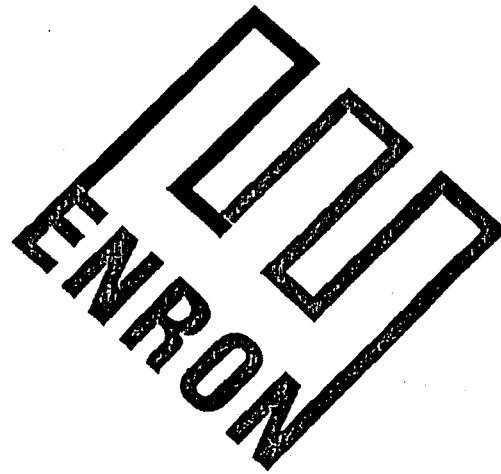


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Confidential

**Enron Corp.  
2nd Quarter 2001 Financial Review**



EC 001943447

July 24, 2001



**ENR**  
**EARNINGS RELEASE - EXTERNAL FORMAT**  
(Millions of Dollars, except as noted)

	Second Quarter			2000 Actual	01 vs 00 Growth
	1st CE	2001 Update	Actual		
<b>Transmission &amp; Distribution</b>					
Enron Transportation Services	\$ 76.7	\$ 0.3	\$ 77.0	\$ 77.3	
Portland General	57.7	7.2	64.9	62.0	
<b>Total Transmission &amp; Distribution</b>	<b>134.4</b>	<b>7.5</b>	<b>141.9</b>	<b>139.3</b>	<b>2%</b>
<b>Wholesale Energy Operations &amp; Services</b>					
Americas	959.5	279.6	1,239.1	331.2	
Europe	98.0	(1.2)	96.8	64.5	
CATS/Margaux	-	(43.1)	(43.1)	-	
Global Markets	54.6	(20.5)	34.1	(3.5)	
Industrial Markets	10.7	2.6	13.3	-	
Net Works	(3.8)	(1.4)	(5.2)	(7.8)	
EEOS	(4.8)	5.3	0.5	19.3	
Global Assets	41.7	-	41.7	54.3	
Retail Risk Management	(600.0)	104.2	(495.8)	(22.4)	
Other Wholesale	(19.6)	(35.5)	(55.1)	-	
<b>Subtotal</b>	<b>536.3</b>	<b>290.0</b>	<b>826.3</b>	<b>435.8</b>	
Global Finance	25.2	8.3	33.5	23.8	
Global E&P	13.8	1.7	15.5	7.0	
Prepays	(35.0)	(2.0)	(37.0)	(17.5)	
Other	(39.2)	3.4	(35.8)	(34.4)	
<b>Total Wholesale Energy Ops. &amp; Services</b>	<b>501.1</b>	<b>301.4</b>	<b>802.5</b>	<b>414.5</b>	<b>94%</b>
<b>Enron Energy Services</b>	<b>49.0</b>	<b>10.8</b>	<b>59.8</b>	<b>45.7</b>	<b>31%</b>
<b>Enron Broadband Services</b>	<b>(15.0)</b>	<b>(87.0)</b>	<b>(102.0)</b>	<b>(8.0)</b>	
<b>Corporate and Other</b>					
Azurix	(25.3)	(6.1)	(31.4)	(10.8)	
Enron Renewable Energy Corp	12.9	(5.4)	7.5	13.4	
Clean Fuels	2.7	8.0	10.7	9.0	
Enron Investment Partners	(0.1)	(1.9)	(2.0)	(1.2)	
Corporate & Other Expenses	(95.9)	2.8	(93.1)	(34.2)	
Structured Transactions	4.2	(4.7)	(0.5)	42.4	
Reclass from/to Wholesale	-	-	-	(1.7)	
<b>Total Corporate &amp; Other</b>	<b>(101.5)</b>	<b>(7.3)</b>	<b>(108.8)</b>	<b>18.9</b>	
<b>Overview</b>	<b>180.0</b>	<b>(180.0)</b>	<b>-</b>	<b>-</b>	
<b>INCOME BEFORE INT., M.I. &amp; INC. TAXES</b>	<b>748.0</b>	<b>45.4</b>	<b>793.4</b>	<b>608.4</b>	<b>30%</b>
Interest Expense, Net	201.2	13.8	215.0	195.5	10%
Dividends on Preferred Stock of Subsidiaries	18.2	-	18.2	20.8	
Minority Interest	40.4	(10.9)	29.5	38.8	
<b>PRE-TAX INCOME</b>	<b>488.2</b>	<b>42.5</b>	<b>530.7</b>	<b>353.3</b>	<b>50%</b>
Income Tax Expense	117.2	9.2	126.4	64.4	
<b>NET INCOME - RECURRING</b>	<b>\$ 371.0</b>	<b>\$ 33.3</b>	<b>\$ 404.3</b>	<b>\$ 288.9</b>	<b>40%</b>
<b>DILUTED EPS</b>					
Recurring	\$ 0.42	\$ 0.03	\$ 0.45	\$ 0.34	32%
Non-recurring	-	-	-	-	
<b>TOTAL DILUTED EPS</b>	<b>\$ 0.42</b>	<b>\$ 0.03</b>	<b>\$ 0.45</b>	<b>\$ 0.34</b>	
Avg shares outstanding - Diluted	886.0		891.1	862.2	
Effective Tax Rate - Recurring Earnings	24.0%		23.8%	18.2%	

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**EARNINGS RELEASE - EXTERNAL FORMAT**  
 (Millions of Dollars, except as noted)

	Quarter Ended			Quarter Ended			Six Months Ended		
	March 31			June 30			June 30		
	Plan	2001 Act	2000 Act	1st CE	2001 Act	2000 Act	1st CE	2001 Act	2000 Act
<b>Transmission &amp; Distribution</b>									
Enron Transportation Services	\$ 131.8	\$ 133.3	\$ 127.9	\$ 76.7	\$ 77.0	\$ 77.3	\$ 210.0	\$ 210.3	\$ 205.2
Portland General	100.0	60.0	105.3	57.7	64.9	62.0	117.7	124.9	167.3
<b>Total Transmission &amp; Distribution</b>	<b>231.8</b>	<b>193.3</b>	<b>233.2</b>	<b>134.4</b>	<b>141.9</b>	<b>139.3</b>	<b>327.7</b>	<b>335.2</b>	<b>372.5</b>
<b>Wholesale Energy Operations &amp; Services</b>									
Americas	270.6	847.9	137.5	959.5	1,239.1	331.2	1,807.4	2,087.0	468.7
Europe	82.4	99.0	67.7	98.0	96.8	64.5	197.0	195.8	132.2
CATS/Margaux	-	(12.1)	-	-	(43.1)	-	(12.1)	(55.2)	-
Global Markets	46.1	46.3	50.0	54.6	34.1	(3.5)	100.9	80.4	46.5
Industrial Markets	9.0	8.9	-	10.7	13.3	-	19.6	22.2	-
Net Works	(3.6)	(3.6)	(14.2)	(3.8)	(5.2)	(7.8)	(7.4)	(8.8)	(22.0)
EEOS	9.2	8.1	3.4	(4.8)	0.5	19.3	3.3	8.6	22.7
Global Assets	91.1	47.9	67.5	41.7	41.7	54.3	89.6	89.6	121.8
Retail Risk Management	-	(230.4)	10.5	(600.0)	(495.8)	(22.4)	(830.4)	(726.2)	(11.9)
Other Wholesale	(0.8)	(57.3)	-	(19.6)	(55.1)	-	(76.9)	(112.4)	-
<b>Subtotal</b>	<b>504.0</b>	<b>754.7</b>	<b>322.4</b>	<b>536.3</b>	<b>826.3</b>	<b>435.6</b>	<b>1,291.0</b>	<b>1,581.0</b>	<b>758.0</b>
Global Finance	40.0	14.7	104.4	25.2	33.5	23.8	39.9	48.2	128.2
Global E&P	5.1	15.5	4.1	13.8	15.5	7.0	29.3	31.0	11.1
Prepays	(35.1)	(15.1)	(22.9)	(35.0)	(37.0)	(17.5)	(50.1)	(52.1)	(40.4)
Other	97.5	(15.0)	21.2	(39.2)	(35.8)	(34.4)	(54.2)	(50.8)	(13.2)
<b>Total Wholesale Energy Ops. &amp; Services</b>	<b>611.5</b>	<b>754.8</b>	<b>429.2</b>	<b>501.1</b>	<b>802.5</b>	<b>414.5</b>	<b>1,255.9</b>	<b>1,557.3</b>	<b>843.7</b>
<b>Enron Energy Services</b>	<b>52.4</b>	<b>39.8</b>	<b>6.0</b>	<b>49.0</b>	<b>59.8</b>	<b>45.7</b>	<b>88.6</b>	<b>99.4</b>	<b>51.7</b>
<b>Enron Broadband Services</b>	<b>(35.0)</b>	<b>(35.0)</b>	<b>(0.3)</b>	<b>(15.0)</b>	<b>(102.0)</b>	<b>(8.0)</b>	<b>(50.0)</b>	<b>(137.0)</b>	<b>(8.3)</b>
<b>Corporate and Other</b>									
Azurix	(17.1)	(31.5)	(6.0)	(25.3)	(31.4)	(10.8)	(56.8)	(62.9)	(16.8)
Enron Renewable Energy Corp	(9.8)	(16.8)	11.9	12.9	7.5	13.4	(3.9)	(9.3)	25.3
Clean Fuels	(16.1)	(17.1)	(3.3)	2.7	10.7	9.0	(14.4)	(6.4)	5.7
Enron Investment Partners	(0.1)	(1.4)	(0.4)	(0.1)	(2.0)	(1.2)	(1.5)	(3.4)	(1.6)
Corporate & Other Expenses	(82.2)	(95.7)	(35.7)	(95.9)	(93.1)	(34.2)	(191.6)	(188.8)	(69.9)
Structured Transactions	4.0	4.8	6.8	4.2	(0.5)	42.4	9.0	4.3	49.2
Other	-	-	(17.4)	-	-	(1.7)	-	-	(19.1)
<b>Total Corporate &amp; Other</b>	<b>(121.3)</b>	<b>(157.7)</b>	<b>(44.1)</b>	<b>(101.5)</b>	<b>(108.8)</b>	<b>16.9</b>	<b>(259.2)</b>	<b>(266.5)</b>	<b>(27.2)</b>
<b>Overview</b>	<b>22.4</b>	<b>-</b>	<b>-</b>	<b>180.0</b>	<b>-</b>	<b>-</b>	<b>180.0</b>	<b>-</b>	<b>-</b>
<b>INCOME BEFORE INT., M.I. &amp; INC. TAXES</b>	<b>761.8</b>	<b>795.0</b>	<b>624.0</b>	<b>748.0</b>	<b>793.4</b>	<b>608.4</b>	<b>1,543.0</b>	<b>1,588.4</b>	<b>1,232.4</b>
Interest Expense, Net	193.2	201.0	161.1	201.2	215.0	195.5	402.2	416.0	356.6
Dividends on Preferred Stock of Subsidiaries	18.4	18.0	18.1	18.2	18.2	20.8	36.2	36.2	38.9
Minority Interest	23.8	40.0	35.0	40.4	29.5	38.8	80.4	69.5	73.8
<b>PRE-TAX INCOME</b>	<b>526.4</b>	<b>536.0</b>	<b>409.8</b>	<b>488.2</b>	<b>530.7</b>	<b>353.3</b>	<b>1,024.2</b>	<b>1,066.7</b>	<b>763.1</b>
Income Tax Expense	126.4	130.0	72.2	117.2	126.4	64.4	247.2	256.4	136.6
<b>NET INCOME - RECURRING</b>	<b>\$ 400.0</b>	<b>\$ 406.0</b>	<b>\$ 337.6</b>	<b>\$ 371.0</b>	<b>\$ 404.3</b>	<b>\$ 288.9</b>	<b>\$ 777.0</b>	<b>\$ 810.3</b>	<b>\$ 626.5</b>
<b>DILUTED EPS</b>									
Recurring	\$ 0.45	\$ 0.47	\$ 0.40	\$ 0.42	\$ 0.45	\$ 0.34	\$ 0.89	\$ 0.92	\$ 0.74
Non-recurring	-	0.02	-	-	-	-	0.02	0.02	-
<b>TOTAL DILUTED EPS</b>	<b>\$ 0.45</b>	<b>\$ 0.49</b>	<b>\$ 0.40</b>	<b>\$ 0.42</b>	<b>\$ 0.45</b>	<b>\$ 0.34</b>	<b>\$ 0.91</b>	<b>\$ 0.94</b>	<b>\$ 0.74</b>
Avg shares outstanding - Diluted	885.0	870.1	851.9	886.0	891.1	862.2	886.0	881.5	857.0
Effective Tax Rate - Recurring Earnings	24.0%	24.3%	17.6%	24.0%	23.8%	18.2%	24.1%	24.0%	17.9%

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# Transportation & Distribution

## 2nd Quarter 2001

\$ in millions

### ETS

	<u>ACTUAL</u>				<u>1st Current Estimate</u>	<u>2000 Act</u>
	<u>NNG</u>	<u>TW</u>	<u>Other Ops</u>	<u>Total</u>		
Revenues	\$ 107.9	\$ 46.6	\$ (3.7)	\$ 150.8	\$ 125.6	\$ 165.7
Cost of Sales	29.6	-	0.1	29.7	(1.1)	18.0
Gross Margin	78.3	46.6	(3.8)	121.1	126.7	147.7
Operating Expenses	64.8	12.6	(5.4)	72.0	79.7	92.3
Operating Income	13.5	34.0	1.6	49.1	47.0	55.4
Equity Earnings				2.0	1.1	1.0
Trailblazer, Overthrust	2.0	-	-	11.2	9.3	9.0
Citrus	-	-	11.2	2.2	1.9	1.7
Northern Border	-	-	2.2	1.2	2.4	(1.8)
EOTT	-	-	1.2	0.8	-	1.0
Gains on Sales	0.6	-	0.8	1.4	-	-
Other Income	0.4	(0.1)	9.6 (a)	9.9	15.0	11.0
IBIT	<u>\$ 16.5</u>	<u>\$ 33.9</u>	<u>\$ 26.6</u>	<u>\$ 77.0</u>	<u>\$ 76.7</u>	<u>\$ 77.3</u>

(a) Partial reversal of EOTT distribution reserve (\$9.0MM)

EC 001943450

# Transportation & Distribution YTD Through June 30, 2001

\$ in millions

## ETS

	ACTUAL				1st Current Estimate	2000 Act
	NNG	TW	Other Ops	Total		
Revenues	\$ 282.9	\$ 105.2	\$ 8.2	\$ 396.3	\$ 362.5	\$ 371.6
Cost of Sales	32.3	-	0.1	32.4	20.5	22.8
Gross Margin	250.6	105.2	8.1	363.9	342.0	348.8
Operating Expenses	141.6	42.9	10.9	195.4	175.7	173.8
Operating Income	109.0	62.3	(2.8)	168.5	166.3	175.0
Equity Earnings						
Trailblazer, Overthrust	3.2	-	-	3.2	2.1	1.9
Citrus	-	-	19.3	19.3	17.5	15.5
Northern Border	-	-	4.0	4.0	3.7	3.4
EOTT	-	-	3.6	3.6	4.8	(3.9)
Gains on Sales	0.6	(0.1)	0.8	1.3	-	1.0
Other Income	1.1	-	9.3 (a)	10.4	15.6	12.3
IBIT	<u>\$ 113.9</u>	<u>\$ 62.2</u>	<u>\$ 34.2</u>	<u>\$ 210.3</u>	<u>\$ 210.0</u>	<u>\$ 205.2</u>

(a) Partial reversal of EOTT distribution reserve (\$9.0MM)

EC 001943451

