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- CONFIDENTIAL - as of 10/23/2001 8:15 AM

ENRON Corp
Investor Concerns

Conference Call Information

Time: 8:30 am (Central)
9:30 am (Eastern)

Dial In: (719) 457-2633

Website: www.enron.com; Click - Investor Relations

Replay: (719) 457-0820 Code 627675 (available until midnight on October 30)

Introductions

Ken Lay, Chairman and Chief Executive Officer
Mark Frevert, Vice Chairman
Greg Whalley, President & Chief Operating Officer
Rick Causey, Executive VP and Chief Accounting Officer
Andy Fastow, Executive VP and CFO
Steve Kean, Executive VP and Chief of Staff
Mark Koenig, Executive VP, Investor Relations
Ben Glisan, Managing Director and Treasurer

Good morning, this is Ken Lay. Thank you for joining us on today's investor call.

We decided yesterday to set up this call to address questions and concerns raised over the last few days. We are ~~very~~ disappointed with our stock price, but our businesses are performing very well, and we are conducting business as usual. We recognize, however, that these are uncertain times in the capital markets, and we will continue to hold additional investor calls as needed to proactively communicate essential information to all our shareholders.

There has been a lot of recent attention to transactions Enron previously entered into with LJM, a private equity partnership. Let me reiterate a couple of things:

- We clearly heard investor concerns earlier this year, and Andy Fastow, Enron's CFO, ceased all affiliations with LJM; and, as reported in our second quarter 10Q filing, LJM is no longer a related party.
- During the third quarter, we took additional steps and terminated the finance arrangements with LJM.

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REQUESTED BY KENNETH LAY

GOVERNMENT
EXHIBIT
3687

Crim. No. H-04-25 (S-2)

SEC Inquiry

We announced yesterday that we received a request for information from the SEC regarding certain related party transactions. As we said yesterday,

- We welcome this request, and the opportunity it provides us to put these matters to rest;
- We are cooperating fully with the SEC; and
- We believe everything that needed to be considered and done in connection with these transactions was considered and done.

They were reviewed by internal and external auditors and lawyers of Enron and its subsidiaries. As you can appreciate, while this matter is pending, we cannot say much more about it.

However, a number of other, unrelated questions have been raised, and we will do our best to address those here.

Equity Reduction

Our third quarter earnings conference call last Tuesday included information associated with a \$1.2 billion reduction in shareholders' equity that would ordinarily have been disclosed in our 10Q, to be filed in mid-November. There have been a number of questions surrounding the equity adjustment since the call, so we want to take the opportunity to clearly spell out the basis of the adjustment.

A structured finance vehicle, in which LJM was an investor, was established to mitigate volatility associated with certain of Enron's merchant investments, including investments in The New Power Company, technology and other investments of Enron.

In conjunction with the recent termination of these vehicles, Enron recorded a \$1.2 billion reduction in shareholders' equity and a corresponding reduction in notes receivables. These adjustments were the result of Enron's termination of obligations to deliver Enron shares in future periods. Although this obligation equated to 62 million shares and was reflected in our fully diluted shares outstanding, the obligation to issue shares in the future no longer exist and, as such, the shares will no longer be factored into our EPS calculation. The 10Q will reflect the final, proper reduction of 62 million shares, as calculated using Enron's actual share prices during the third quarter.

If you have additional questions on these adjustments, I will address them at the end of the call. Now, I will turn the discussion over to our CFO, Andy Fastow, to discuss our current liquidity position and credit rating.

I might add that I and Enron's Board of Directors continue to have the highest faith and confidence in Andy Fastow's Liquidity/Credit Rating. He is an outstanding CFO.

We have received questions recently about both our liquidity and the outlook for the Enron Corp. credit.

Regarding liquidity, Enron expects to have sufficient liquidity to conduct normal operations and meet all of our projected capital requirements.

- We have committed credit facilities with domestic and foreign banks, which provide for an aggregate of \$3.35 billion in credit. These bank lines are undrawn but act as the backstop for the company's issuance of commercial paper.
- Additionally on a consistent basis, the company utilizes uncommitted lines in excess of \$500 million.

Currently, our commercial paper balance is approximately \$1.85 billion (net, after consideration of cash balances on deposit) resulting in approximately \$1.5 billion of liquidity available from committed sources today.

- We continue to issue commercial paper and we have not drawn on our bank revolvers.
- Additionally, we have not experienced a material increase in our funded CP balances over the past two weeks.
- Our policy of maintaining liquidity levels under committed lines that are a multiple of our projected cash requirements remains in effect.

In addition to the \$1.5 billion in unused commitments, we are ^{expect} ~~scheduled~~ to receive in excess of ^{\$600} ~~approximately \$800~~ million in proceeds from asset sales discussed in the third quarter conference call. These proceeds should be realized in the fourth quarter, perhaps as soon as within thirty days. I would like to remind everyone that we have entered into a definitive agreement to sell Portland General to Northwest Natural Gas for approximately \$1.9 billion and the assumption of \$1.1 billion in Portland General debt. Subject to normal regulatory review, the transaction is scheduled to close by the end of 2002.

We have spoken to our key banks and, based on these conversations, we expect to have their continued support.

Let me also address the credit ratings:

- Both Standard & Poor's and Fitch have confirmed our BBB+ rating.
- Moody's has not downgraded Enron, but they placed us on review. We are currently rated Baa1 at Moody's. Immediately following last week's conference call, we were notified, and Moody's announced, that they have placed us on review. We are now actively working with them to address specific questions in order to facilitate their review.

We understand that our credit rating is critical to both the capital markets as well as our counterparties.

Core Business

As we discussed in the earnings conference call last week, our third quarter recurring operating results were outstanding, with a 26% increase in recurring earnings and a 65% increase in physical volumes. These results reflect the superb performance of our core

wholesale, retail and pipeline businesses. We are continuing to stay focused on our businesses and remain well positioned for continued success.

Q&A

Welcome your questions

Say this after the Q&A:

As we said in the release yesterday, we are focused on our core businesses and delivering value to our customers around the world. But, we also want to take the time we need to keep you informed. We will set up another call in the next couple of weeks. Additionally, we will be posting on our website frequently asked questions and answers in order to get information out to you quickly. ~~Feel free to submit questions to~~ answers@enron.com

Thank you for your time and attention today.