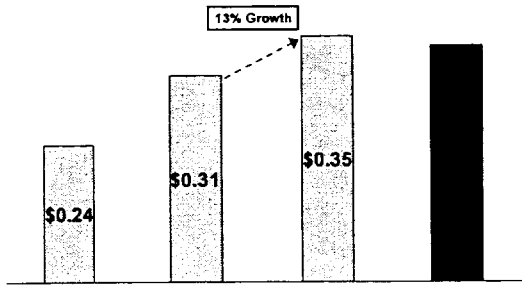
BOARD OF DIRECTORS' MEETING

December 12, 2000

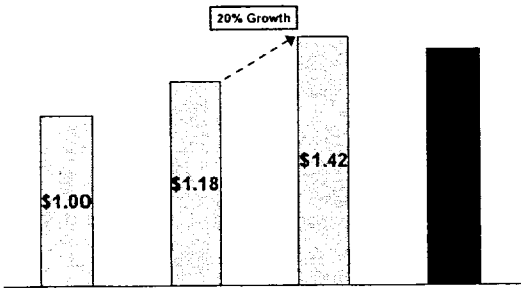
EC004392275

Financial and Earnings Report

Fourth Quarter 2000 Recurring Diluted EPS



Recurring Diluted EPS
Year Ended December 31, 2000



Net Income
($MM)

	Fourth Quarter		Total Year	
	Plan	Actual	Plan	Actual
Transportation & Distribution				
Transportation & Storage	$ 100	$ 55	$ 263	$ 263
Portland General Group	30	38	129	145
Wholesale				
North America	56	158	329	643
Europe	36	44	125	140
International Regions	166	3	227	56
Enron Energy Services	18	20	37	46
Enron Broadband Services	(3)	(32)	(42)	(71)
Corporate and Other	(55)	41	124	65
Azurix	(3)	(22)	(19)	(63)
Recurring Net Income	$ 345	$ 305	$ 1,173	$ 1,224

Fourth Quarter Earnings by Segment
($ MM)

	Fourth Quarter		Total Year	
	2000	1999	2000	1999
Wholesale Energy Operations	$ 571	$ 263	$ 2,054	$ 1,317
Transmission & Distribution	190	202	719	685
Retail Energy Services	37	7	107	(68)
Broadband Services	(32)	-	(60)	-
Corporate and Other	(72)	1	(227)	48
Interest, MI, & Income Tax	(389)	(214)	(1,369)	(1,025)
Net Income - recurring	$ 305	$ 259	$ 1,224	$ 957

Balance Sheet Debt
2000 Activity
($MM)

	Total Year	Plan
Opening Debt Balance	$ (8,152)	$ (8,200)
Funds Flow from Operations	2,840	2,300
Change in Working Capital	140	40
Proceeds from Sales of Assets	562	1,307
Capital Expenditures	(2,142)	(1,764)
Equity Investments	(2,468)	(1,597)
Dividends	(527)	(450)
Other	47	(424)
Period Activity	(1,548)	(588)
Period Ending Debt Balance	$ (9,700)	$ (8,788)

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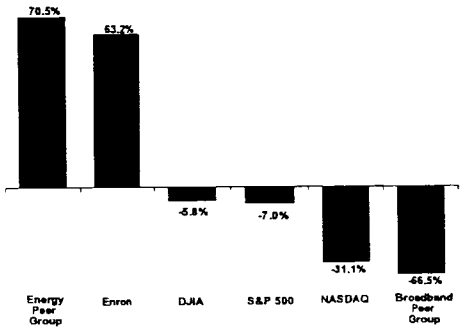
ENRON

Financial and Earnings Report

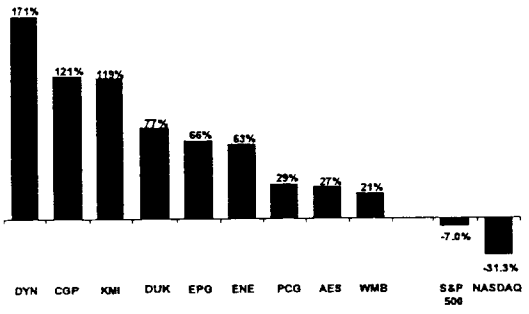
Investor Relations Update

Total Return to Shareholder
2000 Year-to-Date*

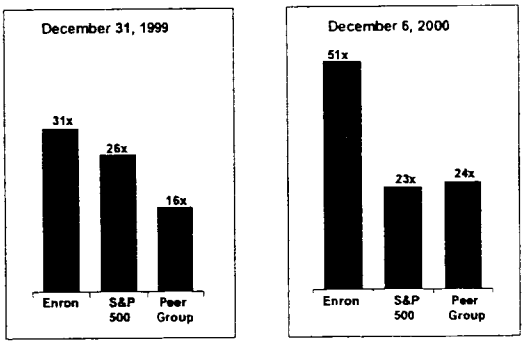


*Through December 6. Returns Include Dividends.

Energy Peer Group – Total Return
(Through December 6)

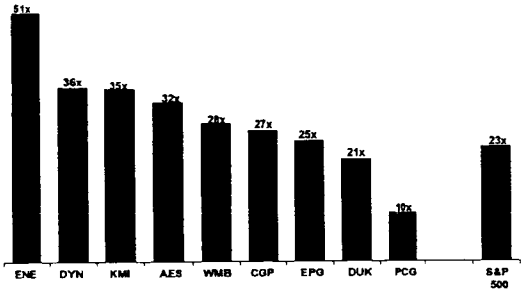


Relative Valuation
(P/E Ratio*)



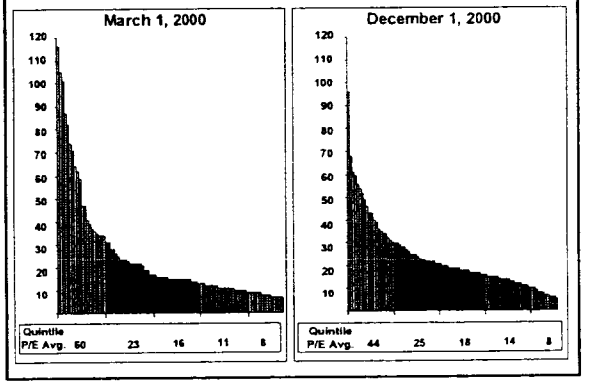
*Based on 2000 EPS

Energy Peer Group – P/E Ratio*



*Based on 2000 EPS

S&P 100 – P/E Multiples



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Largest Shareholders*

(As of November 28, 2000)

Name	Shares Held	Location	Change From 6/30/00
Janus Capital Corporation	48,000,000	Denver	(11,700,000)
Fidelity Management and Research	19,500,000	Boston	2,900,000
Putnam Investment Management, Inc.	18,000,000	Boston	1,190,000
American Century Investment Management	14,800,000	Kansas City	800,000
American Express Financial Advisors	14,200,000	Minneapolis	1,680,000
Smith Barney Asset Management	12,000,000	New York	(2,000,000)
Northern Trust Global Investments	9,400,000	Chicago	300,000
Morgan Stanley Dean Witter Advisors	7,600,000	New York	(4,877,000)
Merrill Lynch Asset Management	7,225,000	Plainsboro	875,000
Dresdner RCM Global Investors	6,900,000	San Francisco	300,000
UBS Warburg	6,000,000	Stamford	(1,500,000)
Goldman Sachs Asset Management	5,800,000	New York	-
Deutsche Asset Mgmt./Morgan Grenfell	5,600,000	London	955,000
AIM Management Group	5,500,000	Houston	3,400,000
Van Kampen Funds	5,500,000	Houston	3,200,000
Oppenheimer Funds	5,200,000	New York	1,388,000
Rorer Asset Management	5,000,000	Philadelphia	650,000
Robur Kapital Forvaltning	4,600,000	Stockholm	-
MacKay Shields	4,065,000	New York	(435,000)
First Union	3,900,000	Charlotte	70,000
MFS Financial Services	3,376,000	Boston	650,000

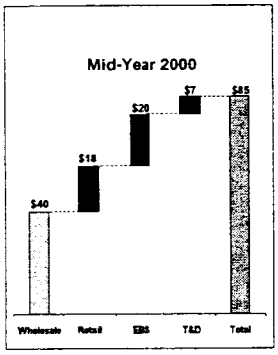
*Excluding Index Funds

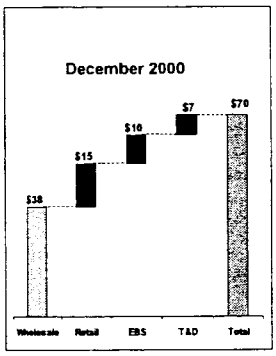
Enron – Segment Valuation

(Estimated Analyst Consensus)

Business Segment	Valuation Method	Total (Millions)	Per Share
Wholesale	35% Premium to Market P/E (32x) x 2000 Net Income	$32,000	$38.00
Retail	Income Analyst Consensus - NPV Approach	$13,000	$15.00
Broadband Services	Analyst Consensus - NPV Approach	$9,000	$10.00
Transportation & Distribution	GPG -15 P/E x 2000 Net Income. PGN - $1.7 Billion	$6,000	$7.00
		$60,000	$70.00

Enron – Segment Valuation (Est.)





Investor Concerns/Issues

- Enron Broadband Services
  - General Broadband Industry Valuation Declines
  - Concerns on Rate of Market Acceptance of Bandwidth Trading
  - Ability to Deliver on Content Services
- Azurix
  - Enron Write-off Risk Related to Reduced Valuation
  - Enron Capital/Cash Commitment
- California Wholesale Power Issues
  - Refunds, Price Caps, Re-Regulation, Lawsuits, Etc.
- New Power Company
  - Enron's Share of Equity Losses ("Burn Rate")
  - Market Value Decline
- General
  - Earnings Generation from LJM (Related Party) Activity

Investor Relations Update

TRANSITIONING TO A PROFESSIONAL PARTNERSHIP MODEL

HOWEVER, ENRON NOW FACES THE TYPICAL CHALLENGES OF A HIGHLY SUCCESSFUL COMPANY

Talent retention

- Perception that "room at the top" is limited given a very young senior leadership team
- Perception that current stock options have less upside than those of the past

Market performance

- Current stock valuation implies substantial earnings growth
- Creation of additional shareholder value will require even higher growth rates

WHY A PROFESSIONAL PARTNERSHIP MODEL?

KEY ATTRIBUTES OF SUCCESSFUL PROFESSIONAL PARTNERSHIP MODELS

ARCHITECTURE FOR ENRON'S PARTNERSHIP

Partners

- Obligation to build the organization
- Broad skill sets/diverse management responsibilities
- Strong people leadership
- Evaluated by corporate PRC (higher career/compensation risk)

Non-partners

- More focused activities and roles
- Pre-defined positions and career tracks
- Lower compensation at risk

TWO LEVELS OF PARTNERSHIP

Expectations

Managing Director (MD)

- Proven ability to build and grow businesses; demonstrated commercial impact
- Extensive followership in organization
- Responsibility to lead/participate in corporate governance
- Extensive cross-organizational network
- Broad, diverse skill base

Vice President (VP)

- Measurable commercial impact (direct or enabling)
- Strong intrinsics in problem solving, people leadership, and communications
- Deep functional skill set

Increased

- Tenure
- Breadth and transferability of skill
- Career and compensation risk

THREE TRACKS TO PARTNERSHIP

Commercial	Strategic professional and technical	Support
MD	MD	
VP	VP	VP
Director	Director	Director
Manager	Manager	Manager
Analyst/ Associate	Specialist	Specialist

Commercial

- Core commercial activities
- Unlimited partnership roles
- Multiple career paths to partnership
- More career/ compensation risk

Strategic professional and technical

- Roles critical to supporting commercial activities
- Key staff leadership positions eligible for partnership
- Fewer partnerable roles/career paths

Support

- Traditional technical, infrastructure, and administrative roles
- Only role eligible for partnership is organization leader; further movement requires changing tracks
- Less career/compensation risk

DEFINING PARTNERSHIP TRACKS

Commercial

Roles directly responsible for deal sourcing, structuring, and closing

Transferability of skills

- P/L leaders
- Originators
- Traders
- Investment groups
- Business development
- Selected members of Finance groups

Strategic professional and technical

Critical commercial-enabling roles

Role manages significant financial risk

- RAC
- Structuring
- Selected leadership from
  - Legal (deal related, tax)
  - Accounting
  - HR
  - IT
  - Finance
  - IR / PR
  - AOPS

Support

Role cannot easily or should not be outsourced

Role is core to Enron's mission

- Pipeline operators
- Critical O&M staff
- Legal (compliance, reporting)
- Accounting (AP/AR)
- HR
- IT
- IR/PR (support roles)
- AOPs

Non-core (oustourcing opportunities)

PERSONNEL ROLES

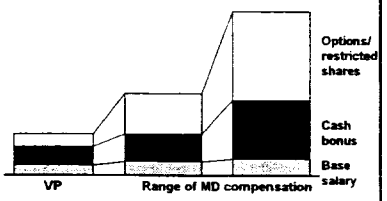
	Key roles
Office of the Chairman	• Evaluates, elects, and sets compensation for Corporate Policy CommitteeMDs • Appoints all Corporate Policy Committee and PRC members • Approves MD and VP compensation schemes and evaluation/election criteria
Corporate Policy Committee	• Sets MD and VP evaluation and election criteria • Sets MD and VP compensation levels and "curve tilt" • Hears and decides on MD and VP evaluation/election appeals • Approves election slates from PRCs • Determines partnerable roles
MD PRC (Corporate Policy Committee MDs and selected other MDs)	• Evaluates, ranks, and elects all MDs
Commercial/Strategic Professional and Technical VP PRC (selected MDs)	• Evaluates, ranks, and elects all Commercial and Strategic Professional and Technical VPs
Support VP PRC (selected MDs)	• Evaluates, ranks, and elects Support VPs

CURRENT COMPENSATION PRINCIPLES

Compensation tenets

- Partners have more compensation at risk than a typical corporate executive
- Increasing variability/ spread in compensation ranges by level
- Corporate-wide bonus pools for each partnership level

Relative level of compensation at-risk for partners



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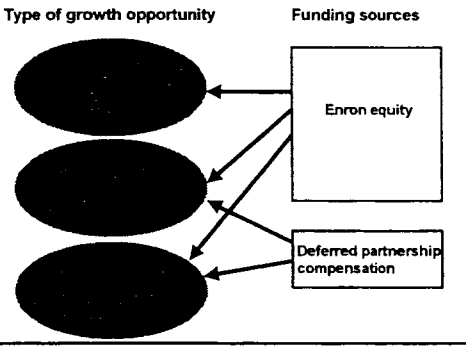
CHALLENGES IN COMPENSATING PARTNERS FOR NEW BUSINESS BUILDING VENTURES

	Methodology	Challenges/implications	
Approach 1	Use salary, cash bonus, and Enron corporate options/ restricted shares as the sole tools to compensate all partners	• Easy to lose focus on the importance of business building • Partners reluctant to donate best people to a new venture with more distant and indirect impact on stock price	✗
Approach 2	Create special incentives (e.g., formulaic compensation vehicles) to be shared by those individuals directly involved with the creation of new businesses	• Violates key tenet of partnership (i.e., single profit pool) • Value of new ventures may not be readily or accurately reflected in stock price • Leaders with formulaic compensation may be reluctant to "pull the plug" on non-performing businesses	✗
Approach 3	Create specific compensation vehicles linked to building new businesses, but with distributed ownership across entire partnership	• Aligns entire leadership group toward creation of new businesses • Allows partners to have a portion of compensation tied to long term Enron growth in a vehicle other than stock price	✓

NEW BUSINESS OPPORTUNITY CATEGORIES AND FUNDING SOURCES



IMPACT OF PARTNERSHIP INTEREST IN NEW BUSINESS GROWTH

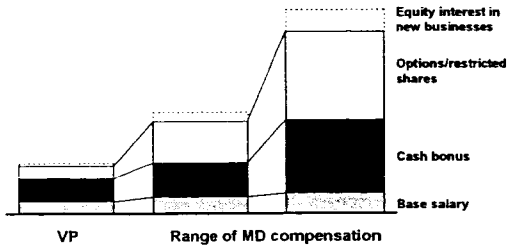
1. Increased support across the organization for new businesses
   - EES
   - EBS
2. Increased accountability/"pushback" from partnership group for key decisions
   - Azurix
   - EI

GOVERNANCE

An independent Board will ensure integrity and consistency in key compensation issues by

- Identifying which new business ventures are placed in each category
- Determining funding sources and proportions
- Approving specific valuation methodology, take-out provisions, and caps

RELATIVE IMPACT OF HYBRID COMPENSATION APPROACH



BUILDING THE ENRON OF TOMORROW

	Yesterday's Enron	Today's Enron	Tomorrow's Enron
Vision	• World's First Natural Gas Major	• World's Most Innovative Company	• World's Most Valued Company
Strategic emphasis	• Growth in traditional asset-based businesses	• New business building around Enron's core competencies	• Broad-based business building development by leveraging intangible capital (i.e., knowledge, talent, networks)
Organizational concept	• Corporate Model	• Networked model	• Professional Partnership Model

TRANSITIONING TO A PROFESSIONAL PARTNERSHIP MODEL

2000 Enron Strategic Goals
Status

2000 Enron Strategic Goals
Overall

Goal: Achieve earnings and funds flow targets included in the 2000 Plan.

Status: Complete

All items are currently forecast to exceed Plan.

	Plan	Forecast
Net Income	$ 1,144 million	$ 1,224 million
Earnings per share	$ 1.35	$ 1.42
Funds Flow	$ 2,300 million	$ 2,840 million

2000 Enron Strategic Goals
Overall

Goal: Complete sale (and total risk transfer) of merchant assets so that total merchant investments are $200 million or less by year end.

Status: In Progress

- Merchant assets decreased from $1.1 billion at year end 1999 to $500 million at year end 2000.
- Balance includes assets that management considers advantageous to retain at this time.
- Monetization program is on-going. $2.1 billion of assets were sold during 2000.

2000 Enron Strategic Goals
Overall

Goal: Maintain premium valuation multiples for Enron. Achieve total return to Enron's shareholders in excess of its peer group and the S&P 500 index.

Status: Complete

Enron's relative valuation versus the market and peer group improved significantly, as follows:

	PE Multiple * 12/31/99	P/E Multiple * 12/06/00
Enron Corp.	31x	51x
Peer Group	16x	24x
S&P 500	26x	23x

* Based on 2000 E.P.S. estimates.

2000 Enron Strategic Goals
Overall

(Continued)

Enron's total return to shareholder for 2000 year to date has significantly exceeded most comparative indexes.

	Total Return 2000 (YTD through 12/06)
Enron Corp.	63.2%
S&P 500	(7.0%)
Dow Jones Industrials	(5.8%)
NASDAQ	(31.1%)
Peer Group - Energy	70.5%
Peer Group - Broadband	(66.5%)

2000 Enron Strategic Goals
Overall

Goal: Improve return on book equity to at least 13.5%.

Status: Not Complete

- Return on book equity is currently forecast to be 11.5% for 2000.
- Impacted by delay of asset sales until 1st quarter 2001.
- The return on equity for 2000 would have been 13.7% if the delayed sales had occurred and $5 billion of proceeds from the sales of assets were used to reduce equity.

Wholesale Operations
2000 Goals

2000 Enron Strategic Goals
Wholesale Operations

Goal: Execute more commodity intermediation business via EnronOnline than through traditional means.

Status: Complete

Over 450,000 North America transactions with a notional value greater than $240 billion have been executed through November 2000.

Currently, EnronOnline is generating -

- 85% of total transactions for North America natural gas
- 50% of total transactions for North America electricity power
- 52% of total transactions for European commodities.

2000 Enron Strategic Goals
Enron Americas

Goal: Achieve a 20% growth in total energy volumes.

Status: Complete

- Physical natural gas volumes have increased 74% September YTD 1999 to September YTD 2000.
- Physical power volumes have increased 42% September YTD 1999 to September YTD 2000.
- Maintained position as #1 merchant of power and gas in North America.

2000 Enron Strategic Goals
Enron Americas

Goal: Complete 3 significant utility outsourcing transactions.

Status: In Progress

Closed 3 significant utility outsourcing transactions during 2000 -

- Atlanta Gas Light \ Virginia Natural Gas - gas outsourcing
  - 2 year term
  - 30 BCF per year sales
- NSTAR (BECO) - power outsourcing
  - 6 month term
  - Standard offer
- PSEG - gas outsourcing
  - MOU pending
  - 60 BCF per year sales

2000 Enron Strategic Goals
Enron Americas

Goal: Clearly establish recurring, profitable merchant business in South America as evidenced by $25 million of earnings in 2000 with a goal of $50 million in 2001.

Status: Complete

- Wholesale, Direct Sales and Argentina had $25 million of earnings in 2000.
- 2001 plan has $50 million earnings goal.

2000 Enron Strategic Goals
Enron Europe

Goal: Generate at least $200 million of gross margin outside of the U.K.

Status: Complete

$240 million of gross margin was generated in areas other than UK gas and power businesses.

Goal: Decrease Eastern exposure by $250 million.

Status: Not Complete

- Working with TXU Europe Group PLC to obtain increased guarantees with additional covenants to cleanly hedge Enron's claim.
- Will be finalized in 1st quarter 2001.

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2000 Enron Strategic Goals
Enron Europe

Goal: Financially close and monetize three significant infrastructure projects.

Status: Complete

Financially closed and monetized four significant projects -

- Sutton Bridge - $270 million
- National Power - $760 million
- Poland, Turkey and Italy Powerstation Balance Sheet Restructure - $125 million
- ETOL FAS 125 - $100 million in cash and notes of $105 million.

2000 Enron Strategic Goals
Enron Europe (APACHI)

Goal: Establish Japanese business as evidenced by aggregation of at least 5,000 megawatts of generation and an active merchant business with 500 mmcfe/day of energy transactions.

Status: Not Complete

- Opened Enron Japan office and launched EnronOnline and coal trading in Japan.
- Pace of regulation changes impacted ability to aggregate generation and develop an active merchant business.

2000 Enron Strategic Goals
Enron Global Markets (CALME)

Goal: Financially close and begin construction of the Venezuela LNG project.

Status: Not Complete

- Minority rights agreement with PDVSA is substantially complete and other agreements were finalized in October 2000.
- Construction contract with Enron Engineering & Construction substantially complete.
- Secured Elba Island storage capacity to provide anchor market for Venezuela LNG and merchant trade.
- Optionality for additional markets in Puerto Rico and Dominican Republic.

2000 Enron Strategic Goals
Enron Global Markets (CALME)

Goal: Financially close and begin construction of Dolphin. (Mideast effort)

Status: Not Complete

- Executed detailed Project Development Agreement among UAE offsets group. TotalFinaElf and Enron to develop the project.
- Advanced the technical design of facilities/selected pipeline routes.
- Advanced negotiations with downstream buyers and with Qatar for supplies of 2 - 3 bcf/day.
- Upstream term sheet execution expected in January 2001.
- Key commercial agreements targeted for execution by mid-2001.

2000 Enron Strategic Goals
Enron Global Assets (South America)

Goal: Decrease capital exposure through a profitable sale of certain South American assets.

Status: Not complete

- Asset monetization strategy is in place.
- Significant sales anticipated in 1st quarter 2001.

2000 Enron Strategic Goals
Enron Global Assets (India)

Goal: Financially close Metgas pipeline transaction and sell 2 Tcf (1.6 MT) of gas along the pipeline.

Status: Not Complete

- Contracts signed to sell 1.2 MM tons of gas.
- Financial close was postponed until the 2nd quarter 2001 to allow additional gas sales.
- Currently evaluating degree of Enron equity participation.

2000 Enron Strategic Goals
Enron Global Assets (APACHI)

Goal: Leverage value of SK/Enron 20% profitability growth in Korea beyond current venture.

Status: Complete

- Achieved 100% profitability growth in Korea on SK-Enron joint venture.
- Increased SK-Enron's net income from $23 million in 1999 to $48 million in 2000.

2000 Enron Strategic Goals
Enron Global Assets (APACHI)

Goal: Resolve Hainan Island, Vietnam and Mozambique issues.

Status: Complete

- Concluded sale of Hainan PPC Termination Agreement for $152 million. Receipt of $78 million cash in 2000 with $74 million to be received in 1st quarter 2001.
- Successfully completed the sell-down of the Mozambique Project to SASOL for $30 million.
- Settlement of Miga Claim on East Java, Indonesia - $15 million.
- Vietnam issues resolved with minimum impact to bottom line.

2000 Enron Strategic Goals
Enron Net Works

Goal: Be the largest and leading e-commerce player. Execute e-business plan, which includes starting 5 new businesses and attempting to monetize 3 of them.

Status: Complete

- EnronOnline has executed over 450,000 transactions with a notional value greater than $240 billion through November 2000.
- Several new businesses have been created -
  - DealBench
  - Clickpaper.com
  - Commodity Logic
  - e-Market Services
- Acquired MG Metals in July 2000.

2000 Enron Strategic Goals
Enron Net Works

Goal: Create $100 million of value for business units that is not in the 2000 Plan.

Status: Complete

- Significant value added by EnronOnline.
- Created a partnership with outside parties to focus on the pulp & paper and steel industries which generated $75 million of earnings in 2000.

Transmission & Distribution 2000 Goals

2000 Enron Strategic Goals
Enron Transportation Services

Goal: Continue Florida Gas expansion by completing Phase IV construction, obtaining favorable Preliminary Determination and Environmental Impact Statement on Phase V and receiving market support for Phase VI.

Status: Complete

- Obtained FERC certificate on Phase IV, completed construction on the west leg extension and made initial deliveries to Florida Power and Light on October 1.
- Received a favorable Preliminary Determination on Phase V.
- The Phase V Environmental Impact Statement will be issued early spring 2001. Construction will begin on time by the 2nd quarter 2001.
- Strong market support for Phase VI expansion at 150 MMBtu/day.

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2000 Enron Strategic Goals
Enron Transportation Services

Goal: Obtain final FERC certificate for Northern Border's Project 2000 and place in service Transwestern's Gallup Expansion by the 2nd quarter.

Status: Complete

- Obtained FERC certificate for Northern Border's Project 2000 in 1st quarter 2000.
- Transwestern's Gallup Expansion was placed into service 2nd quarter 2000. The 140 MMBtu/day expansion is fully subscribed with 5-year contracts, resulting in $9 million per year of added revenue.

2000 Enron Strategic Goals
Enron Transportation Services

Goal: Close accretive acquisitions of $100 million and $150 million respectively for EOTT and Northern Border.

Status: Change in Business Strategy/Complete

- Acquisitions for EOTT have not been pursued due to cost of capital and focus on existing assets.
- Northern Border acquired assets for $30 million from various third parties and gathering systems from Enron for $205 million.

2000 Enron Strategic Goals
Enron Transportation Services

Goal: Divest Enron's Clean Fuels business.

Status: Not Complete

- Several deals were analyzed.
- Only nominal offers were made. All offers would have resulted in a substantial write-off for Enron.
- Currently evaluating options.

2000 Enron Strategic Goals
Portland General

Goal: Successfully close the sale of PGE to Sierra Pacific Resources.

Status: In Progress

- Obtained state PUC and FERC approval.
- Waiting on SEC approval - meeting set for January 4, 2001.

Goal: Meet Trojan decommissioning objectives and successfully manage the Trojan cost recovery.

Status: Complete

- Decommissioning on track.
- Obtained state PUC approval, resolving recovery from customers issue.

Enron Energy Services
2000 Goals

2000 Enron Strategic Goals
Enron Energy Services

Goal: Execute transactions totaling $16 billion of total contract value.

Status: Complete
Estimated total contract value of $16.6 billion for 2000.

Goal: Maintain customer satisfaction overall score ratings between 4.2 and 5.0. (excellent - 4; outstanding - 5)

Status: Complete
Achieved overall customer satisfaction ratings per survey results

2000 Enron Strategic Goals
Enron Energy Services

Goal: Expand commercial operations in Europe and sign agreements representing $2 billion of total contract value while building service delivery capability.

Status: Complete

- 2000 estimated total contract value of $2 billion.
- Installed execution capacity to deliver on outsourcing commitments.
- Significant outsourcing deal in UK, Trilium, to be signed December 18, 2000.

2000 Enron Strategic Goals
Enron Energy Services

Goal: Establish industrial business with $100 million of gross margin and execute energy outsourcing transactions with a total contract value of $2 billion.

Status: Complete

- Completed transactions with TCV of $1 billion in 2000.
- Investment in Heartland Industrial provides opportunity for TCV of $1 - $2 billion.
- Formation of Enron Industrial Markets to focus on e-commerce and industry specific market-making. EIM has achieved gross margin of $113 million.

2000 Enron Strategic Goals
Engineering & Construction

Goal: Grow the third party customer business by becoming the third largest power contractor in the US.

Status: Complete

Built NEPCO to third largest power contractor in U.S. with current backlog nearing $2 billion.

Goal: Increase cash flow from operations to $100 million

Status: Not Complete

Projected $60 million in cash flow in 2000 increasing to $83 million in 2001.

2000 Enron Strategic Goals
Engineering & Construction

Goal: Improve the technical review and due diligence process for construction risk throughout the company.

Status: Complete

- Implemented procedures with RAC to provide sign off on technical aspects of proposed projects during the DASH process.
- Market and credit risk books operational January 1, 2001.
- Implemented procedures with RAC to DASH 3rd party projects.

Enron Broadband Services
2000 Goals

2000 Enron Strategic Goals
Enron Broadband Services

Goal: Achieve scheduled rollout of the Enron Intelligent Network as evidenced by 15,000 fiber miles, 1,500 servers and 13 pooling points.

Status: Complete

- 18,448 fiber miles have been constructed.
- 20 pooling points have been completed in the US and 1 completed in Europe.
- Converted to a significantly more powerful server fleet and deployed 350 servers, which exceeded the targeted content delivery.

2000 Enron Strategic Goals
Enron Broadband Services

Goal: Achieve volumetric targets for broadband intermediation (5,000 DS-3 months) and bandwidth services ($200 million of total contract value).

Status: Complete

- Closed transactions representing 5,700 DS-3 months.
- Signed services contracts significantly in excess of $200 million.

2000 Enron Strategic Goals
Enron Broadband Services

Goal: Complete a full outsourcing of bandwidth management for two significant customers.

Status: Complete

- Blockbuster - a 20-year exclusive with $900 million in ultimate contract value.
- i2, a global provider of e-commerce services.

2000 Enron Strategic Goals
Enron Broadband Services

Goal: Develop a platform for a communications business in India by executing a software joint venture and having a data center in operation by the end of 2000.

Status: In Progress

- Mumbai data center under construction - will be operational in late December 2000.
- Joint venture finalized with MSEB and Global Telesystems to develop fiber optical network along MSEB ROW. All operative documents completed. Awaiting internal EBS approvals.

Enron Global Exploration & Production 2000 Goals

2000 Enron Strategic Goals
Exploration & Production

Goal: Achieve J.V. operating and management committee approval for Tapti expansion project.

Status: Complete, pending strategic decision

- Operating Committee approved early funding of preliminary activities.
- Technical Committee approved project reserves and infrastructure scope.
- Director General office on behalf of government of India endorsed proposed Tapti expansion in November 2000.
- Formal Operating and Management Committee approvals are pending EOGIL sale process.

2000 Enron Strategic Goals
Exploration & Production

Goal: Resolve the significant outstanding commercial issues with all parties associated with our Indian operations.

Status: In Progress

- Centre for Public Interest Litigation (CPIL) lawsuit was resolved in Enron's favor in October 2000.
- Remainder of other issues are scheduled for arbitration.

Goal: Close at least one new project.

Status: Complete

- Closed projects in Turkey & US.
- Due to intent to exit E&P in 2001, negotiated exit strategies for opportunities captured in 2000 in Korea, UK/North Sea and Chile.

2000 Enron Strategic Goals
Exploration & Production

Goal: Work out an acceptable solution for our China Sichuan investment/operations with minimal financial impact.

Status: Complete

- Established sustainable gas production on block.
- Negotiated 2-year extension with minimal financial commitment (less than $2 million).
- Marketing effort underway with expectation of closing in early 2001 with neutral financial impact.

Enron Wind
2000 Goals

2000 Enron Strategic Goals
Enron Wind

Goal: Complete the Spanish assembly plant and produce 100 TZ750 wind turbine generators.

Status: Complete

Completed in July 2000 and will produce 100 turbines in 2000.

Goal: Deploy a new generation TZ 1.5 wind turbine with a cost of energy equivalent of 3.5 cents/kwh or less.

Status: Complete

- The 1.5 Mw turbine is now being assembled in Enron Wind's Tehachapi facility.
- Continued engineering improvements and component cost reductions have reduced the cost of energy equivalent to approximately 3.5 cents/kwh.

Enron Global & Staff Functions
2000 Goals

2000 Enron Strategic Goals
Finance

Goal: Outperform the BBB+ Bond Index.

Status: Complete

Enron has out performed the BBB+ Bond Index the entire year at all maturities by an average of 15 basis points

2000 Enron Strategic Goals
Finance

Goal: Create merchant investment hedging vehicle to reduce downside earnings exposure.

Status: Complete

Project Raptor

- Provided hedging mechanism for over $1.5 billion of notional public and private equity positions.
- Mitigated $460 million of equity losses.
- Supplied funds flow of $300 million.

2000 Enron Strategic Goals
Finance

Goal: Provide platform(s) for increased capital velocity to achieve return on equity target.

Status: Complete

Established numerous vehicles to stimulate capital markets and reduce use of Enron equity -

- Raptor
- Hawaii 125
- Osprey
- Others

2000 Enron Strategic Goals
Strategic Sourcing

Goal: Implement strategic sourcing initiative resulting in $100 million of global savings and e-commerce capabilities to market services to third parties.

Status: Complete

- Negotiated savings of approximately $120 million. $60 million were realized in 2000.
- Completed pre-feasibility of offering eProcurement services to third parties and determined that such a service was inconsistent with Enron's view of future market development and eCommerce.

2000 Enron Strategic Goals
Risk Assessment and Control

Goal: Total foreign exchange exposure quantified and communicated to the Board of Directors.

Status: Complete

- Project completed with final results reported to Finance Committee on December 11.
- The notional exposure has been quantified and reported to the Board of Directors.
- A template and process has been established to be able to easily report changes in the future.

2000 Enron Strategic Goals
Risk Assessment and Control

Goal: Establish risk and trading control process for risks unique to EES.

Status: Complete

- Systems have been established and monitoring controls are in place.
- A study of the DSM business has been completed and the results presented to the Finance Committee.
- A task force has been put in place and has established a work plan.
- Significant progress has been made against these recommendations.
- Tests have highlighted focus areas to determine where the capital dollars are best employed.

2000 Enron Strategic Goals
Risk Assessment and Control

Goal: Solidify the global risk management policy beyond Houston and London.

Status: Complete

- Project Doorstep inspected every office within Enron to determine if trading was taking place and if controls were being adhered to.
- A system was developed to routinely prompt surprise inspections and monitor if the recommendations are being adhered to.

2000 Enron Strategic Goals
Accounting

Goal: Successfully complete implementation of SAP.

Status: Complete

- SAP was successfully implemented on time and within budget.
- Favorable opinion from AA on internal controls.

2000 Enron Strategic Goals
Investor Relations

Goal: Continue delivery of a coordinated and targeted global investor communication, generating premium valuations for Wholesale Energy, Retail Energy and Broadband Services.

Status: Complete

- Coordinated and targeted investor communications was aggressively carried out which contributed to total returns and increased valuation levels.
- Meetings with investors were held in 37 cities worldwide, at over 26 industry conferences, resulting in over 450 one-on-one meetings.

2000 Enron Strategic Goals
Human Resources

Goal: Improve the efficiency of the HR organization by decreasing costs 20%.

Status: Complete

- Corporate HR costs have been reduced from 2000 plan to 2001 plan by $11 million or 48%.
- Overall, Enron HR cost have been reduced by $12 million (19%) from 2000 plan to 2001 plan.
- Costs per employee have been reduced in the 2001 plan to $2,545 from $4,004 in the 2000 plan.

2000 Enron Strategic Goals
Human Resources

Goal: Develop an Enron measure for return on human capital.

Status: Complete

- In the Financial Reviews this year, the following were reviewed:
  - Number of MDs & VPs
  - Ratio of Commercial to Non-commercial FTEs - the average is 1:4, with the best ratios of 1:2 in both EEL and ENA. The target is 1:1.
- Overall turnover was reviewed as was turnover at specific performance levels.
- Each business unit reviewed revenue and net income per employee.

2000 Enron Strategic Goals
Public Affairs

Goal: Expansion of influence in standard setting process for wholesale and retail energy markets.

Status: Complete

- Launched a "Coalition for Uniform Business Rules" with industry and public policy representatives.
- Scope has been expanded to include both gas and power market rules.

2000 Enron Strategic Goals
Public Affairs

Goal: Significant, measurable improvement in Enron's reputation (familiarity and favorability) through the successful launch of the brand campaign, establishment of a "21st Century Company" reputation with key international organizations and continued active media relations to produce favorable earned media.

Status: Complete

- Enron is covered as a leading company in the media, not just an energy company. Coverage has moved from the trade press and occasional mentions in major business publications to feature coverage in the major business publication and mainstream press.
- Enron has successfully launched a new brand campaign built around the themes of innovation and questioning the status quo.
- Enron also successfully launched a corporate responsibility program to manage reputation risk with the NGO community.

2000 Enron Strategic Goals
Diversity - Visions & Values

Goal: Be named by Fortune Magazine as one of the top 10 "100 Best Companies to Work for in America".

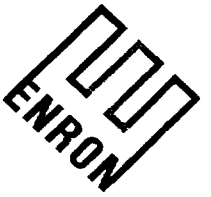
Status: Unknown

Results will not be available until mid-December. Indications are that Enron may have moved from 24 to the top 10. A photo shoot has been scheduled, which historically has only been done for the top 10 companies.

2000 Enron Strategic Goals Scorecard Summary

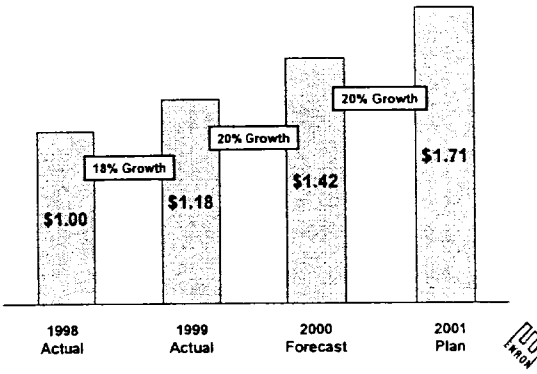
	Number	Percent
Complete	42	72%
In Progress	6	10%
Not Complete	9	16%
Change in Business Strategy	1	2%
Total Goals	58	100%

2000 Enron Strategic Goals

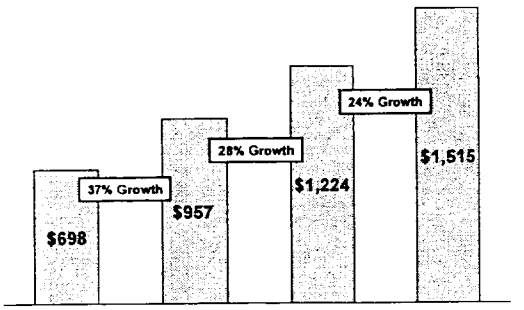


2001 - 2003
Operating & Strategic Plan

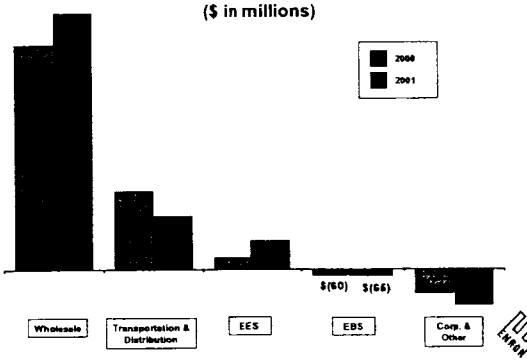
Recurring Diluted EPS



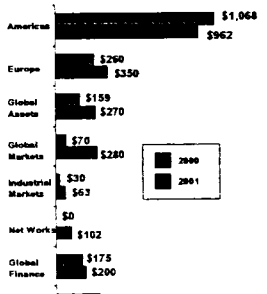
Net Income
($ in millions)



Earnings Before Interest & Taxes By Segment
($ in millions)

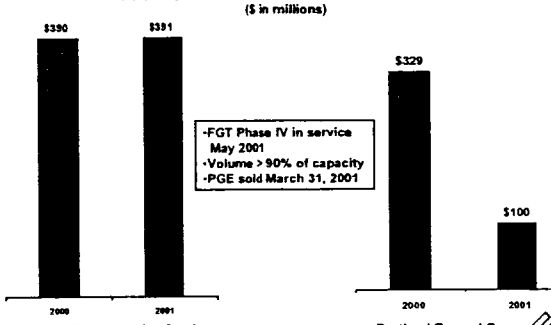


Earnings Before Interest & Taxes Wholesale
($ in millions)



- Power markets continue to deregulate
- Gas and power prices remain volatile
- Continent continues to deregulate
- Build on synergies created from Metals
- Decrease capital intensity
- Dahbol phase II construction completed
- Significant liquids trading growth
- Expanding LNG markets
- Increased Pulp & Paper and Steel trading
- Electronic platforms to grow market share
- Leverage off of existing electronic platforms
- Increased monetization activity

Earnings Before Interest & Taxes Transmission & Distribution
($ in millions)



- FGT Phase IV in service May 2001
- Volume > 90% of capacity
- PGE sold March 31, 2001

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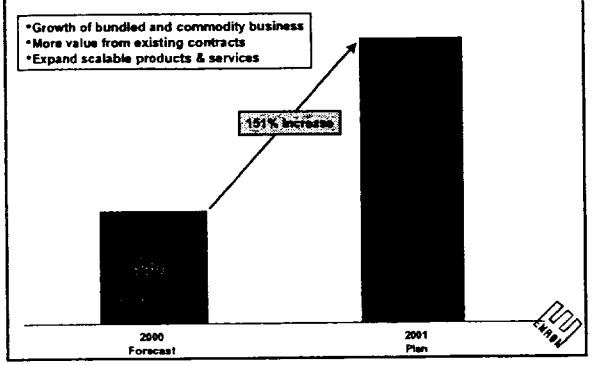
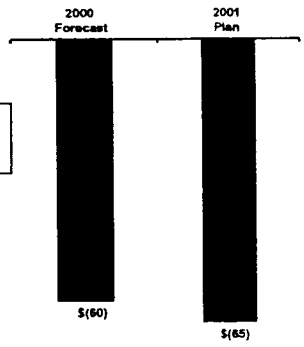
Earnings Before Interest & Taxes
Enron Energy Services
($ in millions)

- Growth of bundled and commodity business
- More value from existing contracts
- Expand scalable products & services

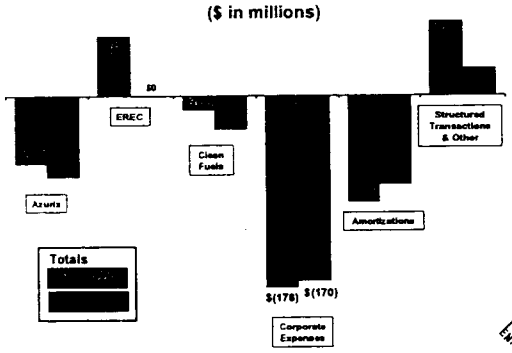


Earnings Before Interest & Taxes
Enron Broadband Services
($ in millions)

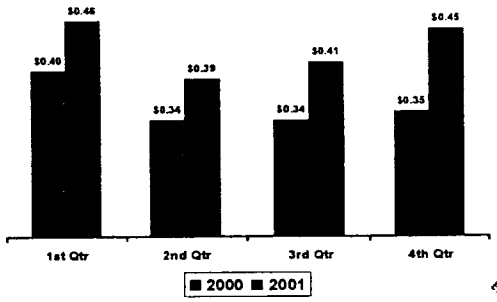
- TCV $300MM in 2001
- International expansion
- Significant development of intermediation business



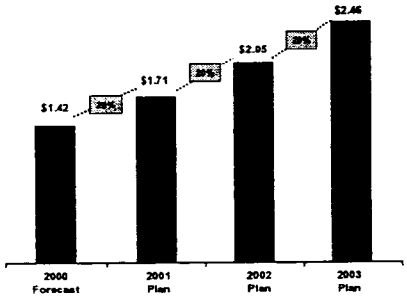
Earnings Before Interest & Taxes
Corporate and Other
($ in millions)



Enron
Recurring EPS By Quarter



Enron
Recurring EPS



Enron
Proceeds from Planned Assets Sales
2001 Plan
($ in millions)

	Proceeds	Related Debt
Elektro	$ 2,000	$ 60
Portland General Electric	1,600	1,020
North American Power Plants	818	-
Enron Renewable Energy Corp	700	40
India E&P Assets	600	-
South American Gas LDCs	470	-
Hainan Power Plant	152	-
Copel Investment	135	-
Transredes	70	-
MetGas Pipeline	69	-
Sichuan Jialing Power Plant	67	230
India Data Center	67	-
All Other	202	-
Total	$ 6,950	$ 1,350

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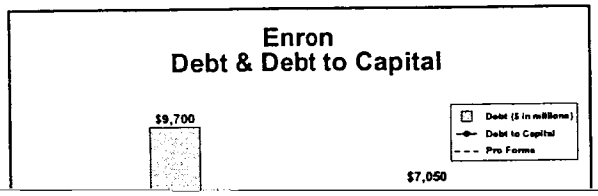
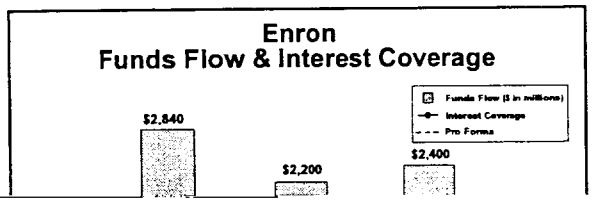
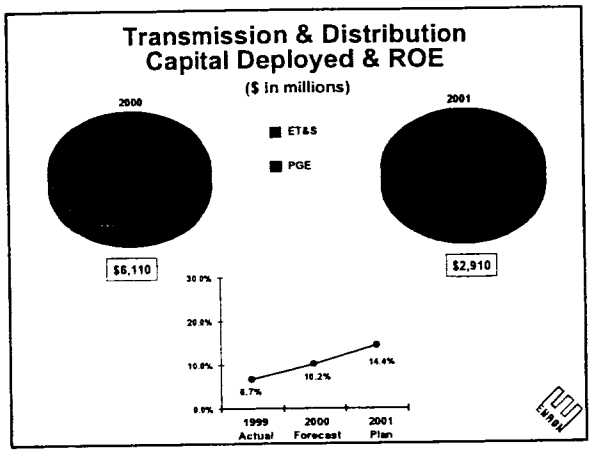
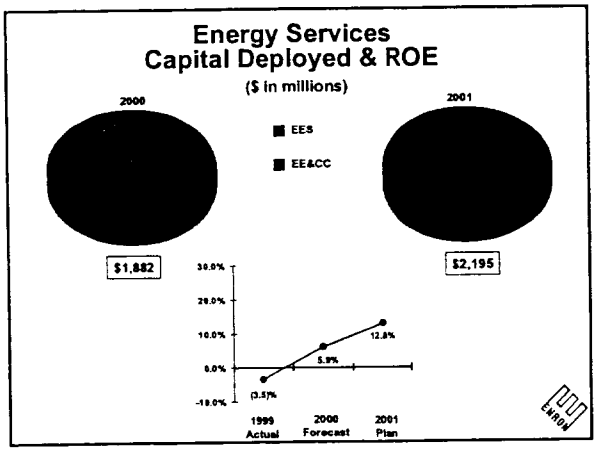
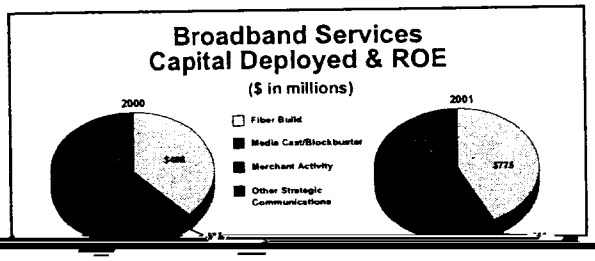
EXH005-02470


Enron
Debt & Debt to Capital
$9,700
$7,050
Debt ($ in millions)
Debt to Capital
Pro Forma


Enron
Funds Flow & Interest Coverage
$2,840
$2,200
$2,400
Funds Flow ($ in millions)
Interest Coverage
Pro Forma


Transmission & Distribution
Capital Deployed & ROE
($ in millions)
2000
2001
ET&S
PGE
$6,110
$2,910
30.0%
20.0%
10.0%
0.0%
6.7%
10.2%
14.4%
1999 Actual
2000 Forecast
2001 Plan


Energy Services
Capital Deployed & ROE
($ in millions)
2000
2001
EES
EE&CC
$1,882
$2,195
30.0%
20.0%
10.0%
0.0%
-10.0%
(3.5)%
5.9%
12.8%
1999 Actual
2000 Forecast
2001 Plan


Broadband Services
Capital Deployed & ROE
($ in millions)
2000
2001
Fiber Build
Media Cast/Blockbuster
Merchant Activity
Other Strategic Communications
$775

Enron North America

Board Presentation

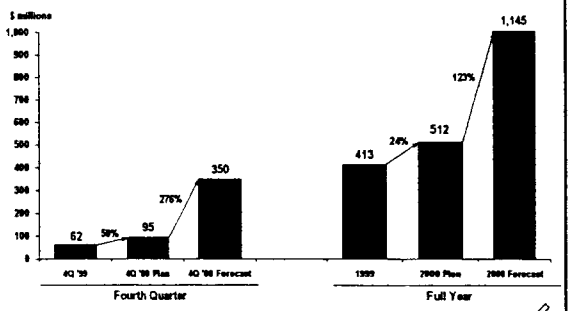
- Financial Review
- 2000 Accomplishments
- Market Snapshot
- Regulatory Challenges

Board Presentation

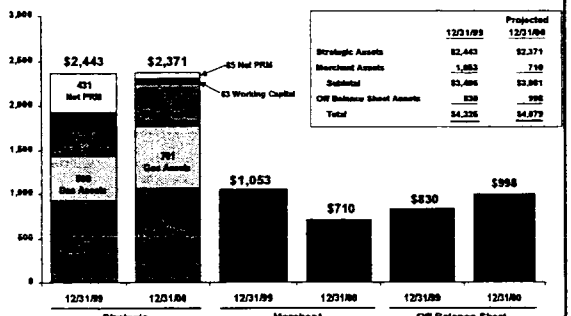
- Financial Review
  - Third Quarter/Year to Date Snapshot

Growth Continues, Driven by Commodity Services

EBIT

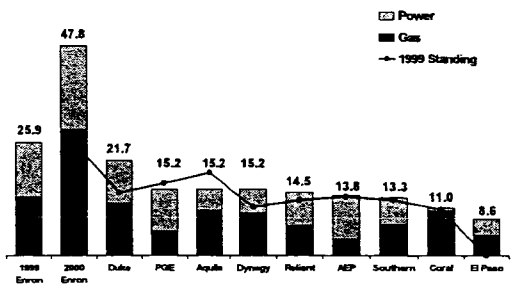


Capital Deployed
($ millions)



	12/31/99	Projected 12/31/00
Strategic Assets	$2,443	$2,371
Merchant Assets	1,053	710
Subtotal	$3,496	$3,081
Off Balance Sheet Assets	830	998
Total	$4,326	$4,079

Enron's Leading Market Position
Third Quarter 2000
(TBtue/d)



Source: Gas Daily, Power Markets Week

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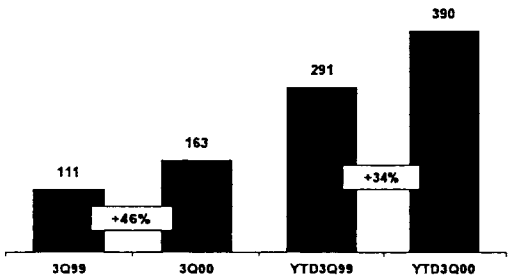
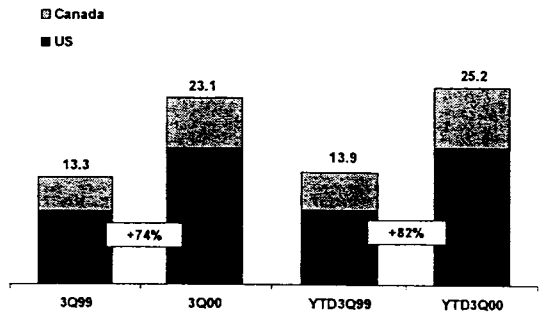
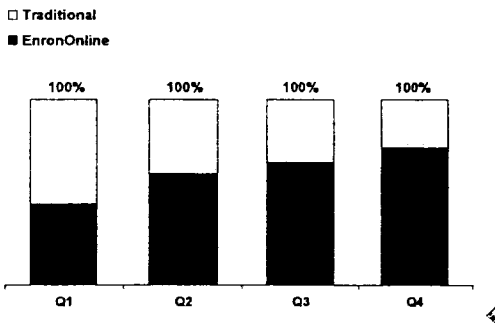
Physical Electricity Sales Volumes
(Million MWh)



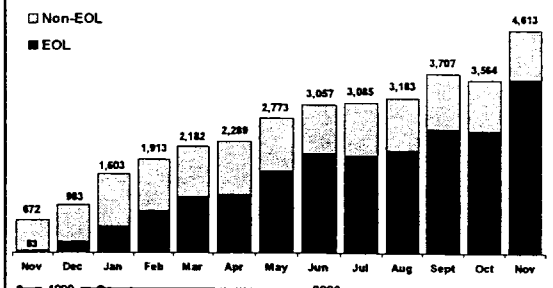
Natural Gas Physical Volumes
(Bcf/d)



Rapidly Increasing Utilization of EnronOnline
(North America Gas and Power Transactions)



EnronOnline Average Transactions/day
(North America Gas & Power)



Board Presentation

- Financial Review
- 2000 Accomplishments

2000 Accomplishments

Utility outsourcing is a key proposition in our strategy to augment the network with flexible resources

2000 Progress:

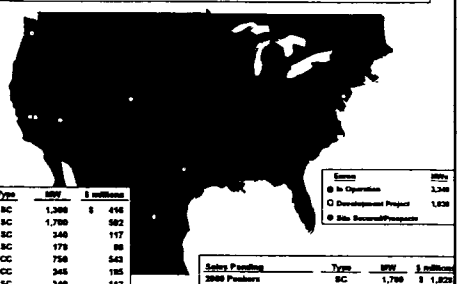
- Power Transactions
  - NSTAR (BECO)
    - Closed six month all requirements transaction
  - Oglethorpe
    - "Virtual Utility" deal
      - ENA manages:
        - Assets
        - PPA's
        - Gas Supply Agreements
        - Load Requirements
    - Transaction discussions in progress
- Gas Transactions
  - AGL/VNG
    - Full requirements load
    - Two year term commencing December 1, 2000
    - 30 BCF/year sales
  - PSEG
    - Full requirements load
    - ENA manages 20% of contractual assets
    - ENA supplies 20% of native load
    - 60 BCF/year sales
    - MOU in progress

EC004392300

2000 Accomplishments

Significant success achieved in our generation strategy

Strategy
< Control large bank of sites that provide optionality < Profit opportunities < Provide liquidity to network



Project	Type	MW	$ millions
1999 Peakers (merchant)	SC	1,300	$ 416
2000 Peakers (merchant)	SC	1,700	582
Oglethorpe (PPA)	SC	340	117
Austin Energy (PPA)	SC	175	88
Pasteria (merchant)	CC	750	543
Vitro (PPA)	CC	345	185
PSCo (PPA)	SC	340	112
LV Cogen II (merchant)	CC	225	180
Total		4,975	$ 2,223

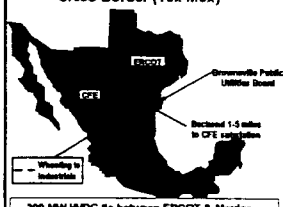
Sites Pending	Type	MW	$ millions
2000 Peakers	SC	1,700	$ 1,829
Pasteria	CC	750	580
Caledonia & Brownsville	SC	950	500
Total		3,400	$ 2,109

2000 Accomplishments

Significant expansion of our Mexican business

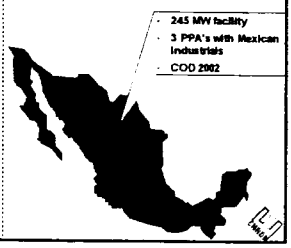
Risk Management		
1999	2000	% increase
8 Counterparties	63 Counterparties	687%
$13 MM Notional Value	$203 MM Notional Value	1,485%
11.7 Bcf Gas	58.2 Bcf Gas	397%

Cross-Border (Tex Mex)



- 300 MW HVDC tie between ERCOT & Mexico
- 15 Year - 112 MW PPA with DeAcero Industrial
- COD 2002

Industrial Generation (Vitro)



- 245 MW facility
- 3 PPA's with Mexican Industrials
- COD 2002

2000 Accomplishments

Significant expansion in our Canadian power business

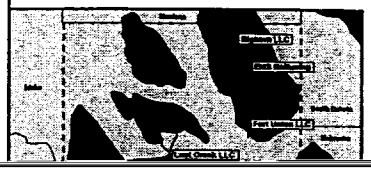
Transactions:

- British Energy
  - 3 year PPA upon Ontario Market Opening (by Q4 2001)
  - 500 MW Firm RTC
  - U.S. $25/MWh
- NUG Contract Management
  - Awarded RFP to assume role of Contract Manager for the Ontario NUG's on behalf of OEFC (Ontario Electricity Financial Corp.)
  - 1,700 MW's, 64 IPP's
  - 3 year term commencing with Ontario market opening
- ENERconnect ESA (Electricity Services Agreement)
  - Exclusive provider of back office services/portfolio management to 54 MEU's
  - Represents over 1MM customers & 3,000 MW load
  - [illegible]

2000 Accomplishments

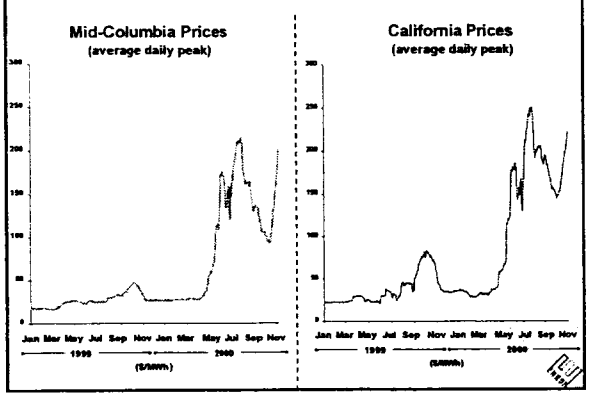
Completed the monetization of Wind River/Powder River assets

- ENA acquired interest in 3 strategic gathering systems in Wyoming from 1998 - 1999
- Northern Border recognized potential strategic value to their operations in 1999 and discussions ensued

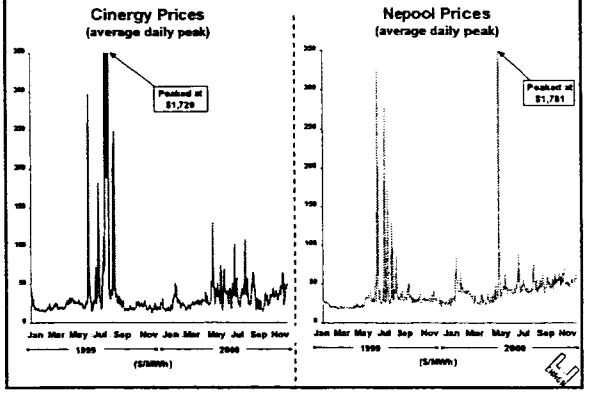


- Q3 2000 Sale of Wind River/Powder River Assets to Northern Border
  - $204 MM sales price
  - $76 MM gain on sale
- ENA captures future value in both basins with:

U.S. Power Price Volatility



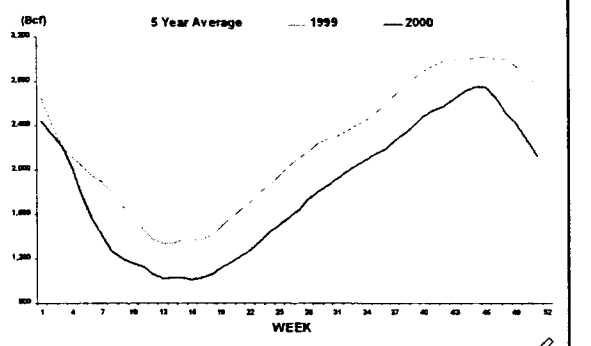
U.S. Power Price Volatility



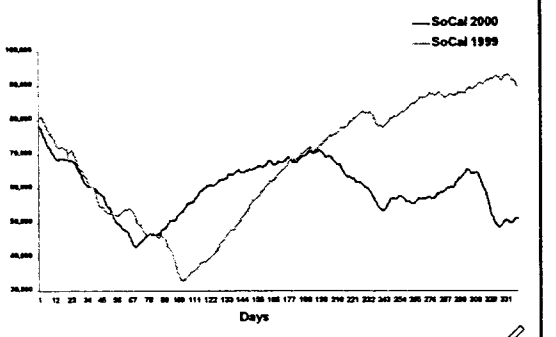
Key Fundamental Events
Gas Market

- US natural gas supply has been relatively flat over past 24 months
- Canadian natural gas supply growth has stalled recently despite significant pipeline expansions
- Virtually all power demand growth has been met with natural gas
- Summer 2000 was very warm in California leading to storage falling below historical levels
- Overall storage levels in the US are currently 23% behind last year
- Early cold weather brings concerns over late winter deliverability (particularly in California)

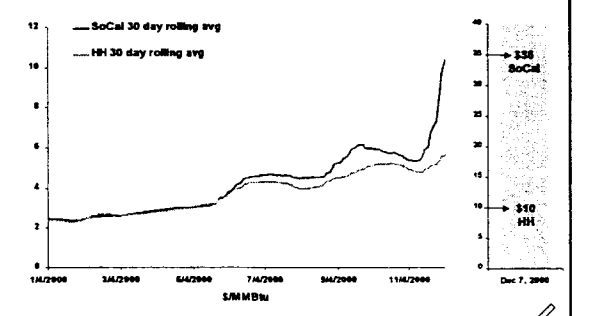
Current U.S. Gas Inventory Levels



California Storage Levels



Gas Price Volatility
SoCal Prices vs HH Prices



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Board Presentation

- Financial Review
- 2000 Accomplishments
- Market Snapshot
- Regulatory Challenges

Regulatory Challenges

- California Power Market Crisis
  - Price cap for parties selling into Cal ISO and Cal PX
  - FERC Order on Market Reforms
  - Class Action Lawsuit
- FERC Order 2000 RTO Implementation
  - Scheduled completion Dec. 2001
- Delays in Market Openings
  - Ontario Market still not committed to "date certain"
  - Significant Public Policy questions related to continued opening

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Enron North America

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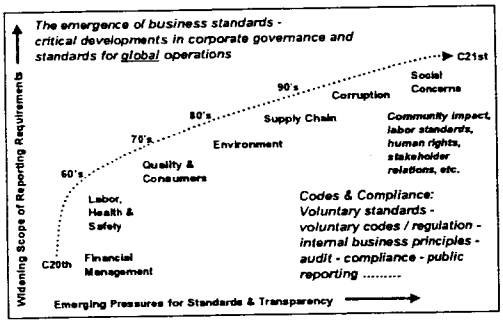
Corporate Responsibility

What is Corporate Responsibility?

- Corporate responsibility integrates social and environmental considerations into business strategy, market development and decision-making
- Sustainable Development - "Meeting the needs of the present, without compromising the ability of future generations to meet their own needs... " (World Commission on Environment and Development, 1987)

Emerging Trends



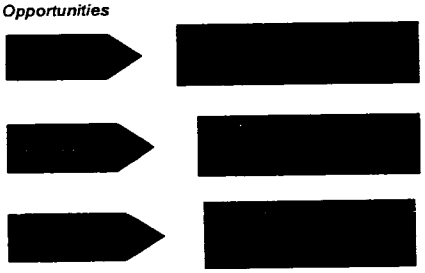
Source: Prince of Wales Business Leaders Forum

Emerging Trends and Practices

- Shareholder, market, customer and employee interest in non-financial performance and services:
  - Salomon Smith Barney
  - Polaroid, Starwood
  - University of Chicago
  - Friends of the Earth
- Market-based solutions:
  - Demand for environmentally/socially superior products
  - Provision of goods and services to address sustainability concerns

Why is This Important for Enron?

Social and Environmental Issues Present Risks and Opportunities



Benefits of a Strategic Approach

- Improve ability to recruit and retain employees
- Create new markets
- Develop new products and services
- Mitigate product/service/operations risk
- Strengthen brand/reputation
- Maintain and improve competitive position

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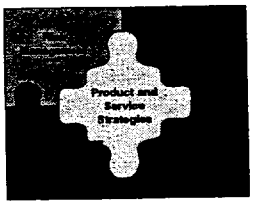
Progress to Date

- Defined mission: "To establish Enron as a leading 21st century company - best in class"
- Benchmarked leaders
- Established Corporate Responsibility Task Force
- Published first Annual EHS Report
- Developed Human Rights Policy



Goals for 2001

- Work with business units to identify new products, services, markets and opportunities
- Integrate social and environmental considerations into existing business unit strategies and management systems (due diligence, risk management, stakeholder engagement, training, performance incentives, auditing)
- Benchmark, measure and continuously improve Enron's social and environmental performance (previous performance, customer and investor expectations, competitors)
- Confirm and communicate "lessons learned"
- Identify opportunities to improve efficiency, reduce environmental impacts and procure 'green products', while saving money
- Publish second Annual Report on social and environmental performance

Proposed Next Steps

- Expand Board Committee responsibilities
  - structure
  - scope
- Establish external Advisory Committee
  - high level, internationally-recognized experts
  - provide insight and information on issues and trends
  - comment on corporate goals, plans, strategies

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Corporate Responsibility