



2000 Enron Strategic Goals Status

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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.

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

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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.**

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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.



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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.**

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

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

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2000 Enron Strategic Goals Overall

(Continued)

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

	<u>Total Return 2000 (YTD through 12/06)</u>
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%)



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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.

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