.45	\$ 0.34	\$ 0.92	\$ 0.73
<i>Non-recurring item:</i>				
Cumulative effect of accounting changes	-	-	0.02	-
EPS (diluted)	\$ 0.45	\$ 0.34	\$ 0.94	\$ 0.73
Average shares outstanding (diluted) (b)	891.1	862.2	881.5	857.0

(a) See Table 3b, note b.

(b) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the first two quarters of 2000 and 2001. The average number of diluted shares outstanding reflect the impact of equity-related commitments that would be dilutive if funded at Enron's current share price. These commitments begin to settle in 2003.

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Second Quarter 2001

ENRON CORP.

Table 2a - Results by Segment

(Unaudited: In millions, except per share amounts)

	<u>Recurring</u>	<u>Non- Recurring</u>	<u>Total</u>
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 77	\$ -	\$ 77
Portland General	65	-	65
Wholesale Services	802	-	802
Retail Energy Services	60	-	60
Broadband Services	(102)	-	(102)
Corporate and Other	(109)	-	(109)
IBIT	<u>793</u>	<u>-</u>	<u>793</u>
Interest and Related Charges, net	215	-	215
Dividends on Preferred Securities of Subsidiaries	18	-	18
Minority Interests	30	-	30
Income Tax Expense	126	-	126
Net Income	<u>404</u>	<u>-</u>	<u>404</u>
Preferred Dividends (a):			
Second Preferred Stock	4	-	4
Series B Preferred Stock	17	-	17
Earnings on Common Stock	<u>\$ 383</u>	<u>\$ -</u>	<u>\$ 383</u>
Average Number of Shares Used:			
Basic			<u>757.3</u>
Diluted (b)	<u>891.1</u>	<u>-</u>	<u>891.1</u>
Earnings per Common Share:			
Basic			<u>\$ 0.51</u>
Diluted	<u>\$ 0.45</u>	<u>\$ -</u>	<u>\$ 0.45</u>

- (a) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the second quarter of 2001.
- (b) The average number of diluted shares outstanding reflect the impact of equity-related commitments that would be dilutive if funded at Enron's current share price. These commitments begin to settle in 2003.

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Second Quarter 2000

ENRON CORP.
Table 2b - Results by Segment
(Unaudited: in millions, except per share amounts)

	Recurring	Non- Recurring	Total
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 77	\$ -	\$ 77
Portland General	62	-	62
Wholesale Services	415	-	415
Retail Energy Services (a)	46	-	46
Broadband Services	(8)	-	(8)
Corporate and Other	17	-	17
IBIT	609	-	609
Interest and Related Charges, net	196	-	196
Dividends on Preferred Securities of Subsidiaries	21	-	21
Minority Interests	39	-	39
Income Tax Expense	64	-	64
Net Income	289	-	289
Preferred Dividends (b):			
Second Preferred Stock	4	-	4
Series B Preferred Stock	17	-	17
Earnings on Common Stock	\$ 268	\$ -	\$ 268
Average Number of Shares Used:			
Basic			733.4
Diluted	862.2	-	862.2
Earnings per Common Share:			
Basic			\$ 0.37
Diluted	\$ 0.34	\$ -	\$ 0.34

(a) See Table 3b, note b.

(b) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the second quarter of 2000.

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Six Months 2001

ENRON CORP.

Table 2c - Results by Segment

(Unaudited: In millions, except per share amounts)

	<u>Recurring</u>	<u>Non- Recurring</u>	<u>Total</u>
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 210	\$	\$ 210
Portland General	125		125
Wholesale Services	1,557		1,657
Retail Energy Services	100		100
Broadband Services	(137)		(137)
Corporate and Other	(267)		(267)
IBIT	<u>1,588</u>	-	<u>1,588</u>
Interest and Related Charges, net	416		416
Dividends on Preferred Securities of Subsidiaries	36		36
Minority Interests	70		70
Income Tax Expense	256		256
Net Income Before Cumulative Accounting Change	810	-	810
Cumulative Effect of Accounting Change, net of tax	-	19	19
Net Income	<u>810</u>	<u>19</u>	<u>829</u>
Preferred Dividends (a):			
Second Preferred Stock	8		8
Series B Preferred Stock	33		33
Earnings on Common Stock	<u>\$ 769</u>	<u>\$ 19</u>	<u>\$ 788</u>
Average Number of Shares Used:			
Basic			754.6
Diluted	<u>881.5</u>	<u>881.5</u>	<u>881.5</u>
Earnings per Common Share:			
Basic			\$ 1.04
Diluted	<u>\$ 0.92</u>	<u>\$ 0.02</u>	<u>\$ 0.94</u>

(a) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the first two quarters of 2001.

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Six Months 2000

ENRON CORP.

Table 2d - Results by Segment

(Unaudited: in millions, except per share amounts)

	Recurring	Non- Recurring	Total
IBIT:			
Transportation and Distribution:			
Transportation Services	\$ 205	\$ -	\$ 205
Portland General	167	-	167
Wholesale Services	844	-	844
Retail Energy Services (a)	52	-	52
Broadband Services	(8)	-	(8)
Corporate and Other	(27)	-	(27)
IBIT	1,239	-	1,239
Interest and Related Charges, net	357	-	357
Dividends on Preferred Securities of Subsidiaries	39	-	39
Minority Interests	74	-	74
Income Tax Expense	136	-	136
Net Income	627	-	627
Preferred Dividends (b):			
Second Preferred Stock	8	-	8
Series B Preferred Stock	33	-	33
Earnings on Common Stock	\$ 588	\$ -	\$ 588
Average Number of Shares Used:			
Basic			728.0
Diluted	857.0	-	857.0
Earnings per Common Share:			
Basic			\$ 0.80
Diluted	\$ 0.73	\$ -	\$ 0.73

(a) See Table 3b, note b.

(b) The Second Preferred Stock and the Series B Preferred Stock are both dilutive in the first two quarters of 2000.

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ENRON CORP.
Table 3a - Business Highlights
(Unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Transportation Services				
(In Millions)				
Net Revenues	\$ 121	\$ 148	\$ 364	\$ 349
Operating Expenses	54	76	161	141
Depreciation and Amortization	17	17	34	33
Equity in Earnings	16	10	30	17
Other, net	11	12	11	13
IBIT	<u>\$ 77</u>	<u>\$ 77</u>	<u>\$ 210</u>	<u>\$ 208</u>
Total Volumes Transported (BBtu/d) (a)				
Northern Natural Gas	2,908	3,237	3,327	3,691
Transwestern Pipeline	1,973	1,606	1,859	1,584
Florida Gas Transmission	1,574	1,591	1,404	1,571
Northern Border Pipeline	2,303	2,429	2,396	2,447
Portland General				
(In Millions)				
Revenues	\$ 831	\$ 431	\$ 1,598	\$ 828
Purchased Power and Fuel	624	252	1,208	454
Operating Expenses	94	76	161	154
Depreciation and Amortization	55	48	106	92
Other Income, net	7	5	-	39
IBIT	<u>\$ 65</u>	<u>\$ 62</u>	<u>\$ 125</u>	<u>\$ 167</u>
Retail Customers (end of period, thousands)	<u>726</u>	<u>726</u>	<u>728</u>	<u>726</u>
Electricity Sales (Thousand MWh)				
Residential	1,548	1,480	3,719	3,841
Commercial	1,785	1,769	3,605	3,641
Industrial	1,139	1,235	2,339	2,404
Total Retail	<u>4,472</u>	<u>4,484</u>	<u>9,663</u>	<u>9,886</u>
Wholesale	3,035	4,909	5,774	9,190
Total Sales	<u>7,507</u>	<u>9,393</u>	<u>15,437</u>	<u>19,076</u>

(a) Reflects 100% of each entity's throughput volumes.

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ENRON CORP.
Table 3b - Business Highlights
(Unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2001	2000	2001	2000
Wholesale Services				
(In Millions)				
Commodity Sales and Services	\$ 762	\$ 420	\$ 1,547	\$ 676
Assets and Investments	134	55	193	275
Unallocated Expenses	(94)	(60)	(183)	(107)
IBIT	\$ 802	\$ 415	\$ 1,557	\$ 844
Commodity Sales and Services				
Physical Volumes (BBtu/d)				
Gas:				
North America	24,585	22,438	25,913	21,523
Europe and Other	7,290	3,593	7,991	3,031
	31,875	26,031	33,904	24,554
Transportation Volumes	458	595	482	526
Total Gas Volumes	32,333	26,626	34,386	25,080
Crude Oil and Liquids	10,054	5,048	8,454	5,591
Electricity (a)	31,337	15,058	28,595	13,613
Total Physical Volumes (BBtu/d)	73,724	46,730	71,435	44,284
Electricity Volumes (Thousand MWh)				
United States	212,464	124,089	408,527	226,992
Europe and Other	72,704	12,912	109,043	20,756
Total	285,168	137,001	517,570	247,748
Financial Settlements (Notional)(BBtu/d)	258,443	152,827	280,447	147,247
Retail Energy Services				
Revenues (in millions) (b)	\$ 557	\$ 420	\$ 1,250	\$ 734
IBIT (in millions) (b)	50	48	100	52
Total Contract Value (in billions)(c)	7.2	3.8	13.1	7.5
Broadband Services				
Revenues (in millions)	\$ 16	\$ 151	\$ 99	\$ 210
IBIT (in millions)	(102)	(8)	(137)	(8)
TeraBytes Delivered (d)	98,478	13,692	141,878	19,697

(a) Represents electricity volumes, converted to BBtu/d.

(b) Beginning in 2001, risk management activities associated with Enron's North American retail customers are managed by Wholesale Services. Prior to the restatement, Retail Energy Services' reported revenues and recurring IBIT were \$840 million and \$24 million, respectively, for the second quarter of 2000 and \$4,815 million and \$103 million, respectively, for the full year 2000. Restated full year 2000 revenues and recurring IBIT were \$1,768 million and \$111 million, respectively.

(c) Represents customers' estimated future expenditures related to new contracts.

(d) Unit of measurement for data delivered, equal to one trillion bytes.

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