



UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

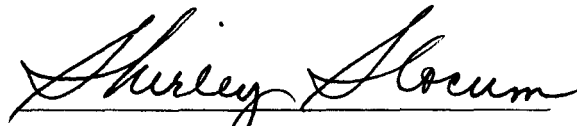
I HEREBY ATTEST

that:

*Attached is a copy of, quarterly report on Form 10-Q, for the  
quarterly period ended June 30, 2000, received in this  
Commission August 14, 2000, under the name Enron  
Corporation, File No. 1-13159, pursuant to the provisions of  
the Securities Exchange Act of 1934.*

on file in this Commission  
October 27, 2005

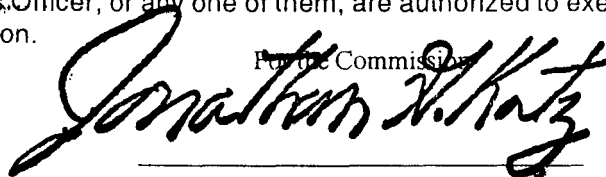
(Date)



Shirley Slocum  
Associate Director

It is hereby certified that the Associate Executive Director, Office of Filings and Information Services, U.S. Securities and Exchange Commission, Washington, D.C., which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Director, Associate Directors, Special Assistant to the Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or any one of them, are authorized to execute the above attestation.

For the Commission



Jonathan G. Katz  
Secretary

UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION  
WASHINGTON, D.C. 20549  
**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **June 30, 2000**

Commission File Number 1-13159

**ENRON CORP.**

(Exact name of registrant as specified in its charter)

Oregon	47-0255140
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Enron Building	
1400 Smith Street	
Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

(713) 853-6161  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has  
filed all reports required to be filed by Section 13 or  
15(d) of the Securities Exchange Act of 1934 during the  
preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has  
been subject to such filing requirements for the past 90  
days.

Yes ☒ No ☐

Indicate the number of shares outstanding of each of the  
issuer's classes of common stock, as of the latest  
practicable date.

Class	Outstanding at July 31, 2000
Common Stock, No Par Value	738,916,647 shares

## ENRON CORP. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

ENRON CORP. AND SUBSIDIARIES

ENRON CORP. AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS  
ENRON CORP. AND SUBSIDIARIES

ENRON CORP. AND SUBSIDIARIES

ITEM 1. FINANCIAL STATEMENTS  
CONSOLIDATED INCOME STATEMENT  
(In Millions, Except Per Share Amounts)  
(Unaudited)

ENRON CORP. AND SUBSIDIARIES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Revenues	\$16,886	\$9,672	\$30,031	\$17,304
Costs and Expenses				
Cost of gas, electricity and other products	15,324	8,347	27,212	14,647
Operating expenses	892	800	1,639	1,470
Depreciation, depletion and amortization	192	236	364	451
Taxes, other than income taxes	59	56	125	118
	16,467	9,439	29,340	16,686
Operating Income	419	233	691	618
Other Income and Deductions				
Equity in earnings of unconsolidated affiliates	55	163	319	231
Gains on sales of assets and investments	72	-	90	12
Other income, net	63	73	133	141
Income Before Interest, Minority Interests and Income Taxes	609	469	1,233	1,002
Interest and Related Charges, net	196	175	357	350
Dividends on Company-Obligated Preferred Securities of Subsidiaries	21	19	39	38
Minority Interests	39	23	74	56
Income Tax Expense	64	30	136	83
Net Income Before Cumulative Effect of Accounting Changes	289	222	627	475
Cumulative Effect of Accounting Changes, net of tax	-	-	-	(131)
Net Income	289	222	627	344
Preferred Stock Dividends	21	19	41	23
Earnings on Common Stock	\$ 268	\$ 203	\$ 586	\$ 321
Earnings Per Share of Common Stock				
Basic				
Before Cumulative Effect of Accounting Changes	\$ 0.37	\$ 0.29	\$ 0.80	\$ 0.65
Cumulative Effect of Accounting Changes	-	-	-	(0.19)
Basic Earnings per Share	\$ 0.37	\$ 0.29	\$ 0.80	\$ 0.46
Diluted				
Before Cumulative Effect of Accounting Changes	\$ 0.34	\$ 0.27	\$ 0.73	\$ 0.61
Cumulative Effect of Accounting Changes	-	-	-	(0.18)
Diluted Earnings per Share	\$ 0.34	\$ 0.27	\$ 0.73	\$ 0.43
Average Number of Common Shares Used in Computation				
Basic	733	708	728	696
Diluted	862	771	857	758

The accompanying notes are an integral part of these consolidated financial statements.

PART I. FINANCIAL INFORMATION - (Continued)  
ITEM 1. FINANCIAL STATEMENTS - (Continued)

SUBSIDIARIES

ENRON CORP. AND

ITEM 1. FINANCIAL STATEMENTS  
ENRON CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
(In Millions)  
(Unaudited)

ENRON CORP. AND SUBSIDIARIES

	June 30, 2000	December 31, 1999
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 718	\$ 288
Trade receivables (net of allowance for doubtful accounts of \$31 and \$40, respectively)	5,314	3,030
Other receivables	955	518
Assets from price risk management activities	5,696	2,205
Inventories	571	598
Other	1,116	616
Total Current Assets	14,370	7,255
Investments and Other Assets		
Investments in and advances to unconsolidated equity affiliates	5,621	5,036
Assets from price risk management activities	5,228	2,929
Goodwill	3,408	2,799
Other	5,728	4,681
Total Investments and Other Assets	19,985	15,445
Property, Plant and Equipment, at cost		
Natural gas transmission	6,922	6,948
Electric generation and distribution	3,713	3,552
Construction in progress	1,847	1,491
Oil and gas, successful efforts method	713	690
Other	1,487	1,231
	14,682	13,912
Less accumulated depreciation, depletion and amortization	3,471	3,231
Net Property, Plant and Equipment	11,211	10,681
Total Assets	\$45,566	\$33,381

The accompanying notes are an integral part of these consolidated financial statements.

PART I. FINANCIAL INFORMATION - (Continued)  
ITEM 1. FINANCIAL STATEMENTS - (Continued)  
ENRON CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
(In Millions)  
(Unaudited)

June 30,      December 31,



	2000	1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 4,400	\$2,154
Liabilities from price risk management activities	4,292	1,836
Short-term debt	1,486	1,001
Other	2,044	1,768
Total Current Liabilities	12,222	6,759
Long-Term Debt	10,211	7,151
Deferred Credits and Other Liabilities		
Deferred income taxes	1,678	1,894
Liabilities from price risk management activities	5,525	2,990
Other	2,369	1,587
Total Deferred Credits and Other Liabilities	9,572	6,471
Minority Interests	1,893	2,430
Company-Obligated Preferred Securities of Subsidiaries	899	1,000
Shareholders' Equity		
Second preferred stock, cumulative, no par value	127	130
Manditorily Convertible Junior Preferred Stock, Series B, no par value	1,000	1,000
Common stock, no par value	7,665	6,637
Retained earnings	3,101	2,698
Accumulated other comprehensive income	(861)	(741)
Common stock held in treasury	(84)	(49)
Restricted stock and other	(179)	(105)
Total Shareholders' Equity	10,769	9,570
Total Liabilities and Shareholders' Equity	\$45,566	\$33,381

The accompanying notes are an integral part of these consolidated financial statements.

PART I. FINANCIAL INFORMATION - (Continued)  
ITEM 1. FINANCIAL STATEMENTS - (Continued)

ENRON CORP. AND SUBSIDIARIES

ENRON CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
(In Millions)  
(Unaudited)

	Six Months Ended	
	June 30,	
	2000	1999
Cash Flows From Operating Activities		
Reconciliation of net income to net cash provided by (used in) operating activities		
Net income	\$ 627	\$ 344
Cumulative effect of change in accounting principle	-	131
Depreciation, depletion and amortization	364	451
Deferred income taxes	31	(11)
Equity in earnings of unconsolidated affiliates	(319)	(230)
Gains on sales of assets and investments	(90)	(12)
Changes in components of working capital	(524)	(909)
Net assets from price risk management activities	(799)	247
Merchant assets and investments:		
Realized gains and losses on sales	29	(161)
Proceeds from sales	553	561
Additions and unrealized gains and losses	(1,095)	(829)
Other operating activities	676	380
Net Cash Used in Operating Activities	(547)	(38)
Cash Flows From Investing Activities		
Capital expenditures	(1,009)	(969)
Equity investments	(390)	(648)
Proceeds from sales of investments and other assets	105	138
Acquisitions of subsidiary stock	(743)	-
Business acquisitions, net of cash acquired	(100)	(40)
Other investing activities	(117)	(340)
Net Cash Used in Investing Activities	(2,254)	(1,859)
Cash Flows From Financing Activities		
Issuance of long-term debt	2,479	1,301
Repayment of long-term debt	(431)	(645)
Net increase in short-term borrowings	1,301	128
Net redemption of preferred securities of subsidiaries	(95)	-
Issuance of subsidiary equity	-	513
Issuance of common stock	264	889
Dividends paid	(265)	(227)
Net (acquisition) disposition of treasury stock	(129)	181
Other financing activities	107	(68)
Net Cash Provided by Financing Activities	3,231	2,072
Increase in Cash and Cash Equivalents	430	175
Cash and Cash Equivalents, Beginning of Period	288	111
Cash and Cash Equivalents, End of Period	\$ 718	\$ 286
Changes in Components of Working Capital		
Receivables	\$ (2,615)	\$ (644)
Inventories	36	(37)
Payables	2,319	120
Other	(264)	(348)
Total	\$ (524)	\$ (909)

The accompanying notes are an integral part of these consolidated financial statements.

PART I. FINANCIAL INFORMATION - (Continued)

ITEM 1. FINANCIAL STATEMENTS - (Continued)

ENRON CORP. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The consolidated financial statements included herein have been prepared by Enron Corp. (Enron) without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, these statements reflect all adjustments (consisting only of normal recurring entries) which are, in the opinion of management, necessary for a fair statement of the financial results for the interim periods. Certain information and notes normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although Enron believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in Enron's Annual Report on Form 10-K for the year ended December 31, 1999 (Form 10-K).

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications have been made in the 1999 amounts to conform with the 2000 presentation.

"Enron" is used from time to time herein as a collective reference to Enron Corp. and its subsidiaries and affiliates. The businesses of Enron are conducted by Enron Corp.'s subsidiaries and affiliates whose operations are managed by their respective officers.

2. SUPPLEMENTAL CASH FLOW INFORMATION

Net cash paid for income taxes for the first half of 2000 and 1999 was \$33 million and \$39 million, respectively. Cash paid for interest for the same periods, net of amounts capitalized, was \$376 million and \$360 million, respectively.

Non-Cash Activity. In the second quarter of 2000, Enron acquired all minority shareholders' interests in Enron Energy Services LLC. Enron issued 4.9 million shares of Enron Corp. common stock, contributed common stock and warrants of an unconsolidated equity affiliate and paid cash in exchange for the Enron Energy Services LLC shares held by the minority shareowners. As a result of these transactions, Enron recorded goodwill of approximately \$470 million.

On May 15, 2000, Enron acquired WarpSpeed Communications, a

provider of on-demand switched connectivity to business enterprises, for 617,000 shares of Enron Corp. common stock valued at approximately \$42 million.

In the first half of 2000, Enron entered into various transactions with related parties and a third party which resulted in the non-cash exchange of certain assets and an increase in common stock of \$171 million. See Note 7.

### 3. LITIGATION AND OTHER CONTINGENCIES

Enron is a party to various claims and litigation, the significant items of which are discussed below. Although no assurances can be given, Enron believes, based on its experience to date and after considering appropriate reserves that have been established, that the ultimate resolution of such items, individually or in the aggregate, will not have a material adverse impact on Enron's financial position or its results of operations.

**Litigation.** In 1995, several parties (the Plaintiffs) filed suit in Harris County District Court in Houston, Texas, against Intratex Gas Company (Intratex), Houston Pipe Line Company and Panhandle Gas Company (collectively, the Enron Defendants), each of which is a wholly-owned subsidiary of Enron. The Plaintiffs were either sellers or royalty owners under numerous gas purchase contracts with Intratex, many of which have terminated. Early in 1996, the case was severed by the Court into two matters to be tried (or otherwise resolved) separately. In the first matter, the Plaintiffs alleged that the Enron Defendants committed fraud and negligent misrepresentation in connection with the "Panhandle program," a special marketing program established in the early 1980s. This case was tried in October 1996 and resulted in a verdict for the Enron Defendants. In the second matter, the Plaintiffs allege that the Enron Defendants violated state regulatory requirements and certain gas purchase contracts by failing to take the Plaintiffs' gas ratably with other producers' gas at certain times between 1978 and 1988. The trial court certified a class action with respect to ratability claims. On March 9, 2000, the Texas Supreme Court ruled that the trial court's class certification was improper and remanded the case to the trial court. The Enron Defendants deny the Plaintiffs' claims and have asserted various affirmative defenses, including the statute of limitations. The Enron Defendants believe that they have strong legal and factual defenses, and intend to vigorously contest the claims. Although no assurances can be given, Enron believes that the ultimate resolution of these matters will not have a material adverse effect on its financial position or results of operations.

On November 21, 1996, an explosion occurred in or around the Humberto Vidal Building in San Juan, Puerto Rico. The explosion resulted in fatalities, bodily injuries and damage to the building and surrounding property. San Juan Gas Company, Inc. (San Juan Gas), an Enron affiliate, operated a propane/air distribution system in the vicinity, but did not provide service to the building. Enron, San Juan Gas, four affiliates and their insurance carriers were named as defendants, along with several third parties, including The Puerto Rico Aqueduct and Sewer Authority, Puerto Rico Telephone Company, Heath Consultants Incorporated, Humberto Vidal, Inc. and their insurance carriers, in numerous lawsuits filed in U.S. District Court for the District of Puerto Rico and the Superior Court of Puerto Rico. These suits seek damages for wrongful death, personal injury, business interruption and property damage allegedly caused by the explosion. After nearly four years without

determining the cause of the explosion, all parties have agreed not to litigate further that issue, but to move these suits toward settlements or trials to determine whether each plaintiff was injured as a result of the explosion and, if so, the lawful damages attributable to such injury. The defendants have agreed on a fund for settlements or final awards. Numerous suits have been settled and 20 cases have been set for trial in the federal court beginning in February 2001. Although no assurances can be given, Enron believes that the ultimate resolution of these matters will not have a material adverse effect on its financial position or results of operations.

Trojan Investment Recovery. In early 1993, Portland General Electric Company (PGE) ceased commercial operation of the Trojan nuclear power generating facility (Trojan). In April 1996 a circuit court judge in Marion County, Oregon, found that the Oregon Public Utility Commission (OPUC) could not authorize PGE to collect a return on its undepreciated investment in Trojan, contradicting a November 1994 ruling from the same court. The ruling was the result of an appeal of PGE's March 1995 general rate order which granted PGE recovery of, and a return on, 87% of its remaining investment in Trojan. The 1994 ruling was appealed to the Oregon Court of Appeals and was stayed pending the appeal of the OPUC's March 1995 order. Both PGE and the OPUC separately appealed the April 1996 ruling, which appeals were combined with the appeal of the November 1994 ruling at the Oregon Court of Appeals. On June 24, 1998, the Court of Appeals of the State of Oregon ruled that the OPUC does not have the authority to allow PGE to recover a rate of return on its undepreciated investment in Trojan. The court upheld the OPUC's authorization of PGE's recovery of its undepreciated investment in Trojan.

PGE and the OPUC each filed petitions for review with the Oregon Supreme Court. On August 26, 1998, the Utility Reform Project filed a petition for review with the Oregon Supreme Court seeking review of that portion of the Oregon Court of Appeals decision relating to PGE's recovery of its undepreciated investment in Trojan. On April 29, 1999, the Oregon Supreme Court accepted the petitions for review. On June 16, 1999, Oregon House Bill 3220 authorizing the OPUC to allow recovery of a return on the undepreciated investment in property retired from service was signed. One of the effects of the bill is to affirm retroactively the OPUC's authority to allow PGE's recovery of a return on its undepreciated investment in Trojan.

Relying on the new legislation, on July 2, 1999, PGE requested the Oregon Supreme Court to vacate the June 24, 1998, adverse ruling of the Oregon Court of Appeals, affirm the validity of the OPUC's order allowing PGE to recover a return on its undepreciated investment in Trojan and to reverse its decision accepting the Utility Reform Project's petition for review. The Utility Reform Project and the Citizens Utility Board, another party to the proceeding, opposed such request and submitted to the Oregon Secretary of State sufficient signatures in support of placing a referendum to negate the new legislation on the November 2000 ballot. The Oregon Supreme Court has indicated it will defer hearing the matter until after the November 2000 elections. Enron cannot predict the outcome of these actions. Additionally, due to uncertainties in the regulatory process, management cannot predict, with certainty, what ultimate rate-making action the OPUC will take regarding PGE's recovery of a rate of return on its Trojan investment. Although no assurances can be given, Enron believes that the ultimate resolution of these matters will not have a material adverse effect on its financial position or results of operations.

Environmental Matters. Enron is subject to extensive federal, state and local environmental laws and regulations. These laws and regulations require expenditures in connection with the construction of new facilities, the operation of existing facilities and for remediation at various operating sites. The implementation of the Clean Air Act Amendments is expected to result in increased operating expenses. These increased operating expenses are not expected to have a material impact on Enron's financial position or results of operations.

The Environmental Protection Agency (EPA) has informed Enron that it is a potentially responsible party at the Decorah Former Manufactured Gas Plant Site (the Decorah Site) in Decorah, Iowa, pursuant to the provisions of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, also commonly known as Superfund). The manufactured gas plant in Decorah ceased operations in 1951. A predecessor company of Enron purchased the Decorah Site in 1963. Enron's predecessor did not operate the gas plant and sold the Decorah Site in 1965. The EPA alleges that hazardous substances were released to the environment during the period in which Enron's predecessor owned the site, and that Enron's predecessor assumed the liabilities of the company that operated the plant. Enron contests these allegations. To date, the EPA has identified no other potentially responsible parties with respect to this site. Under the terms of administrative orders, Enron replaced affected topsoil and removed impacted subsurface soils in certain areas of the tract where the plant was formerly located. Enron completed the final removal actions at the site in November 1998 and concluded all remaining site activities in the spring of 1999. Enron submitted a final report on the work conducted at the site to the EPA. Enron does not expect to incur any additional expenditures in connection with this site.

Enron's natural gas pipeline companies conduct soil and groundwater remediation on a number of their facilities. Enron does not expect to incur material expenditures in connection with soil and groundwater remediation.

#### 4. EARNINGS PER SHARE

The computation of basic and diluted earnings per share is as follows (in millions, except per share amounts):



	Second Quarter		Six Months Ended	
	2000	1999	June 30,	1999
			2000	1999
Numerator:				
Basic				
Income before cumulative effect of accounting changes	\$ 289	\$ 222	\$627	\$ 475
Preferred stock dividends:				
Second preferred stock	(4)	(5)	(8)	(9)
Series B Preferred Stock	(17)	(14)	(33)	(14)
Income available to common shareholders before cumulative effect of accounting changes	268	203	586	452
Cumulative effect of accounting changes	-	-	-	(131)
Income available to common shareholders	\$ 268	\$ 203	\$ 586	\$ 321
Diluted				
Income available to common shareholders before cumulative effect of accounting changes	\$ 268	\$ 203	\$ 586	\$ 452
Effect of assumed conversion of dilutive securities:				
Second preferred stock	4	5	8	9
Series B Preferred Stock	17	-	33	-
Income before cumulative effect of accounting changes	289	208	627	461
Cumulative effect of accounting changes	-	-	-	(131)
Income available to common shareholders after assumed conversions	\$ 289	\$ 208	\$627	\$ 330
Denominator:				
Denominator for basic earnings per share - weighted-average shares	733	708	728	696
Effect of assumed conversion of dilutive securities:				
Preferred Stock:				
Second Preferred Stock	35	35	35	36
Series B Preferred Stock	50	-	50	-
Stock options	44	28	44	26
Dilutive potential common shares	129	63	129	62
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	862	771	857	758
Basic earnings per share:				
Before cumulative effect of accounting changes	\$0.37	\$0.29	\$0.80	\$0.65
Cumulative effect of accounting changes	-	-	-	(0.19)
Basic earnings per share	\$0.37	\$0.29	\$0.80	\$0.46
Diluted earnings per share:				
Before cumulative effect of accounting changes	\$0.34	\$0.27	\$0.73	\$0.61
Cumulative effect of accounting changes	-	-	-	(0.18)
Diluted earnings per share	\$0.34	\$0.27	\$0.73	\$0.43

## 5. COMPREHENSIVE INCOME

Comprehensive income includes the following (in millions):

	Second Quarter		Six Months Ended	
	2000	1999	June 30,	
			2000	1999
Net income	\$ 289	\$ 222	\$ 627	\$ 344
Other comprehensive income:				
Foreign currency translation adjustment	(99)	(49)	(101)	(598)
Change in value of available-for-sale investments	(6)	-	(19)	-
Total comprehensive income (loss)	\$ 184	\$ 173	\$ 507	\$ (254)

#### 6. BUSINESS SEGMENT INFORMATION

Enron's business is divided into operating segments, defined as components of an enterprise about which financial information is available and evaluated regularly by the Office of the Chairman, which serves as the chief operating decision making group.

Beginning in the first quarter of 2000, Enron's communications business is being managed as a separate operating segment named Broadband Services and therefore, based on criteria set by Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," is reported separately.

Enron's broadband services business includes the construction and management of the Enron Intelligent Network, a nationwide fiber optic network, the marketing and management of bandwidth and the delivery of high-bandwidth media rich content such as video streaming, high capacity data transport and video conferencing.

(In Millions)	Transportation and Distribution	Wholesale Energy Operations and Services	Retail Energy Services	Broadband Services	Corporate and Other(c)	Total
Three Months Ended						
June 30, 2000						
Unaffiliated revenues(a)	\$ 545	\$15,272	\$ 769	\$ 151	\$ 149	\$16,886
Intersegment revenues(b)	52	275	71	-	(398)	-
Total revenues	\$ 597	\$15,547	\$ 840	\$ 151	\$ (249)	\$16,886
Income (loss) before interest, minority interests and income taxes	\$ 139	\$ 437	\$ 24	\$ (8)	\$ 17	\$ 609
Six Months Ended						
June 30, 2000						
Unaffiliated revenues(a)	\$1,144	\$27,119	\$1,372	\$ 210	\$ 186	\$30,031
Intersegment revenues(b)	56	429	110	-	(595)	-
Total revenues	\$1,200	\$27,548	\$1,482	\$ 210	\$ (409)	\$30,031
Income (loss) before interest, minority interests and income taxes	\$ 372	\$ 856	\$ 40	\$ (8)	\$ (27)	\$ 1,233

(In Millions)	Transportation and Distribution	Wholesale Energy Operations and Services	Retail Energy Services	Exploration and Production(d)	Corporate and Other(c)	Total
Three Months Ended June 30, 1999						
Unaffiliated revenues(a)	\$417	\$ 8,558	\$301	\$175	\$ 221	\$ 9,672
Intersegment revenues(b)	7	136	39	29	(211)	-
Total revenues	\$424	\$ 8,694	\$340	\$204	\$ 10	\$ 9,672
Income (loss) before interest, minority interests and income taxes	\$128	\$ 356	\$ (26)	\$ 20	\$ (9)	\$ 469
Six Months Ended June 30, 1999						
Unaffiliated revenues(a)	\$894	\$15,074	\$664	\$324	\$ 348	\$17,304
Intersegment revenues(b)	11	215	46	83	(355)	-
Total revenues	\$905	\$15,289	\$710	\$407	\$ (7)	\$17,304
Income (loss) before interest, minority interests and income taxes	\$346	\$ 676	\$ (57)	\$ 32	\$ 5	\$ 1,002

- (a) Unaffiliated revenues include sales to unconsolidated affiliates.  
(b) Intersegment sales are made at prices comparable to those received from unaffiliated customers and in some instances are affected by regulatory considerations.  
(c) Includes consolidating eliminations.  
(d) Reflects results through August 16, 1999, when Enron completed the exchange and sale of shares in Enron Oil & Gas Company (EOG).

Total assets by segment are as follows (in millions):

	June 30, 2000	December 31, 1999
Transportation and Distribution	\$ 8,174	\$ 7,959
Wholesale Energy Operations and Services	30,617	20,674
Retail Energy Services	1,744	956
Broadband Services	1,158	511
Corporate and Other	3,873	3,281
Total Assets	\$45,566	\$33,381

The increase in the assets of the Wholesale Energy Operations and Services segment is primarily a result of an increase in price risk management assets and trade receivables related to increased activity in Enron's gas and power marketing business.

#### 7. RELATED PARTY TRANSACTIONS

In the first half of 2000, Enron entered into transactions with limited partnerships (the Related Party), whose general partner's managing member is a senior officer of Enron. The limited partners of the Related Party are unrelated to Enron.

During the first quarter of 2000, Enron and the Related Party entered into an agreement to terminate certain financial instruments that had been entered into during 1999. In connection with this agreement, Enron received approximately 3.1 million shares of Enron common stock held by the Related Party. A put option, which was originally entered into in the first quarter of 2000 and gave the Related Party the right to sell shares of Enron common stock to Enron at a strike price of \$71.31 per share, was terminated under this agreement. In return, Enron paid approximately \$26.8 million to the Related Party. The agreement closed in April 2000. Additionally, in the first quarter of 2000, Enron advanced to the Related Party \$10 million, at a market rate of interest, which was repaid in April 2000.

In the second quarter of 2000, Enron entered into transactions with the Related Party to hedge certain merchant investments. As part of the transactions, Enron contributed to newly-formed entities (the Entities) assets valued at approximately \$800 million, including 3.7 million restricted shares of outstanding Enron common stock, \$100 million in Enron notes payable and the right to receive up to 11.7 million shares of outstanding Enron common stock in March 2003 (subject to certain conditions). In return, Enron received non-voting interests in the Entities and a special distribution from the Entities in the form of \$800 million in notes receivable, convertible into derivative instruments. In addition, Enron paid \$82 million to purchase share-settled options from the Entities on 14.6 million shares of Enron common stock.

In June 2000 Enron sold a portion of its excess dark fiber inventory to the Related Party in exchange for \$30 million cash and a \$70 million note receivable that matures in seven years and bears a market rate of interest. Enron recognized gross margin of \$53 million on the sale.

Management believes that the terms of the transactions with related parties were reasonable and are representative of terms that would be negotiated with unrelated third parties.

#### 8. SUBSEQUENT EVENTS

On May 22, 2000, Enron, through a wholly-owned subsidiary, announced a cash offer to acquire the shares of London-based MG plc for 3.00 pounds sterling (approximately \$4.46) per share, or approximately \$446 million. MG plc is a leading independent international metals market-making business providing financial and marketing services to the global metals industry. On July 17, 2000, Enron's offer to acquire MG plc had been accepted by holders of approximately 89% of the issued shares. Combined with the 6% of MG plc already owned by Enron, the 89% of acceptances enabled Enron to declare the offer to be wholly unconditional. This gives Enron the right, under United Kingdom securities law, to acquire compulsorily, all remaining outstanding shares of MG plc. The transaction is expected to close in the third quarter of 2000.

#### PART I. FINANCIAL INFORMATION - (Continued)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
ENRON CORP. AND SUBSIDIARIES

## RESULTS OF OPERATIONS

Second Quarter 2000  
vs. Second Quarter 1999

The following review of Enron's results of operations should be read in conjunction with the Consolidated Financial Statements.

## RESULTS OF OPERATIONS

## Consolidated Net Income

Enron's second quarter 2000 net income was \$289 million compared to \$222 million in the second quarter of 1999. Enron's operating segments include Transportation and Distribution (Gas Pipeline Group and Portland General), Wholesale Energy Operations and Services (Enron's North America, Europe and international energy businesses), Retail Energy Services (Enron Energy Services), Broadband Services (Enron Broadband Services), Exploration and Production (through August 16, 1999) and Corporate and Other, which includes certain other businesses.

Basic and diluted earnings per share of common stock were as follows:

	Second Quarter	
	2000	1999
Basic earnings per share	\$0.37	\$0.29
Diluted earnings per share	\$0.34	\$0.27

## Income Before Interest, Minority Interests and Income Taxes

The following table presents income (loss) before interest, minority interests and income taxes (IBIT) for each of Enron's operating segments (in millions):

	Second Quarter	
	2000	1999
Transportation and Distribution:		
Gas Pipeline Group	\$ 77	\$ 72
Portland General	62	56
Wholesale Energy Operations and Services	437	356
Retail Energy Services	24	(26)
Broadband Services	(8)	-
Exploration and Production	-	20
Corporate and Other	17	(9)
Income before interest, minority interests and taxes	\$ 609	\$ 469

## Transportation and Distribution

Transportation and Distribution consists of Gas Pipeline Group and Portland General. Gas Pipeline Group includes Enron's interstate natural gas pipelines, primarily Northern Natural Gas Company (Northern), Transwestern Pipeline Company (Transwestern), Enron's 50% interest in Florida Gas Transmission Company (Florida Gas) and Enron's interest in Northern Border Pipeline and EOTT Energy Partners, L.P.

Gas Pipeline Group. The following table summarizes total volumes transported for each of Enron's interstate natural gas pipelines.

	Second Quarter	
	2000	1999
Total Volumes Transported (BBtu/d) (a)		
Northern Natural Gas	3,237	3,553
Transwestern Pipeline	1,606	1,419
Florida Gas Transmission	1,591	1,546
Northern Border Pipeline	2,429	2,404

(a) Billion British thermal units per day. Reflects 100% of each entity's throughput volumes. Florida Gas and Northern Border Pipeline are unconsolidated equity affiliates.

Significant components of IBIT are as follows (in millions):

	Second Quarter	
	2000	1999
Net revenues	\$148	\$124
Operating expenses	76	65
Depreciation and amortization	17	17
Equity in earnings	10	8
Other income, net	12	22
Income before interest and taxes	\$ 77	\$ 72

Revenues, net of cost of sales, of Gas Pipeline Group (GPG) increased \$24 million in the second quarter of 2000 as compared to the same period in 1999. The increase in net revenues is primarily due to the sale in 2000 of gas from Northern's gas storage inventory, partially offset by lower transport rates resulting from a rate case settlement. The rate case, which was settled in June 1999 and implemented in November 1999, requires Northern to charge higher rates during the winter season and lower rates during the summer months. Operating expenses increased \$11 million primarily as a result of higher overhead costs and costs related to increased regulatory amortization. Other income, net decreased \$10 million in the second quarter of 2000 as

compared to the same period of 1999. Included in the second quarter of 2000 was a gain related to an energy commodity contract while the second quarter of 1999 included interest earned in connection with the financing of an acquisition by an unconsolidated affiliate.

Portland General. Statistics for PGE for the second quarter of 2000 and 1999 are as follows:

	Second Quarter	
	2000	1999
Electricity Sales (Thousand MWh) (a)		
Residential	1,480	1,618
Commercial	1,769	1,746
Industrial	1,235	1,083
Total Retail	4,484	4,447
Wholesale	4,909	3,053
Total Electricity Sales	9,393	7,500
Average Billed Revenue (cents per kWh)	4.51	3.81
Resource Mix		
Coal	7%	12%
Combustion Turbine	6	6
Hydro	7	10
Total Generation	20	28
Firm Purchases	74	61
Secondary Purchases	6	11
Total Resources	100%	100%
Average Variable Power Cost (Mills/kWh) (b)	26.9	15.5
Retail Customers (end of period, thousands)	726	711

(a) Thousand megawatt-hours.

(b) Mills (1/10 cent) per kilowatt-hour.

Portland General realized IBIT of \$62 million and \$56 million for the second quarter of 2000 and 1999, respectively. Significant components of IBIT are as follows (in millions):

	Second Quarter	
	2000	1999
Revenues	\$431	\$296
Purchased power and fuel	252	119
Operating expenses	76	79
Depreciation and amortization	46	48
Other income, net	5	6
Income before interest and taxes	\$ 62	\$ 56



Revenues and purchased power and fuel costs increased \$135 million and \$133 million, respectively, in the second quarter of 2000 as compared to the second quarter of 1999. The increase in revenue is primarily a result of increases in the price of power and increases in wholesale sales and sales to industrial and commercial customers. Higher purchased power and fuel costs partially offset the revenue increase.

On November 8, 1999, Enron announced that it had entered into an agreement to sell PGE to Sierra Pacific Resources for \$2.1 billion. The proposed transaction, which is subject to regulatory approval, is expected to close in late 2000 or early 2001.

#### Wholesale Energy Operations and Services

Enron's wholesale business (Enron Wholesale) includes its wholesale energy businesses around the world. Enron Wholesale operates in developed and deregulated markets such as North America and Europe, as well as developing or newly deregulating markets including South America, India and Japan.

Enron builds its wholesale businesses through the creation of networks involving asset ownership, contractual access to third-party assets and market-making activities. Each market in which Enron Wholesale operates utilizes these components in a slightly different manner and is at a different stage of development. This network strategy has enabled Enron Wholesale to establish a leading position in its markets. Enron Wholesale's activities are categorized into two business lines: (a) Commodity Sales and Services and (b) Assets and Investments. Activities are often integrated into a bundled product offering for Enron's customers.

Enron Wholesale manages its portfolio of contracts and assets in order to maximize value, minimize the associated risks and provide overall liquidity. In doing so, Enron Wholesale uses portfolio and risk management disciplines, including offsetting or hedging transactions, to manage exposures to market price movements (commodities, interest rates, foreign currencies and equities). Additionally, Enron Wholesale manages its liquidity and exposure to third-party credit risk through monetization of its contract portfolio or third-party insurance contracts. Enron Wholesale also sells interests in certain investments and other assets to improve liquidity and overall return, the timing of which is dependent on market conditions and management's expectations of the investments' value.

The following table reflects IBIT for each business line (in millions):

	Second Quarter	
	2000	1999
Commodity Sales and Services	\$442	\$ 81
Assets and Investments	55	325
Unallocated expenses	(60)	(50)
Income before interest, minority interests and taxes	\$437	\$356

The following discussion analyzes the contributions to IBIT for each business line.

Commodity Sales and Services. Enron Wholesale provides reliable commodity delivery and predictable pricing to its customers through forward contracts. This market-making activity includes the purchase, sale, marketing and delivery of natural gas, electricity, liquids and other commodities, as well as the management of Enron Wholesale's own portfolio of contracts. Enron Wholesale's market-making activity is facilitated through a network of capabilities including asset ownership. Accordingly, certain assets involved in the delivery of these services are included in this business (such as intrastate natural gas pipelines, power plants and gas storage facilities).

Enron Wholesale markets, transports and provides energy commodities as reflected in the following table (including intercompany amounts):

	Second Quarter	
	2000	1999
Physical Volumes (BBtue/d) (a) (b)		
Gas:		
United States	15,851	8,038
Canada	6,587	4,475
Europe and Other	3,593	1,223
	26,031	13,736
Transport Volumes	595	513
Total Gas Volumes	26,626	14,249
Crude Oil and Liquids	5,048	8,822
Electricity(c)	15,056	10,637
Total	46,730	33,708
Electricity Volumes Marketed (Thousand MWh)		
United States	124,089	94,966
Europe and Other	12,912	1,833
Total	137,001	96,799
Financial Settlements (Notional) (BBtue/d)	152,627	82,699

- (a) Billion British thermal units equivalent per day.
- (b) Includes third-party transactions by Enron Energy Services.
- (c) Represents electricity transaction volumes marketed, converted to BBtue/d utilizing the input method.

The earnings from commodity sales and services increased by \$361 million in the second quarter of 2000 as compared to the same period of 1999. Earnings from commodity marketing were favorably impacted by increased profits from North American operations attributable to significant increases in natural gas prices combined with price volatility in both the gas and power markets, European power marketing and other marketing activities. Gas and power volumes, which

increased 87% and 42%, respectively, were positively impacted in the second quarter of 2000 by EnronOnline, an internet-based eCommerce system which allows customers to transact with Enron as the principal.

**Assets and Investments.** Enron's Wholesale businesses make investments in various energy-related assets as a part of its network strategy. Enron Wholesale either purchases the asset from a third party or develops and constructs the asset. In most cases, Enron Wholesale operates and manages such assets. Earnings from these investments principally result from operations of the assets or sales of ownership interests.

Additionally, Enron Wholesale invests in debt and equity securities of energy and certain communications-related businesses, which may also utilize Enron Wholesale's products and services. With these merchant investments, Enron's influence is much more limited relative to assets Enron develops or constructs. Earnings from these activities result from changes in the market value of the security.

Earnings from assets and investments decreased to \$55 million in the second quarter of 2000 as compared to \$325 million in the same period of 1999, due to a decline in the value of Enron Wholesale's merchant investments and lower earnings from sales of interests in international energy assets, partially offset by increased earnings from international energy asset operations.

#### Retail Energy Services

Enron Energy Services (Energy Services) is extending Enron's energy expertise and capabilities to end-use retail customers in the industrial and commercial business sectors to manage their energy requirements and reduce their total energy costs. Energy Services sells or manages the delivery of natural gas, electricity, liquids and other commodities to industrial and commercial customers located throughout the United States and the United Kingdom. Energy Services also provides outsourcing solutions to customers for full energy management. This integrated product includes the management of commodity delivery, energy information and energy assets, and price risk management activities.

Significant components of Energy Services' results are as follows (in millions):

	Second Quarter	
	2000	1999
Revenues	\$840	\$340
Gross margin	\$121	\$ 34
IBIT	\$ 24	\$(26)

Revenues and gross margin increased \$500 million and \$87 million, respectively, in the second quarter of 2000 compared to the second quarter of 1999, primarily resulting from long-term energy contracts originated in the second

quarter of 2000 and the commencement, in the second half of 1999, of operations in the United Kingdom. Also included in Energy Services' second quarter 2000 results were gains associated with the securitization of equity instruments, offset by equity losses of an unconsolidated equity affiliate and certain compensation expenses.

#### Broadband Services

Enron's broadband services business (Broadband Services) provides customers with a single source for broadband services. In implementing Enron's network strategy, Broadband Services is constructing the Enron Intelligent Network (EIN), a nationwide fiber optic network that consists of both fiber deployed by Enron and acquired capacity on non-Enron networks. The EIN, managed by Enron's Broadband Operating System software, provides a bandwidth-on-demand platform allowing Broadband Services to deliver high-bandwidth media rich content such as video streaming, high capacity data transport and video conferencing. In addition, Enron is extending its market-making and risk management skills from its energy business to develop the bandwidth intermediation business to help customers manage unexpected fluctuation in the price, supply and demand of bandwidth. Broadband Services also makes investments in companies with related technologies and with the potential for capital appreciation. Earnings from these merchant investments result from changes in the market value of the securities.

The components of Broadband Services' businesses include the development and construction of the EIN and the sales of excess fiber capacity and software, the marketing and management of bandwidth and the delivery of content. The second quarter 2000 loss before interest, minority interests and taxes of \$8 million included earnings from sales of excess fiber capacity offset by expenses related to building the business.

#### Corporate and Other

Corporate and Other realized IBIT of \$17 million in the second quarter of 2000 compared to a loss of \$9 million in the same period of 1999. Results of the current year quarter reflect a gain on the sale of certain assets, earnings from Enron Renewable Energy Corp. related to the completion and sale of a wind project and earnings from Enron's methanol and MTBE operations, partially offset by equity losses of an unconsolidated equity affiliate.

#### Interest and Related Charges, net

Interest and related charges, net, is reported net of interest capitalized of \$13 million and \$16 million for the second quarter of 2000 and 1999, respectively. The net expense increased \$21 million in the second quarter of 2000 as compared to the same period of 1999, primarily due to increased long-term debt levels, increased average short-term borrowings and higher interest rates resulting from general market conditions within the U.S. The increase was partially offset by the replacement of debt related to a Brazilian subsidiary with lower interest rate debt.

#### Minority Interests

Minority interests increased \$16 million to \$39 million in the second quarter of 2000 compared to the same period in 1999, primarily due to the minority owner's share of the

results of a limited partnership formed in the second quarter of 1999 and the minority owner's share of the results of Enron's South American operations.

#### Income Tax Expense

The projected effective tax rate for 2000 is lower than the statutory rate mainly due to equity earnings and differences between the book and tax basis of certain assets and stock sales. Income taxes increased during the second quarter of 2000 as compared to the second quarter of 1999 primarily as a result of increased pretax earnings.

#### RESULTS OF OPERATIONS

Six Months Ended June 30, 2000  
vs. Six Months Ended June 30, 1999

#### RESULTS OF OPERATIONS

##### Consolidated Net Income

Enron reported net income of \$627 million for the first six months of 2000 compared to \$475 million, excluding the cumulative effect of accounting changes, during the same period in 1999.

Basic and diluted earnings (loss) per share of common stock were as follows:

	Six Months Ended June 30,	
	2000	1999
Basic earnings per share:		
Before cumulative effect of accounting changes	\$0.80	\$ 0.65
Cumulative effect of accounting changes	-	(0.19)
Reported basic earnings per share	\$0.80	\$ 0.46
Diluted earnings per share:		
Before cumulative effect of accounting changes	\$0.73	\$ 0.61
Cumulative effect of accounting changes	-	(0.18)
Reported diluted earnings per share	\$0.73	\$ 0.43

##### Income Before Interest, Minority Interests and Income Taxes

The following table presents IBIT for each of Enron's operating segments (in millions):

	Six Months Ended June 30,	
	2000	1999
Transportation and Distribution:		
Gas Pipeline Group	\$ 205	\$ 198
Portland General	167	148
Wholesale Energy Operations and Services	856	676
Retail Energy Services	40	(57)
Broadband Services	(8)	-
Exploration and Production	-	32
Corporate and Other	(27)	5
Income before interest, minority interests and taxes	\$1,233	\$1,002

#### Transportation and Distribution

Gas Pipeline Group. The following table summarizes total volumes transported for each of Enron's interstate natural gas pipelines.

	Six Months Ended June 30,	
	2000	1999
Total Volumes Transported (BBtu/d) (a)		
Northern Natural Gas	3,691	4,046
Transwestern Pipeline	1,584	1,475
Florida Gas Transmission	1,571	1,386
Northern Border Pipeline	2,447	2,444

(a) Billion British thermal units per day. Reflects 100% of each entity's throughput volumes. Florida Gas and Northern Border Pipeline are unconsolidated equity affiliates.

Significant components of IBIT are as follows (in millions):

	Six Months Ended June 30,	
	2000	1999
Net revenues	\$349	\$305
Operating expenses	141	126
Depreciation and amortization	33	34
Equity in earnings	17	16
Other income, net	13	37
Income before interest and taxes	\$205	\$198

Revenues, net of cost of sales increased in the first half of 2000 as compared to the same period in 1999 primarily due to the sale in 2000 of gas from Northern's gas storage inventory. Operating expenses increased \$15 million primarily as a result of higher overhead costs and costs related to increased regulatory amortization. Other income, net decreased \$24 million in the first half of 2000 as compared to the same period of 1999. Included in the first half of 2000 was a gain related to an energy commodity contract while the 1999 period included interest earned in connection with the financing of an acquisition by an unconsolidated affiliate and the early settlement of an interest rate contract.

Portland General. Statistics for PGE for the first half of 2000 and 1999 are as follows:

	Six Months Ended June 30,	
	2000	1999
Electricity Sales (Thousand MWh) (a)		
Residential	3,841	3,960
Commercial	3,641	3,562
Industrial	2,404	2,103
Total Retail	9,886	9,625
Wholesale	9,190	4,391
Total Electricity Sales	19,076	14,016
Average Billed Revenue (cents per kWh)	4.25	4.06
Resource Mix		
Coal	10%	16%
Combustion Turbine	8	6
Hydro	8	11
Total Generation	26	33
Firm Purchases	68	53
Secondary Purchases	6	14
Total Resources	100%	100%
Average Variable Power Cost (Mills/kWh) (b)	23.8	15.2
Retail Customers (end of period, thousands)	726	711

(a) Thousand megawatt-hours.

(b) Mills (1/10 cent) per kilowatt-hour.

Significant components of IBIT are as follows (in millions):

	Six Months Ended	
	June 30,	
	2000	1999
Revenues	\$828	\$595
Purchased power and fuel	454	219
Operating expenses	154	149
Depreciation and amortization	92	94
Other income, net	39	15
Income before interest and taxes	\$167	\$148

Revenues and purchased power and fuel costs increased \$233 million and \$235 million, respectively, in the first six months of 2000 as compared to the same period in 1999. The increase in revenue is primarily the result of an increase in the price of power and a significant increase in wholesale sales and increased sales to industrial and commercial customers. Higher purchased power and fuel costs offset the revenue increase. Other income, net increased \$24 million in the first half of 2000 primarily due to the impact of an OPUC order allowing certain deregulation costs to be deferred and recovered through rate cases.

#### Wholesale Energy Operations and Services

The following table reflects IBIT for each of Enron Wholesale's business lines (in millions):

	Six Months Ended	
	June 30,	
	2000	1999
Commodity Sales and Services	\$ 688	\$305
Assets and Investments	275	461
Unallocated expenses	(107)	(90)
Income before interest, minority interests and taxes	\$ 856	\$676

The following discussion analyzes the contributions to IBIT for each of the business lines.

Commodity Sales and Services. Enron Wholesale markets, transports and provides energy commodities as reflected in the following table (including intercompany amounts):



Six Months Ended  
June 30,  
2000 1999

Physical Volumes (BBtue/d) (a) (b)

Gas:

United States	16,035	8,560
Canada	5,488	4,216
Europe and Other	3,031	1,510
	24,554	14,286
Transport Volumes	526	534
Total Gas Volumes	25,080	14,820
Crude Oil and Liquids	5,591	6,565
Electricity(c)	13,613	10,119
Total	44,284	31,504

Electricity Volumes Marketed

(Thousand MWh)

United States	226,992	180,928
Europe and Other	20,756	2,221
Total	247,748	183,149

Financial Settlements (Notional)

(BBtue/d)	147,247	88,803
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- (a) Billion British thermal units equivalent per day.
- (b) Includes third-party transactions by Enron Energy Services.
- (c) Represents electricity transaction volumes marketed, converted to BBtue/d using the input method.

The earnings from commodity sales and services increased by \$383 million in the first half of 2000 as compared to the same period of 1999. Earnings from commodity marketing were favorably impacted by increased profits from North American operations attributable to significant increases in natural gas prices combined with price volatility in both the gas and power markets, European power marketing and other marketing activities. Gas and power volumes, which increased 70% and 35%, respectively, were positively impacted in the first half of 2000 by EnronOnline.

Assets and Investments. Earnings from assets and investments decreased to \$275 million in the first half of 2000 as compared to \$461 million in the same period of 1999, due to lower earnings from sales of interests in international energy assets and a decline in the value of Enron Wholesale's merchant investments, partially offset by increased earnings from international energy asset operations.

Unallocated Expenses. Net unallocated expenses such as rent, systems expenses and other support group costs increased in 2000 due to continued expansion into new markets and system upgrades.

Retail Energy Services

Energy Services reported IBIT of \$40 million in the first

half of 2000 compared to a loss of \$57 million for the same period of 1999.

Significant components of Energy Services' results are as follows (in millions):

	Six Months Ended	
	June 30,	
	2000	1999
Revenues	\$1,482	\$710
Gross margin	\$ 224	\$ 78
IBIT	\$ 40	\$ (57)

Revenues and gross margin increased \$772 million and \$146 million, respectively, in the first half 2000 compared to the first half of 1999, primarily resulting from long-term energy contracts originated in 2000, increased values of Energy Services' contract portfolio and the commencement, in the second half of 1999, of operations in the United Kingdom. Also included in Energy Services' results were gains recognized in 2000 associated with the securitization of equity instruments, offset by losses of an unconsolidated equity affiliate and certain compensation expenses.

#### Broadband Services

Broadband Services reported a loss before interest, minority interests and taxes for the first half of 2000 of \$8 million. Included in the loss were earnings from sales of excess fiber capacity offset by expenses related to building the business.

#### Corporate and Other

Corporate and Other realized a loss before interest expense, minority interests and income taxes of \$27 million in the first half of 2000 compared to IBIT of \$5 million in the same period of 1999. Results in 2000 include a gain on the sale of certain assets, earnings from Enron Renewable Energy Corp. related to the completion and sale of a wind project and earnings from Enron's methanol and MTBE operations, offset by equity losses of an unconsolidated equity affiliate and increased expenses related to information technology and advertising.

#### Interest and Related Charges, net

Interest and related charges, net, is reported net of interest capitalized of \$26 million and \$29 million for the first half of 2000 and 1999, respectively. The net expense increased \$7 million in the first half of 2000 as compared to the same period of 1999, primarily due to increased long-term debt levels, increased average short-term borrowings and higher interest rates resulting from general market conditions within the U.S. The increase was partially offset by the replacement of debt related to a Brazilian subsidiary with lower interest rate debt.

#### Minority Interests

Minority interests increased \$18 million to \$74 million in the first half of 2000 compared to the same period in 1999, primarily due to the minority owner's share of the

results of a limited partnership formed in the second quarter of 1999, the minority owner's share of the results of Enron's South American operations and the elimination of minority interest attributable to losses of EOG, partially offset by amounts related to Whitewing Associates, L.P. which is no longer consolidated.

#### Income Tax Expense

The projected effective tax rate for 2000 is lower than the statutory rate mainly due to equity earnings and differences between the book and tax basis of certain assets and stock sales. Income taxes increased during the first half of 2000 as compared to the first half of 1999 primarily as a result of increased pretax earnings.

#### CUMULATIVE EFFECT OF ACCOUNTING CHANGES

In the first quarter of 1999, Enron recorded an after-tax charge of \$131 million to reflect the initial adoption (as of January 1, 1999) of two new accounting pronouncements, the AICPA Statement of Position 98-5 (SOP 98-5), "Reporting on the Costs of Start-Up Activities," and the Emerging Issues Task Force Issue No. 98-10, "Accounting for Contracts Involved in Energy Trading and Risk Management Activities." The first quarter 1999 charge was primarily related to the adoption of SOP 98-5.

#### NEW ACCOUNTING PRONOUNCEMENT

In 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

In June 1999, the FASB issued SFAS No. 137, which deferred the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. A company may implement SFAS No. 133 as of the beginning of any fiscal quarter after issuance, however, the statement cannot be applied retroactively. Enron does not plan to effect the early adoption of SFAS No. 133, as important interpretations regarding implementation continue to be made. In June 2000, the FASB issued SFAS No. 138, which amended certain guidance within SFAS No. 133. Enron believes that SFAS No. 133 (as amended) will not have a material impact on its accounting for price risk management activities but has not yet quantified the effect on its hedging activities or physical based contracts.

#### FINANCIAL CONDITION

## Cash Flows

(In Millions)	Six Months Ended	
	June 30, 2000	1999
Cash provided by (used in):		
Operating activities	\$ (547)	\$ (38)
Investing activities	(2,254)	(1,859)
Financing activities	3,231	2,072

Cash used in operating activities totaled \$547 million in the first half of 2000 as compared to \$38 million in the same period last year. Net cash used in operating activities in the first half of 2000 primarily reflects net cash used in price risk management activities, net cash used in acquiring merchant assets and investments and working capital requirements. Higher volatility in the gas and power markets in the second quarter of 2000 and higher prices of commodities purchased and sold by Enron resulted in increased working capital requirements and cash used in price risk management activities. In addition, the change in working capital includes \$350 million of cash paid for brokerage deposits related to the higher commodity activity. Management anticipates a reduction in cash requirements in the second half of 2000 as planned sales and monetizations of certain assets are completed.

Cash used in investing activities totaled \$2,254 million in the first six months of 2000 as compared to \$1,859 million in the same period of 1999. The 2000 amount reflects cash used for capital expenditures, equity investments, the acquisition of certain minority owners' interests and the acquisition of a minority owner's interests in Enron Energy Services LLC.

Cash provided by financing activities totaled \$3,231 million in the first half of 2000 as compared to \$2,072 million during the same period of 1999. The first half of 2000 includes the net issuances of short- and long-term debt of \$3,349.

Enron is able to fund its normal working capital requirements mainly through operations or, when necessary, through the utilization of credit facilities and its ability to sell commercial paper and accounts receivable.

## CAPITALIZATION

Total capitalization at June 30, 2000 was \$25.3 billion. Debt as a percentage of total capitalization increased to 46.3% at June 30, 2000 as compared to 38.5% at December 31, 1999. The increase in the ratio reflects increased debt levels, the first quarter 2000 acquisition of certain minority owners' interests and the retirement of certain company-obligated preferred securities of a subsidiary, partially offset by the issuances, in the first half of 2000, of Enron common stock and company-obligated preferred securities of subsidiaries and the contribution of common shares (see Note 7). The issuances of Enron common stock related to the

acquisition of a minority owner's interest in Enron Energy Services LLC and the exercise of employee stock options.

#### FINANCIAL RISK MANAGEMENT

Enron Wholesale's business offers price risk management services primarily related to commodities associated with the energy sector (natural gas, crude oil, natural gas liquids and electricity). Enron's other businesses also enter into forwards, swaps and other contracts primarily for the purpose of hedging the impact of market fluctuations on assets, liabilities, production and other contractual commitments. Enron utilizes value at risk measures that assume a one-day holding period and a 95% confidence level. For a complete discussion of the types of financial risk management products used by Enron, the types of market risks associated with Enron's portfolio of transactions, and the methods used by Enron to manage market risks, see Enron's Annual Report on Form 10-K for the year ended December 31, 1999.

Enron's value at risk for trading commodity price risk increased to \$53 million at June 30, 2000 as compared to \$21 million at December 31, 1999. This increase is attributable to increased natural gas prices, combined with increased price volatility in the power and gas markets related to the peak summer season.

In addition, value at risk for non-trading foreign currency exchange rate risk increased to \$10 million at June 30, 2000, compared to \$4 million at December 31, 1999. This increase is a result of contracts to hedge currency translation risks associated with Yen-denominated notes issued by Enron during 2000.

#### INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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. All statements other than statements of historical facts contained in this document are forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to expansion opportunities for the Gas Pipeline Group, demand in the market for broadband services and high bandwidth applications, transaction volumes in the U.S. power market, commencement of commercial operations of new power plants and pipeline projects, and growth in the demand for retail energy outsourcing solutions. When used in this document, the words "anticipate," "believe," "estimate," "except," "intend," "may," "project," "plan," "should" and similar expressions are intended to be among the statements that identify forward-looking statements. Although Enron believes that its expectations reflected in these forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include political developments in foreign countries; the ability of Enron to penetrate new retail natural gas and electricity markets (including energy outsourcing markets) in the United

States and Europe; the ability to penetrate the broadband services market; the timing and extent of deregulation of energy markets in the United States and in foreign jurisdictions; other regulatory developments in the United States and in foreign countries, including tax legislation and regulations; the extent of efforts by governments to privatize natural gas and electric utilities and other industries; the timing and extent of changes in commodity prices for crude oil, natural gas, electricity, foreign currency and interest rates; the extent of success in acquiring oil and gas properties and in discovering, developing, producing and marketing reserves; the timing and success of Enron's efforts to develop international power, pipeline and other infrastructure projects; the effectiveness of Enron's risk management activities; the ability of counterparties to financial risk management instruments and other contracts with Enron to meet their financial commitments to Enron; and Enron's ability to access the capital markets and equity markets during the periods covered by the forward-looking statements, which will depend on general market conditions and Enron's ability to maintain or increase the credit ratings for its unsecured senior long-term debt obligations.

PART II. OTHER INFORMATION  
ENRON CORP. AND SUBSIDIARIES

ITEM 1. Legal Proceedings

See Part I. Item 1, Note 3 to Consolidated Financial Statements entitled "Litigation and Other Contingencies,"

which is incorporated herein by reference.

ITEM 2. Recent Sales of Unregistered Equity Securities

During the second quarter of 2000, pursuant to private placement exemptions from the registration requirements of the Securities Act of 1933, Enron (i) sold 4.9 million shares of common stock in connection with the acquisition of shares of Enron Energy Services LLC held by minority shareholders and (ii) sold 617,000 shares of common stock in connection with the acquisition of WarpSpeed Communications. See Part I, Item 1, Note 2 to the Consolidated Financial Statements herein.



## ITEM 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Shareholders of Enron Corp. was held on May 2, 2000 in Houston, Texas, for the purposes of electing a board of directors, the appointment of auditors and voting on certain shareholder proposals described below. Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934 and there was no solicitation in opposition to management's nominees.

(a) All of management's nominees for directors as listed in the proxy statement were elected with the following vote:

Nominee	Shares FOR	Shares WITHHELD
Robert A. Belfer	658,191,323	10,395,617
Norman P. Blake, Jr.	662,059,377	6,477,563
Ronnie C. Chan	661,894,262	6,642,678
John H. Duncan	661,655,934	6,881,006
Wendy L. Gramm	661,881,396	6,655,544
Ken L. Harrison	662,019,809	6,517,131
Robert K. Jaedicke	661,678,677	6,858,263
Kenneth L. Lay	661,912,033	6,624,907
Charles A. LeMaistre	661,525,573	7,011,367
Rebecca Mark-Jusbasche	581,113,925	87,423,015
John Mendelsohn	661,852,975	6,683,965
Jerome J. Meyer	662,071,275	6,465,665
Paulo V. Ferraz Pereira	662,020,913	6,516,027
Frank Savage	661,803,387	6,733,553
Jeffrey K. Skilling	662,143,620	6,393,320
John A. Urquhart	658,049,726	10,487,214
John Wakeham	648,702,580	19,834,360
Herbert S. Winokur, Jr.	658,482,006	10,054,934

(b) The appointment of Arthur Andersen LLP as independent auditor was approved by the following vote:

Shares FOR	Shares AGAINST	Shares ABSTAINING
663,693,175	1,990,565	2,853,200

(c) The votes cast for the shareholder proposal from Brent Blackwelder, President, Friends of the Earth Action were as follows:

Shares FOR	Shares AGAINST	Shares ABSTAINING
48,244,307	493,792,453	24,939,903

(d) The votes cast for the shareholder proposal from Dr. Julia M. Wershing were as follows:

Shares FOR	Shares AGAINST	Shares ABSTAINING
31,714,847	524,732,408	10,529,409

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

Exhibit 12 Computation of Ratio of Earnings to  
Fixed Charges

(b) Reports on Form 8-K

Current Report on Form 8-K filed May 19, 2000,  
containing exhibits relating to Enron's registered offering  
from time to time of medium-term notes.

SIGNATURES

Pursuant to the requirements of the Securities Exchange

Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENRON CORP.  
(Registrant)

Date: August 14, 2000

By: RICHARD A. CAUSEY  
Richard A. Causey  
Executive Vice President and Chief  
Accounting Officer  
(Principal Accounting Officer)



## Exhibit 12

ENRON CORP. AND SUBSIDIARIES  
COMPUTATION OF RATIO OF EARNINGS TO  
FIXED CHARGES  
(Dollars in Millions)  
(Unaudited)

	Six Months Ended 6/30/00	1999	Year Ended December 31, 1998	1997	1996	1995
Earnings available for fixed charges						
Net income	\$ 627	\$1,024	\$ 703	\$105	\$ 584	\$ 520
Less:						
Undistributed earnings and losses of less than 50% owned affiliates	(27)	(12)	(44)	(89)	(39)	(14)
Capitalized interest of nonregulated companies	(29)	(61)	(66)	(16)	(10)	(8)
Add:						
Fixed charges(1)	529	948	809	674	454	436
Minority interests	74	135	77	80	75	27
Income tax expense	163	137	204	(65)	297	310
Total	\$1,337	\$2,171	\$1,683	\$689	\$1,361	\$1,271
Fixed Charges						
Interest expense(1)	\$ 508	\$ 900	\$ 760	\$624	\$ 404	\$ 386
Rental expense representative of interest factor	21	48	49	50	50	50
Total	\$ 529	\$ 948	\$ 809	\$674	\$ 454	\$ 436
Ratio of earnings to fixed charges	2.53	2.29	2.08	1.02	3.00	2.92

(1) Amounts exclude costs incurred on sales of accounts receivables.





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