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COMMUNICATIONS

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Subject: First look at 2001 Plan

Attached are two dissimilar spreadsheets.

The first is the 2001 plan, using data as submitted by your group as of close of business today. This is a rather unpleasant plan which obviously ignores many positive and good things.

The second is the 2001 plan, adding additional margin to your group (or Overview) to get EBS into position to make its Enron Corp targets in 2001.

I am scheduled to meet with Kevin tomorrow (Tuesday) about the 2001 plan. I would like to show him the 2nd spreadsheet or something similar.

My thinking is that we discuss with Kevin your original margin plan and then what was "assigned" and consider that Overview. I would then describe to Kevin what it would take for you to make the overview.

The key assumptions I see are a) everything is mark-to-market -- Streams, IP, Circuits, Lambdas and Fiber, b) monetizations, securitizations etc can occur where we need them c) we take steps to cut costs by XX.

In other words, I am asking you to tell me the conditions which would have to exist which would enable you to meet the overview shown in the Submitted to Corp. spreadsheet.

Please give me your thoughts on what we should discuss with Kevin on Tuesday.....



as submitted.xls



submitted to Corporate.x

GOVERNMENT
EXHIBIT

4514

Crim No. H 04-0025

Enron Broadband Services
2001 Plan - As Submitted
(millions)

Commercial Groups	Submitted Headcount	Gross Margin	Direct Costs	Indirect Costs	IBIT
Trading, Logistics & Support	132	80.0	(40.0)		40.0
Media & Entertainment	68	(17.7)	(17.3)		(35.0)
Wholesale	47		(14.0)		(14.0)
Enterprise	35	0.8	(11.0)		(10.2)
Europe	162	37.3	(45.2)		(7.9)
Ventures	14		(5.0)		(5.0)
Latin America (excludes Blockbuster)	11	5.0	(3.2)		1.8
Asia (excludes India)	18	0.7	(5.0)		(4.3)
Media Services	21		(8.5)		(8.5)
Office of the Chairman	8		(6.0)		(6.0)
	516	106.1	(155.2)	-	(49.1)
Network Support Functions					
Switching Services	68			(23.9)	(23.9)
IT (Including Cisco)	199			(27.6)	(27.6)
Software Engineering	10			(5.9) E	(5.9)
Global Network Services	339			(65.8)	(65.8)
Mid-Office Operations	70			(12.4)	(12.4)
Product Engineering	47			(9.1)	(9.1)
Structuring	64			(19.1)	(19.1)
Strategic Development/New Products	24			(6.1)	(6.1)
Corporate Development	5			(2.5)	(2.5)
	826	-	-	(172.4)	(172.4)
Staff Functions					
Legal	28			(13.7)	(13.7)
Accounting/Transaction Support	43			(17.2)	(17.2)
Purchasing	22			(4.7)	(4.7)
IT	-			(5.0)	(5.0)
Finance	21			(4.6)	(4.6)
Human Resources	31			(5.8)	(5.8)
Marketing, Communications, PR	54			(21.9)	(21.9)
Business Controls & Security	13			(2.4)	(2.4)
Corporate Charges/Other	-			(72.3)	(72.3)
	212	-	-	(147.6)	(147.6)
	1,554	106.1	(155.2)	(320.0)	(369.1)
Depreciation & Amortization				(120.5)	(120.5)
IBIT		106.1	(155.2)	(440.5)	(489.6)
Interest					-
Taxes					-
Net Income		106.1	(155.2)	(440.5)	(489.6)

Enron Broadband Services
2001 Plan - Submitted to Corp
(millions)

	<u>Submitted Headcount</u>	<u>Gross Margin</u>	<u>Direct Costs</u>	<u>Indirect Costs</u>	<u>IBIT</u>
Commercial Groups					
Trading, Logistics & Support	132	80.0	(40.0)		40.0
Media & Entertainment	68	90.0	(17.3)		72.7
Wholesale	47	165.0	(14.0)		151.0
Enterprise	35	60.0	(11.0)		49.0
Europe	162	100.0	(45.2)		54.8
Ventures	14	75.0	(5.0)		70.0
Latin America (excludes Blockbuster)	11	5.0	(3.2)		1.8
Asia (excludes India)	18	10.0	(5.0)		5.0
Media Services	21	10.0	(8.5)		1.5
Office of the Chairman	8		(6.0)		(6.0)
	<u>516</u>	<u>595.0</u>	<u>(155.2)</u>	<u>-</u>	<u>439.8</u>
Network Support Functions					
Switching Services	68			(23.9)	(23.9)
IT (Including Cisco)	199			(27.6)	(27.6)
Software Engineering	10			(5.9)	(5.9)
Global Network Services	339			(65.8)	(65.8)
Mid-Office Operations	70			(12.4)	(12.4)
Product Engineering	47			(9.1)	(9.1)
Structuring	64			(19.1)	(19.1)
Strategic Development/New Products	24			(6.1)	(6.1)
Corporate Development	5			(2.5)	(2.5)
	<u>826</u>	<u>-</u>	<u>-</u>	<u>(172.4)</u>	<u>(172.4)</u>
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	<u>212</u>	<u>-</u>	<u>-</u>	<u>(147.6)</u>	<u>(147.6)</u>
	1,554	595.0	(155.2)	(320.0)	119.8
Depreciation & Amortization					
IBIT		595.0	(155.2)	(440.5)	(0.7)
Interest					-
Taxes					-
Net Income		595.0	(155.2)	(440.5)	(0.7)