

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

Form 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-13159

ENRON CORP.

(Exact name of registrant as specified in its charter)

Oregon 47-0255140
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

ENRON BUILDING

1400 Smith Street, Houston, Texas 77002-7369
(Address of principal executive offices) (zip code)
Registrant's telephone number, including area code:
713-853-6161

Securities registered pursuant to Section 12(b) of the Act:
Title of each class Name of each exchange
on which registered

Common Stock, no par value New York Stock Exchange;
Chicago Stock Exchange;
and Pacific Stock Exchange

Cumulative Second Preferred New York Stock Exchange
Convertible Stock, and Chicago Stock Exchange
no par value

7% Exchangeable Notes due New York Stock Exchange
July 31, 2002

Securities registered pursuant to Section 12(g) of the Act:
None

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 by check mark if disclosure of delinquent filers
pursuant to Item 405 of Regulation S-K is not contained
herein, and will not be contained, to the best of
registrant's knowledge, in definitive proxy or information
statements incorporated by reference in Part III of this
Form 10-K or any amendment to this Form 10-K.

Aggregate market value of the voting stock held by non-
affiliates of the registrant, based on closing prices in the
daily composite list for transactions on the New York Stock
Exchange on February 15, 2001, was approximately
\$60,207,479,342. As of March 1, 2001, there were
754,296,597 shares of registrant's Common Stock, no par
value, outstanding.

Documents incorporated by reference. Certain portions of
the registrant's definitive Proxy Statement for the May 1,
2001 Annual Meeting of Shareholders ("Proxy Statement") are
incorporated herein by reference in Part III of this Form
10-K.

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PART I

Item 1. BUSINESS

GENERAL

Headquartered in Houston, Texas, Enron Corp., an Oregon corporation, provides products and services related to natural gas, electricity and communications to wholesale and retail customers. Enron's operations are conducted through its subsidiaries and affiliates, which are principally engaged in:

- * the transportation of natural gas through pipelines to markets throughout the United States;
- * the generation, transmission and distribution of electricity to markets in the northwestern United States;
- * the marketing of natural gas, electricity and other commodities and related risk management and finance services worldwide;
- * the development, construction and operation of power plants, pipelines and other energy related assets worldwide;
- * the delivery and management of energy commodities and capabilities to end-use retail customers in the industrial and commercial business sectors; and
- * the development of an intelligent network platform to provide bandwidth management services and the delivery of high bandwidth communication applications.

As of December 31, 2000, Enron employed approximately 20,600 persons.

As used herein, unless the context indicates otherwise, "Enron" or the "Company" refers to Enron Corp. and its subsidiaries and affiliates.

BUSINESS SEGMENTS

Enron has divided its operations into the following reportable segments:

Transportation and Distribution - Regulated industries; interstate transmission of natural gas; management and operation of pipelines; electric utility operations.

Wholesale Services - Commodity sales and services, risk management products and financial services to wholesale customers; development, acquisition and operation of power plants, natural gas pipelines and other energy-related assets.

Retail Energy Services - Sales of natural gas and electricity and related products directly to end-use customers, particularly in the commercial and industrial sectors, and the outsourcing of energy-related activities.

Broadband Services - Construction and management of a nationwide fiber-optic network, the marketing and management of bandwidth and the delivery of high-bandwidth content.

Corporate and Other - Includes operation of water, renewable energy businesses and clean fuels plants, as well as overall corporate activities.

For financial information by business segment for the fiscal years ended December 31, 1998 through December 31, 2000, please see Note 20 to the Consolidated Financial Statements, "Geographic and Business Segment Information", on page F-38.

TRANSPORTATION AND DISTRIBUTION

Enron's Transportation and Distribution business is comprised of the Company's North American interstate natural gas transportation systems and its electricity transmission and distribution operations in Oregon.

Interstate Transmission of Natural Gas

Enron and its subsidiaries operate domestic interstate natural gas pipelines extending from Texas to the Canadian border and across the southern United States from Florida to California. Included in Enron's domestic interstate natural gas pipeline operations are Northern Natural Gas Company ("Northern"), Transwestern Pipeline Company ("Transwestern") and Florida Gas Transmission Company ("Florida Gas") (50% owned by Enron). Northern, Transwestern and Florida Gas are interstate pipelines and are subject to the regulatory jurisdiction of the Federal Energy Regulatory Commission (the "FERC"). Each pipeline serves customers in a specific geographical area: Northern, the upper Midwest; Transwestern, principally the California market and pipeline interconnects on the east end of the Transwestern system; and Florida Gas, the State of Florida. In addition, Enron holds an interest in Northern Border Partners, L.P., which owns a 70% interest in the Northern Border Pipeline system. An Enron subsidiary operates the Northern Border Pipeline system, which transports gas from Western Canada to delivery points in the midwestern United States.

Northern Natural Gas Company. Through its approximately 16,500-mile natural gas pipeline system stretching from the Permian Basin in Texas to the Great Lakes, Northern transports natural gas to points in its traditional market area of Illinois, Iowa, Kansas, Michigan, Minnesota, Nebraska, South Dakota and Wisconsin. Gas is transported to town border stations for consumption and resale by non-affiliated gas utilities and municipalities and to other pipeline companies and gas marketers. Northern also transports gas at various points outside its traditional market area in the production areas of Colorado, Kansas, New Mexico, Oklahoma, Texas and North Dakota for utilities, end-users and other pipeline and marketing companies. Northern provides transportation and storage services to approximately 90 utility customers and end-users in the upper midwestern United States. Most of Northern's revenues are comprised of monthly demand charges that are based on contracted capacity rather than throughput.

In Northern's market area, natural gas is an energy source available for traditional residential, commercial and industrial uses. Northern's throughput totaled approximately 1,291 trillion British thermal units ("Tbtu") in 2000. Northern also operates three natural gas storage facilities and two liquefied natural gas storage peaking units. These storage facilities provide Northern the operational capacity to balance its system on a daily basis and assist in meeting customers' heating season system requirements. Northern competes with other interstate pipelines in the transportation and storage of natural gas.

Transwestern Pipeline Company. Transwestern is an interstate pipeline engaged in the transportation of natural gas. Through its approximately 2,500-mile pipeline system, Transwestern transports natural gas from West Texas, Oklahoma, eastern New Mexico and the San Juan Basin in northwestern New Mexico and southern Colorado primarily to the California market and to markets off the east end of its system. Transwestern has access to three significant gas basins for its gas supply: the San Juan Basin, the Permian Basin in West Texas and eastern New Mexico and the Anadarko Basin in the Texas and Oklahoma Panhandles. Additionally, gas from the Rocky Mountain Basin can access Transwestern through pipeline interconnections. Transwestern's peak delivery capacity was approximately 1.7 billion cubic feet ("Bcf") per day in 2000. Transwestern and its customers agreed to contract rates through 2006 and agreed that Transwestern would not be required to file a new rate case for rates to be effective prior to November 1, 2006. Transwestern's current firm capacity for both west and east flow is fully subscribed under a combination of short-term and long-term contracts. Relatively small increments of operational capacity become available from time to time and are generally sold on a daily or short-term basis.

Transwestern's mainline includes a lateral pipeline to the San Juan Basin which allows Transwestern to access San Juan Basin gas supplies. Via Transwestern's San Juan

lateral pipeline, the San Juan Basin gas may be delivered to California markets as well as markets off the east end of Transwestern's system. This bi-directional flow capability enhances pipeline utilization. Transwestern added bi-directional flow capability in 1995 to increase system flexibility and utilization. Transwestern has firm transportation service on the east end of its system and transports Permian, Anadarko and San Juan Basin supplies into Texas, Oklahoma and the midwestern United States. More recently, Transwestern has modified its operations to enhance its ability to supply the California market. In May 2000, Trans-western completed an expansion which increased delivery capability to California by 140 million cubic feet ("MMcf") per day. Transwestern is pursuing additional expansions to its pipeline of approximately 50 MMcf per day and 150 MMcf per day with expected completions in 2001 and 2002, respectively. Transwestern competes with several interstate pipelines in the California market and its markets off the east end of its system.

Florida Gas Transmission Company. Enron owns a 50% interest in Florida Gas by virtue of its 50% interest in Citrus Corp., which owns all of the capital stock of Florida Gas.

Florida Gas is an interstate pipeline company that transports natural gas for third parties. Its approximately 4,795-mile pipeline system extends from South Texas to a point near Miami, Florida. Florida Gas provides a high degree of gas supply flexibility for its customers because of its proximity to the Gulf of Mexico producing region and its interconnections with other interstate pipeline systems which provide access to virtually every major natural gas producing region in the United States. Florida Gas serves a mix of customers anchored by electric utility generators.

Florida Gas has periodically expanded its system capacity to keep pace with the growing demand for natural gas in Florida. In February 2000, Florida Gas received FERC certification for its Phase IV expansion. Phase IV will increase system capacity approximately 200 MMcf per day and is backed by 20-year firm transportation agreements. The Ft. Myers extension, part of the Phase IV expansion which brought natural gas service to southwest Florida for the first time, went into service on October 1, 2000. The remainder of the Phase IV expansion is scheduled to go in service in May 2001. The Phase IV expansion is expected to cost approximately \$250 million. Florida Gas has also received preliminary approvals from the FERC for its Phase V expansion, which will increase capacity an additional approximately 400 MMcf per day at an estimated cost of \$420 million. Subject to final regulatory approvals, Phase V is expected to be in service in 2002. Florida Gas' current firm average delivery capacity into Florida is approximately 1,495 billion British thermal units ("Btu") per day. Florida Gas also owns an interest in facilities that link its system to the Mobile Bay producing area. Florida Gas' customers have reserved over 99% of the existing capacity on the Florida Gas system pursuant to firm, long-term transportation service agreements.

Florida Gas is the only interstate natural gas pipeline serving peninsular Florida. Florida Gas faces competition from residual fuel oil in the Florida market. In addition, there is a proposed pipeline project that would compete with Florida Gas that has received approval from the FERC; the project sponsor has announced that construction will begin in June 2001.

Northern Border Partners, L.P.. Northern Border Partners, L.P., a Delaware limited partnership, owns 70% of Northern Border Pipeline Company, a Texas general partnership ("Northern Border"). An Enron subsidiary holds an 11.8% interest in Northern Border Partners L.P. and serves as operator of the pipeline. Northern Border owns an approximately 1,214-mile interstate pipeline system that transports natural gas from the Montana-Saskatchewan border near Port of Morgan, Montana to interconnecting pipelines and local distribution systems in the States of North Dakota, South Dakota, Minnesota, Iowa and Illinois. Northern Border has pipeline access to natural gas reserves in the provinces of Alberta, British Columbia and

Saskatchewan, as well as the Williston Basin in the United States. The pipeline system also has access to production of synthetic gas from the Dakota Gasification Plant in North Dakota. Interconnecting pipeline facilities provide Northern Border shippers access to markets in the Midwest, as well as other markets throughout the United States by transportation, displacement and exchange agreements. Therefore, Northern Border is strategically situated to transport significant quantities of natural gas to major gas consuming markets. Based upon existing contracts and capacity, 100% of Northern Border's firm capacity (approximately 2.4 Bcf of natural gas per day) is fully contracted under long-term agreements with an average term of six years. In March 2000, Northern Border received FERC approval for Project 2000, an approximately \$94 million proposed expansion and extension of the pipeline system into the heavy industrial area of northern Indiana. Construction has commenced, and the project is expected to be in service in late 2001. Northern Border competes with two other interstate pipeline systems that transport gas from Canada to the Midwest.

Crude Oil Transportation Services

EOTT Energy Partners, L.P. ("EOTT"), a Delaware limited partnership, is engaged in the purchasing, gathering, transporting, trading, storage and resale of crude oil and refined petroleum products, and related activities. EOTT Energy Corp. (a wholly-owned subsidiary of Enron) serves as the general partner of EOTT. Enron owns a minority interest in EOTT. Through its North American crude oil gathering and marketing operations, EOTT purchases crude oil produced from approximately 40,000 leases in 18 states and is a purchaser of lease crude oil in Canada. EOTT provides transportation and trading services for third party purchasers of crude oil. EOTT competes with the crude oil marketing affiliates of major oil companies and with smaller independent marketers.

Electricity Transmission and Distribution Operations

Enron's electric utility operations are conducted through its wholly-owned subsidiary Portland General Electric Company ("PGE"). PGE is engaged in the generation, purchase, transmission, distribution and sale of electricity in the State of Oregon. PGE also sells energy to wholesale customers throughout the western United States. PGE's Oregon service area is approximately 3,150 square miles, including 51 incorporated cities of which Portland and Salem are the largest, within a state-approved service area allocation of 4,070 square miles. As of December 31, 2000 PGE served approximately 725,000 customers.

Enron and Sierra Pacific Resources announced on November 8, 1999 that they had entered into a purchase and sale agreement whereby Enron will sell PGE to Sierra Pacific Resources for \$2.1 billion, comprised of \$2.02 billion in cash and the assumption of Enron's approximately \$80 million merger payment obligation. Sierra Pacific Resources will also assume \$1 billion in PGE debt and preferred stock. The proposed transaction, which is subject to regulatory approvals and closing conditions, has been delayed by the effect of recent events in California and Nevada on the purchaser.

PGE serves a diverse retail customer base. Residential customers constitute the largest customer class and accounted for approximately 43% of the retail revenues in 2000. Residential demand is highly sensitive to the effects of weather, with revenues highest during the winter heating season. Commercial customers comprised approximately 37% and industrial customers represented approximately 20% of retail revenues in 2000. The commercial and industrial classes are not dominated by any single industry. While the 20 largest customers constituted approximately 21% of 2000 retail demand, they represented eight different industrial groups including paper manufacturing, high technology, metal fabrication, general merchandising and health services. No single customer represents more than 3.5% of PGE's total retail load.

PGE operates within a state-approved service area and

under current regulation is substantially free from direct retail competition with other electric utilities. PGE's competitors within its Oregon service territory include other fuel suppliers, such as the local natural gas company, which compete with PGE for the residential and commercial space and water heating market.

WHOLESALE SERVICES

Enron's wholesale business ("Wholesale Services") includes its worldwide wholesale energy and other commodities businesses. Wholesale Services operates in developed markets such as North America and Europe, as well as newly deregulating or developing markets including Japan, Australia, South America and India.

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

Wholesale Services manages its portfolio of contracts and assets in order to maximize value, minimize the associated risks and provide overall liquidity. In doing so, Wholesale Services 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, Wholesale Services manages its liquidity and exposure to third-party credit risk through monetization of its contract portfolio or third-party insurance contracts. Wholesale Services 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 investment's value.

Commodity Sales and Services. Wholesale Services provides reliable commodity delivery and predictable pricing to its customers through forwards and other contracts. This market-making activity includes the purchase, sale, marketing and delivery of natural gas, electricity, liquids and other commodities, as well as management of Wholesale Services' own portfolio of contracts. Wholesale Services' market-making activity is facilitated through a network of capabilities including selective asset ownership. In late 1999, Wholesale Services launched an Internet-based e-commerce system, EnronOnline, which allows wholesale customers to view Enron's real time pricing and complete commodity transactions with Enron as principal, with no direct interaction.

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

	Year Ended December 31,		
	2000	1999	1998
Physical Volumes (BBtue/d)(a)(b)			
Gas:			
United States	17,674	8,982	7,418
Canada	6,359	4,398	3,486
Europe and Other	3,637	1,572	1,251
	27,670	14,952	12,155
Transportation volumes	649	575	559
Total gas volumes	28,319	15,527	12,714
Crude oil and Liquids	6,088	6,160	3,570
Electricity(c)	17,308	10,742	11,024
Total physical volumes (BBtue/d)	51,715	32,429	27,308
Electricity volumes (thousand MWh)			

United States	578,787	380,518	401,843
Europe and Other	54,670	11,576	529
Total	633,457	392,094	402,372
Financial settlements (notional)			
(BBtue/d)	196,148	99,337	75,266

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

During 2000, Wholesale Services strengthened its position in the deregulated North American gas markets and deregulating power markets. Enron also continued to expand its presence in Europe, particularly on the Continent where wholesale markets began deregulation in early 1999. New product offerings in coal, metals, steel and pulp and paper markets also added favorably to the results.

Assets and Investments. Wholesale Services' businesses make investments in various energy and certain related assets as a part of its network strategy. Wholesale Services either purchases the asset from a third party or develops and constructs the asset. In most cases, Wholesale Services operates and manages such assets. Additionally, Wholesale Services invests in debt and equity securities of energy and technology-related businesses, which may also utilize Wholesale Services' products and services. With these merchant investments, Enron's influence is much more limited relative to assets Enron develops or constructs. Wholesale Services uses risk management disciplines, including hedging transactions, to manage the impact of market price movements on its merchant investments.

Developed Markets

North America

Enron purchases, markets and delivers natural gas, electricity and other commodities in North America. Customers include independent oil and gas producers, energy-intensive industrials, public and investor-owned utility power companies, small independent power producers and local distribution companies. Enron also offers a broad range of price, risk management and financing services including forward contracts, swap agreements and other contractual commitments. Enron's strategy is to enhance the scale, scope, flexibility and speed of its North American energy businesses through developing and acquiring selective assets, securing contractual access to third party assets, forming alliances with customers and utilizing technology such as EnronOnline. With increased liquidity in the marketplace and the success of EnronOnline, Enron believes that it no longer needs to own the same level of physical assets, instead utilizing contracting and market-making activities.

Europe

As the energy markets liberalize across Europe, Enron's strategy is to build a presence early in each key market in order to create a pan European energy business that provides similar energy service capabilities and products to those established in North America. Services include delivery of physical commodities, price risk management and financing services. At the end of 2000, Enron employed approximately 2,400 people across Europe including the United Kingdom, Norway, Germany, Turkey, Poland and Italy.

Enron's activity in the United Kingdom, which liberalized its energy markets in 1992, includes well-established natural gas and power marketing operations. The development, construction and operation of energy assets and the acquisition of selected assets have contributed to the expansion of Enron's energy marketing business in the United Kingdom.

Enron has an office in Oslo which accesses the power

marketing opportunities available in the Nordic region, the most open market for power trading in the Europe region. Enron provides power risk management services to regional municipalities, utilities and large industrials. Enron is also pursuing opportunities in continental Europe where there is a need for customized, flexible energy supply contracts to benefit from liberalizing gas and power markets. Enron's power and gas volumes and transactions in continental Europe are continuing to increase.

Enron has developed or is developing, owns interests in and/or operates several power plants across Europe, including a natural gas fired 116-megawatt power plant in Poland; a 551-megawatt combined-cycle oil gasification power plant in Sardinia, Italy; and a 478-megawatt gas-fired power plant in Turkey.

Australia and Japan

Enron has an office in Australia which offers similar commodity risk management and finance services to those provided to the North American and European power markets. The Sydney office provides a strategic platform for the extension of Enron's coal, metals and broadband businesses, as well as providing support for Enron's operations in the Asia-Pacific region. Enron opened an office in Japan in October 2000 and is pursuing a similar strategy there.

Developing Markets

In many markets outside of North America and Europe, a shortage of energy infrastructure exists, which has provided Enron with opportunities to develop, construct, promote and operate natural gas pipelines, power plants and other energy infrastructure. In these markets, Enron's strategy is to facilitate completion of vital energy networks to connect areas of energy supply to areas where energy is consumed. By creating energy networks, Enron provides reliable delivery of physical energy commodities and develops risk management and financing services to wholesale customers in key international regions.

Enron's energy infrastructure projects are, to varying degrees, subject to all the risks associated with project development, construction and financing in foreign countries, including without limitation, the receipt of permits and consents, the availability of project financing on acceptable terms, expropriation of assets, renegotiation of contracts with foreign governments and political instability, as well as changes in laws and policies governing operations of foreign-based businesses generally.

Enron owns or operates various energy assets and investments in certain developing markets outside of North America and Europe, including the following:

- * A 50% voting interest in Dabhol Power Company, which developed and owns an electricity generating power plant south of Mumbai, State of Maharashtra, India. Phase I of the power plant has an initial capacity of 826-megawatts and began commercial operations in May 1999. Construction on Phase II, a 1,624-megawatt combined-cycle power plant to be fueled by natural gas, is expected to be completed in late 2001. Phase II also includes a liquefied natural gas (LNG) terminal which is expected to be completed in mid-2002. The power plant has a 20-year power purchase agreement with the Maharashtra State Electricity Board.
- * A 35% interest in Transportadora de Gas del Sur ("TGS") in Argentina. The 4,104-mile pipeline system has a capacity of approximately 1.9 Bcf per day and primarily serves four distribution companies in the greater Buenos Aires area under long-term, firm transportation contracts.
- * A 25% interest in Transredes Transporte de Hidrocarburos S.A. ("Transredes"), an approximately 3,570-mile system of natural gas, crude oil and products pipelines located in Bolivia and connecting Bolivian oil and gas reserves to major markets in Bolivia. Enron also developed, along with Petrobras, the national oil and gas company of Brazil, and others, a pipeline which will connect with Transredes in Bolivia and transport natural gas to markets

in Brazil. The pipeline project includes an approximately 1,969-mile natural gas pipeline from Santa Cruz, Bolivia to Porto Alegre, Brazil.

- * An interest in a 480-megawatt combined-cycle power plant at Cuiaba in the State of Mato Grosso in western Brazil which feeds power into the Brazilian energy grid in Cuiaba, at a strategic delivery point having few existing alternate generation sources. Commercial operations of Phase I of the project (150 megawatts) commenced in early 1999. Commercial operations of Phase II (additional 150 megawatts) commenced in the fourth quarter of 2000 and Phase III (additional 180 megawatts) is expected to commence in early 2002. As an additional part of this project, Enron is constructing an approximately 385-mile, 18-inch natural gas pipeline connecting to the Bolivia to Brazil pipeline in Bolivia.
- * An interest in the Rio de Janeiro municipal gas distribution company, the gas distribution company of the State of Rio de Janeiro and natural gas distribution systems in seven other Brazilian states.
- * A majority ownership interest in Elektro-Electricidade e Servicos S.A. ("Elektro"). Elektro has a 51,000-mile transmission system for the distribution of electricity to approximately 1.5 million consumers throughout 228 municipalities in the State of Sao Paulo, and a number of other municipalities in the State of Mato Grosso do Sul, Brazil.
- * A 97% interest in Vengas, the leading natural gas liquids transportation and distribution business in Venezuela. Through Vengas, Enron also has an interest in an electric distribution company which services approximately 50,000 customers in the municipality of Puerto Cabello on the northern coast of Venezuela.
- * A 49.5% interest in a project in northeastern Venezuela which will include natural gas liquids extraction, fractionation, storage and refrigeration facilities. The facilities, which are located in Santa Barbara, San Joaquin, and Jose, are expected to be completed in mid-2001.
- * A 50% interest in an approximately 357-mile natural gas pipeline which runs from the northern coast of Colombia to the central region of the country. Ecopetrol, the state-owned gas company of Colombia, is the sole customer for the transportation services under a 15-year contract.
- * A 47.5% interest in a 522-megawatt combined-cycle power plant, including a liquefied natural gas terminal and desalination facility, in Penuelas, Puerto Rico. The power plant has a 22-year power purchase agreement with the Puerto Rico Electric Power Authority.
- * A natural gas distribution system in Puerto Rico, and liquid fuels businesses in both Puerto Rico and Jamaica.
- * Operates and owns an 80% economic interest in a 185-megawatt barge-mounted combined-cycle power plant at Puerto Plata on the north coast of the Dominican Republic. The power plant has a 19-year power purchase agreement.
- * A 37.5% interest in an approximately 234-megawatt fuel-oil-fired diesel engine power plant mounted on movable barges at Puerto Quetzal on Guatemala's Pacific Coast. Approximately 124-megawatts of capacity services the current power purchase agreement and the remaining capacity will be sold in merchant markets in Guatemala and El Salvador.
- * A 35% interest in the 70-megawatt power plant mounted on movable barges located at the Port of Corinto, Nicaragua. The plant supplies 50 megawatts of capacity under a power purchase agreement, and the remaining capacity is sold in the merchant market.
- * A 51% interest in the 355-megawatt Bahia Las Minas power plant near Colon, Panama. Plant capacity is sold to local distribution companies through five-year power purchase agreements.

- * A 50% interest in an approximately 80-megawatt baseload diesel power plant located in Piti, Guam. The power plant has a 20-year power purchase agreement.
- * Interests in two power plants in the Philippines. The Batangas power project, owned 100% by Enron, is an approximately 110-megawatt fuel-oil-fired diesel engine plant located at Pinamucan, Batangas, on Luzon Island. The Batangas plant sells power under a 10-year power purchase agreement. The Subic Bay power project, owned 50% by Enron, is an approximately 116-megawatt fuel-oil-fired diesel engine plant located at the Subic Bay Freeport complex on Luzon Island. The Subic plant has a 15-year power purchase agreement.
- * A 51% interest in a 359-megawatt coal fired combined-cycle plant located in Chengdu, China. The power plant sells power under a 20-year power purchase agreement.
- * A 100% interest in an approximately 160-megawatt diesel combined-cycle power plant on Hainan Island, a special economic trade zone off the southeastern coast of China.
- * A 50% interest in a joint venture in Korea which has ownership interests in 14 companies primarily engaged in the distribution of natural gas liquids.

RETAIL ENERGY SERVICES

Enron Energy Services ("Energy Services") is a provider of energy outsourcing products and services to business customers. This includes sales of natural gas, electricity, liquids and other commodities and the provision of energy management services directly to commercial and industrial customers located in North America and Europe. Energy Services provides end-users with a broad range of energy products and services to reduce total energy costs or to minimize risks. These products and services include delivery of natural gas and electricity, energy tariff and information management, demand-side services to reduce energy consumption, and financial services, including price risk management.

Energy Services' products and services help commercial and industrial businesses maximize total energy savings while meeting their operational needs. With a focus on total energy savings and nationwide commodity, services and finance capabilities, Energy Services provides outsourcing and other innovative programs not only to supply electricity and natural gas to businesses, but also to manage unregulated energy assets to reduce their energy consumption, delivery and billing costs, to eliminate inefficiencies of decentralized systems, to reduce energy demand, and to minimize the risk of energy prices and operations to the customer.

Enron is extending its retail products to Europe. During 2000, significant growth was experienced in marketing commodity services to medium-sized businesses. At the end of 2000, Enron had approximately 130,000 customers in the United Kingdom. Enron plans to expand this business model to other European countries.

BROADBAND SERVICES

During 2000 Enron Broadband Services substantially completed the Enron Intelligent Network ("EIN"), a high capacity, global fiber optic network which through pooling points can switch capacity from one independent network to another and create scalability. Enron Broadband Services provides: (i) bandwidth management and intermediation services, and (ii) high quality content delivery services.

The EIN consists of a high capacity fiber-optic network based on ownership or contractual access to approximately 18,000 miles of fiber optic network capacity throughout the United States. At December 31, 2000, the EIN included 25 pooling points of which 18 were in the U.S. and one each in Tokyo, London, Brussels, Amsterdam, Paris, Dusseldorf and Frankfurt, allowing the EIN to connect to most major U.S. cities and a large number in Europe. The breadth of pooling

points within the EIN extends its reach by allowing connectivity with a greater number of network and service providers. Enron anticipates further increasing the scope and reach of the EIN by adding pooling points during 2001.

The EIN's fiber network and imbedded software intelligence bypasses traditional fragmented and congested public internet routes to deliver faster, higher quality data. Enron's Broadband Operating System provides the intelligence to the EIN and connects to both physical and software network elements. Enron's broadband operating system enables the EIN to: (i) provision bandwidth in real time; (ii) control quality and access to the network for internet service providers; and (iii) control and monitor applications as they stream over the network to ensure quality and avoid congested routes. Enron's broadband operating system automates the transaction process from the order's inception to electronic billing and funds transfer. As a result, the EIN allows Enron to provide high quality content delivery services for content providers and to contract for firm bandwidth delivery commitments to support Enron's bandwidth intermediation business.

Similar to its wholesale energy businesses, Enron acts as principal in its bandwidth transactions and makes markets for bandwidth capacity. Enron provides bandwidth on demand at specified service levels and guaranteed delivery. Enron aggregates bandwidth supplies from multiple counterparties and, from its portfolio of bandwidth contracts, provides flexible, low cost bandwidth management products to its customers. Enron believes that customers will be able to reduce costs by paying for only the bandwidth they use, at prices that reflect the current market. Enron completed the first bandwidth transaction in December 1999, a monthly incremental contract for bandwidth between New York City and Los Angeles. Enron entered into over 300 intermediation transactions during 2000. Enron's plans for the bandwidth capacity markets include risk management products, structured finance and bandwidth portfolio management. In addition to bandwidth, Enron is developing markets and managing risk for all elements of networks, including dark fiber, circuit transactions, internet transit, private transport and storage.

Enron believes that applying its skills developed in the merchant energy services market to the developing bandwidth market can result in operating efficiencies to participants in this market. Development of bandwidth and other related products as commodities will be dependent, among other things, on the ability of the industry to develop and measure quality of service benchmarks and connectivity of networks of market participants to facilitate processing of contracted services. There can be no assurance that such a market will develop.

Enron provides premium broadband delivery services for media and entertainment, financial services, general enterprise and technology companies. The transportation of media-rich content, including live and on-demand streaming video, over the EIN significantly enhances the quality and speed to end-users from that provided by the public internet. Enron focused its efforts in 2000 on the development of a broadband entertainment-on-demand platform to service the anticipated growing demand for interactive entertainment services to the consumer. Enron is pursuing opportunities related to the commercial and technical entertainment on demand model developed during 2000. There can be no assurance that a broad market will develop for premium broadband delivery services.

OTHER ENRON BUSINESSES

Azurix Corp. is a global water company engaged in the business of owning, operating and managing water and wastewater assets, providing water and wastewater related services and developing and managing water resources. Until March 2001, Enron owned a 50% voting interest in Atlantic Water Trust, which owned approximately 67% of Azurix common stock, with public stockholders owning the remainder. On March 16, 2001, Azurix shareholders voted to approve and adopt the Agreement and Plan of Merger by and among Enron Corp., an Enron subsidiary, and Azurix dated as of December

15, 2000. As a result of the merger, the Enron subsidiary merged into Azurix with Azurix being the surviving corporation. Under the Agreement and Plan of Merger, each issued and outstanding share of Azurix common stock, other than those shares held by Atlantic Water Trust, Enron, Azurix and any of their wholly owned subsidiaries, was canceled and converted into the right to receive \$8.375 per share. Azurix's largest asset is Wessex Water Ltd, a water and wastewater company based in southwestern England. Other assets include a 30-year water and wastewater concession in the Province of Buenos Aires, Argentina and interests in long-term water and wastewater concessions in the Province of Mendoza, Argentina and in Cancun, Mexico.

Enron is pursuing clean energy solutions in North America and Europe through Enron Wind Corp. Enron Wind Corp. is an integrated manufacturer and developer of wind power, providing power plant design and engineering, project development, and operations and maintenance services. Enron Wind also designs and manufactures wind turbines in California and Germany.

REGULATION

General

Enron's interstate natural gas pipeline companies are subject to the regulatory jurisdiction of the FERC under the Natural Gas Act ("NGA") with respect to rates, accounts and records, the addition of facilities, the extension of services in some cases, the abandonment of services and facilities, the curtailment of gas deliveries and other matters. Enron's intrastate pipeline companies are subject to state and some federal regulation. Enron's importation of natural gas from Canada is subject to approval by the Office of Fossil Energy of the Department of Energy ("DOE"). Certain activities of Enron are subject to the Natural Gas Policy Act of 1978 ("NGPA"). Enron's pipelines which carry natural gas liquids and refined petroleum products are subject to the regulatory jurisdiction of the FERC under the Interstate Commerce Act as to rates and conditions of service.

Enron's power marketing companies are subject to the FERC's regulatory jurisdiction under the Federal Power Act ("FPA") with respect to rates, terms and conditions of service and certain reporting requirements. Certain of the power marketing companies' exports of electricity are subject to approval by the DOE. Enron's affiliates involved in cogeneration and independent power production are subject to regulation by the FERC under the Public Utility Regulatory Policies Act ("PURPA") and the FPA with respect to rates, the procurement and provision of certain services and operating standards.

The regulatory structure that has historically applied to the natural gas and electric industry is in transition. Legislative and regulatory initiatives, at both federal and state levels, are designed to supplement regulation with increasing competition. Legislation to restructure the electric industry is under active consideration on both the federal and state levels. Proposed federal legislation would make the electric industry more competitive by providing retail electric customers with the right to choose their power suppliers. Modifications to PURPA and the Public Utility Holding Company Act of 1935 ("PUHCA") have also been proposed. In addition, new technology and interest in self-generation and cogeneration have provided opportunities for alternative sources and supplies of energy. Retention of existing customers and potential growth of Enron's customer base will depend, in part, upon the ability of Enron to respond to new customer expectations and changing economic and regulatory conditions.

Various federal, state and local laws and regulations covering the discharge of materials into the environment, or otherwise relating to the protection of the environment, may affect Enron's operations and costs through their effect on the construction, operation and maintenance of pipeline and terminaling facilities. It is not anticipated that Enron will be required in the near future to expend amounts that

are material in relation to its total capital expenditures program by reason of environmental laws and regulations, but inasmuch as such laws and regulations are frequently changed, Enron is unable to predict the ultimate cost of compliance.

Enron's international operations are subject to the jurisdiction of numerous governmental agencies in the countries in which its projects are located, with respect to environmental and other regulatory matters. Generally, many of the countries in which Enron does and will do business have recently developed or are in the process of developing new regulatory and legal structures to accommodate private and foreign-owned businesses. These regulatory and legal structures and their interpretation and application by administrative agencies are relatively new and sometimes limited. Many detailed rules and procedures are yet to be issued. The interpretation of existing rules can also be expected to evolve over time. Although Enron believes that its operations are in compliance in all material respects with all applicable environmental laws and regulations in the applicable foreign jurisdictions, Enron also believes that the operations of its projects eventually may be required to meet standards that are comparable in many respects to those in effect in the United States and in countries within the European Community. In addition, as Enron acquires additional projects in various countries, it will be affected by the environmental and other regulatory restrictions of such countries.

Natural Gas Rates and Regulations

Northern, Transwestern, Florida Gas and Northern Border are "natural gas companies" under the NGA and, as such, are subject to the jurisdiction of the FERC. The FERC has jurisdiction over, among other things, the construction and operation of pipeline and related facilities used in the transportation and storage and sale of natural gas in interstate commerce, including the extension, expansion or abandonment of such facilities. The FERC also has jurisdiction over the rates and charges for the transportation of natural gas in interstate commerce and the sale by a natural gas company of natural gas in interstate commerce for resale. Northern, Transwestern, Florida Gas and Northern Border hold the required certificates of public convenience and necessity issued by the FERC authorizing them to construct and operate all of their pipelines, facilities and properties for which certificates are required in order to transport and sell natural gas for resale in interstate commerce.

As necessary, Northern, Transwestern, Florida Gas and Northern Border file applications with the FERC for changes in their rates and charges designed to allow them to recover substantially all their costs of providing service to transportation customers, including a reasonable rate of return. These rates are normally allowed to become effective after a suspension period, and in certain cases are subject to refund under applicable law, until such time as the FERC issues an order on the allowable level of rates.

Under current FERC rate design policy, pipelines are permitted to recover in the demand component of their rates all fixed costs, including income taxes and return on equity, allocated to firm customers. Since a pipeline recovers demand costs regardless of whether gas is ever transported, the straight fixed variable rate design has reduced the volatility of the revenue stream to pipelines.

The FERC's Order No. 637 (issued February 9, 2000), among other things, imposes additional reporting requirements, requires changes to make pipeline and secondary market services more comparable, removes the price caps on secondary market capacity for a period of two years, allows rates to be based on seasonal or term differentiated factors and narrows the applicability of the regulatory right of first refusal to apply only to maximum rate contracts. Enron believes that, overall, this lesser regulation of the secondary market will have a positive effect on the pipelines and on the industry in general.

The rates at which natural gas is sold in Texas to gas

utilities serving customers within an incorporated area are subject to the original jurisdiction of the Railroad Commission of Texas. The rates set by city councils or commissions for gas sold within their jurisdiction may be appealed to the Railroad Commission. Regulation of intrastate gas sales and transportation by the Railroad Commission is governed by certain provisions of the Texas Gas Utility Regulatory Act of 1983. The Railroad Commission also regulates production activities and to some degree the operation of affiliated special marketing programs.

Electric Industry Regulation

Historically, the electric industry has been subject to comprehensive regulation at the federal and state levels. The FERC regulated sales of electric power at wholesale and the transmission of electric energy in interstate commerce pursuant to the FPA. The FERC subjected public utilities under the FPA to rate and tariff regulation, accounting and reporting requirements, as well as oversight of mergers and acquisitions, securities issuances and dispositions of facilities. States or local authorities have historically regulated the distribution and retail sale of electricity, as well as the construction of generating facilities.

Enacted in 1978, PURPA created opportunities for independent power producers, including cogenerators. If a generating project obtained the status of a "Qualifying Facility," it was exempted by PURPA from most provisions of the FPA and certain state laws relating to securities, rate and financial regulation. PURPA also required electric utilities (i) to purchase electricity generated by Qualifying Facilities at a price based on the utility's avoided cost of purchasing electricity or generating electricity itself, and (ii) to sell supplementary, back-up, maintenance and interruptible power to Qualifying Facilities on a just and reasonable and non-discriminatory basis.

PUHCA subjects certain entities that directly or indirectly own, control or hold the power to vote 10% of the outstanding voting securities of a "public utility company" or a company which is a "holding company" of a public utility company to registration requirements of the Securities and Exchange Commission ("SEC") and regulation under PUHCA, unless the entity is eligible for an exemption or has been granted an SEC order declaring the entity not to be a holding company. Affiliates, or direct or indirect holders of 5% of the voting securities of such companies, are also subject to regulation under PUHCA unless so eligible for an exemption or SEC order. PUHCA requires registration for a holding company of a public utility company, and requires a public utility holding company to limit its operations to a single integrated utility system and to divest any other operations not functionally related to the operation of the utility system. A public utility company which is a subsidiary of a registered holding company under PUHCA is subject to financial and organizational regulation, including SEC approval of its financing transactions.

The Energy Policy Act of 1992 ("EP Act") exempted from some traditional federal utility regulation generators selling power at wholesale in an effort to enhance competition in the wholesale generation market. The EP Act also authorized FERC to require utilities to transport and deliver or "wheel" energy for the supply of bulk power to wholesale customers.

In April 1996, FERC paved the way for the transition to more competitive electric markets by issuing its Order Nos. 888 and 889. Order No. 888 required utilities to provide third parties wholesale open access to transmission facilities on terms comparable to those that apply when utilities use their own systems. Utilities were required by the order to file open access tariffs in July 1996. Power pools, which are associations of interconnected electric transmission and distribution systems that have an agreement for integrated and coordinated operations, were directed to file their open access tariffs by the end of 1996. These tariffs enable eligible parties to obtain wholesale transmission service over utilities' transmission systems. In Order No. 888, FERC stated its intention to permit

utilities to recover legitimate, verifiable and prudently incurred costs that are rendered uneconomic or "stranded" as a result of customers taking advantage of wholesale open access to meet their power needs from others. In Order No. 889, FERC required utilities owning transmission facilities to adopt procedures for an open access same-time information system ("OASIS") that will make available, on a real-time basis, pertinent information concerning each transmission utility's services. The order also promulgated standards of conduct to ensure that utilities separate their transmission functions from their wholesale power merchant functions and to prevent the misuse of commercially valuable information. In March 1997 FERC issued its orders on rehearing of Order Nos. 888 and 889. In these orders FERC upheld the basic open access and OASIS regulatory framework established in Order Nos. 888 and 889, while making certain modifications to its open access and stranded cost recovery rules.

Congress is considering legislation to modify federal laws affecting the electric industry. Bills have been introduced in the Senate and the House of Representatives that would, among other things, open wholesale electric markets to greater competition and/or provide retail electric customers with the right to choose their power suppliers. Modifications to PURPA and PUHCA have also been proposed. In addition, various states have either enacted or are considering legislation designed to deregulate the production and sale of electricity. Deregulation is expected to result in a shift from cost-based rates to market-based rates for electric energy and related services. Although the legislation and regulatory initiatives vary, common themes include the availability of market pricing, retail customer choice, recovery of stranded costs, and separation of generation assets from transmission, distribution and other assets. It is unclear whether or when all power customers will obtain open access to power supplies. Decisions by regulatory agencies may have a significant impact on the future economics of the power marketing business.

The Oregon Public Utility Commission ("OPUC"), a three-member commission appointed by the Governor of Oregon, approves PGE's retail rates and establishes conditions of utility service. The OPUC ensures that prices are fair and equitable and provides PGE an opportunity to earn a fair return on its investment. In addition, the OPUC regulates the issuance of securities and prescribes the system of accounts to be kept by Oregon utilities. PGE is also subject to the jurisdiction of the FERC with regard to the transmission and sale of wholesale electric energy, licensing of hydroelectric projects and certain other matters. Construction of new generating facilities requires a permit from Oregon Energy Facility Siting Counsel.

Environmental Regulations

Enron and its subsidiaries are subject to extensive federal, state and local laws and regulations covering the discharge of materials into the environment, or otherwise relating to the protection of the environment, and which require expenditures for remediation at various operating facilities and waste disposal sites, as well as expenditures in connection with the construction of new facilities. Enron believes that its operations and facilities are in general compliance with applicable environmental regulations. Environmental laws and regulations have changed substantially and rapidly over the last 20 years, and Enron anticipates that there will be continuing changes. The clear trend in environmental regulation is to place more restrictions and limitations on activities that may impact the environment, such as emissions of pollutants, generation and disposal of wastes and use and handling of chemical substances. Increasingly strict environmental restrictions and limitations have resulted in increased operating costs for Enron and other businesses throughout the United States, and it is possible that the costs of compliance with environmental laws and regulations will continue to increase. Enron will attempt to anticipate future regulatory requirements that might be imposed and to plan accordingly in order to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund" law, requires payments for cleanup of certain abandoned waste disposal sites, even though such waste disposal activities were undertaken in compliance with regulations applicable at the time of disposal. Under the Superfund legislation, one party may, under certain circumstances, be required to bear more than its proportional share of cleanup costs at a site where it has responsibility pursuant to the legislation, if payments cannot be obtained from other responsible parties. Other legislation mandates cleanup of certain wastes at facilities that are currently being operated. States also have regulatory programs that can mandate waste cleanup. CERCLA authorizes the Environmental Protection Agency ("EPA") and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. The scope of financial liability under these laws involves inherent uncertainties. Enron has received requests for information from the EPA and state agencies concerning what wastes Enron may have sent to certain sites, and it has also received requests for contribution from other parties with respect to the cleanup of other sites. However, management does not believe that any costs that may be incurred in connection with these sites (either individually or in the aggregate) will have a material impact on Enron's financial position or results of operations. (See Item 3, "Legal Proceedings").

PGE's current and historical operations are subject to a wide range of environmental protection laws covering air and water quality, noise, waste disposal, and other environmental issues. PGE is also subject to the Federal Rivers and Harbors Act of 1899 and similar Oregon laws under which it must obtain permits from the U.S. Army Corps of Engineers or the Oregon Division of State Lands to construct facilities or perform activities in navigable waters of the State. State agencies or departments which have direct jurisdiction over environmental matters include the Environmental Quality Commission, the Oregon Department of Environmental Quality, the Oregon Office of Energy and Oregon Energy Facility Siting Counsel. Environmental matters regulated by these agencies include the siting and operation of generating facilities and the accumulation, cleanup and disposal of toxic and hazardous wastes.

Water Industry Regulation

In the United States, the rates for water and wastewater services are generally subject to state and local laws and regulation. The Safe Drinking Water Act directs the EPA to set drinking water standards for the community water supply systems in the United States. The Federal Water Pollution Control Act (the "Clean Water Act") establishes a system of standards, permits and enforcement procedures for the discharge of pollutants from industrial and municipal wastewater sources. The law requires permits for discharges from water treatment facilities and sets treatment standards for industries and wastewater treatment plants. Discharge permits issued under the Clean Water Act are subject to renewal once every five years. The economic aspects of the water industry in England and Wales is principally regulated under the provisions of the Water Act 1989, the Water Industry Act 1991 (which consolidated the Water Act 1989) and the Water Resources Act 1991. In general, most countries where Azurix has invested (including Canada, Argentina, Brazil and Mexico), or intends to consider investments, have drinking water quality and environmental laws and regulations.

Other

PGE is a 67.5% owner of the Trojan Nuclear Plant ("Trojan"). The Nuclear Regulatory Commission ("NRC") regulates the licensing and decommissioning of nuclear power plants. In 1993 the NRC issued a possession-only license amendment to PGE's Trojan operating license and in early 1996 approved the Trojan Decommissioning Plan. Approval of the Trojan Decommissioning Plan by the NRC and Oregon Energy Facility Siting Counsel has allowed PGE to commence

decommissioning activities, which are proceeding satisfactorily and within approved cost estimates. After receiving regulatory approval, PGE in 1999 shipped and disposed of the Trojan reactor vessel as a single package called the Reactor Vessel and Internals Removal Project. Equipment removal and disposal activities continued in 2000. Trojan will be subject to NRC regulation until Trojan is fully decommissioned, all nuclear fuel is removed from the site and the license is terminated. The Oregon Department of Energy also monitors Trojan.

CURRENT EXECUTIVE OFFICERS OF THE REGISTRANT

Name and Age	Present Principal Position and Other Material Positions Held During Last Five Years
Kenneth L. Lay (58)	Chairman of the Board, Enron Corp., since February 1986. Chief Executive Officer, Enron Corp., from February 1986 to February 2001.
Jeffrey K. Skilling (47)	President and Chief Executive Officer since February 2001. President and Chief Operating Officer, Enron Corp., from January 1997 to February 2001. Chief Executive Officer and Managing Director of Enron Capital & Trade Resources Corp. ("ECT") from June 1995 to December 1996. From August 1990 to June 1995, Mr. Skilling served ECT in a variety of executive managerial positions.
J. Clifford Baxter (42)	Vice Chairman, Enron Corp., since October 2000 and Chief Strategy Officer since June 2000. Chairman and Chief Executive Officer, Enron North America Corp., from June 1999 until June 2000. Senior Vice President, Corporate Development, Enron Corp., from January 1997 until June 1999. Managing Director, ECT, 1996; Vice President, Corporate Development, ECT, 1995-1996.
Mark A. Frevert (46)	Chairman and Chief Executive Officer, Enron Wholesale Services, since June 2000. Chairman and Chief Executive Officer of Enron Europe from March 1997 to June 2000. From 1993 to March 1997, Mr. Frevert served ECT in a variety of executive managerial positions.
Stanley C. Horton (51)	Chairman and Chief Executive Officer, Enron Transportation Services, since January 1997. Co-Chairman and Chief Executive Officer of Enron Operations Corp. from February 1996 to January 1997. President and Chief Operating Officer of Enron Operations Corp. from June 1993 to February 1996.
Lou L. Pai (53)	Chairman and Chief Executive Officer, Enron Accelerator, since February 2001. Chairman of the Board and Chief Executive Officer of Enron Energy Services from March 1997 until February 2001. President and Chief Operating Officer of ECT from August 1995 to March 1997. From March 1993 to August 1995, Mr. Pai served ECT in a variety of executive managerial positions.
Kenneth D. Rice (42)	Chairman and Chief Executive Officer, Enron Broadband Services, Inc., since June 2000. Chief Commercial Officer, Enron Broadband Services, Inc., from June 1999 until June 2000. Chairman and Chief Executive Officer of ECT - North America from March 1997 until June 1999. From 1993 to March 1997, Mr. Rice served ECT in a variety of executive managerial positions.
Richard B. Buy (48)	Executive Vice President and Chief

Risk Officer, Enron Corp., since July 1999. Senior Vice President and Chief Risk Officer, Enron Corp., from March 1999 until July 1999. Managing Director and Chief Risk Officer, ECT, from January 1998 to March 1999. Vice President and Chief Credit Officer, ECT, from August 1995 to January 1998.

Richard A. Causey (41) Executive Vice President and Chief Accounting Officer, Enron Corp., since July 1999. Senior Vice President and Chief Accounting and Information Officer, Enron Corp., from January 1997 to July 1999. Managing Director, ECT, from June 1996 to January 1997; Vice President, ECT, from January 1992 to June 1996.

James V. Derrick, Jr. (56) Executive Vice President and General Counsel, Enron Corp., since July 1999. Senior Vice President and General Counsel, Enron Corp., from June 1991 to July 1999. Partner, Vinson & Elkins from January 1977 until June 1991.

Andrew S. Fastow (39) Executive Vice President and Chief Financial Officer, Enron Corp., since July 1999. Senior Vice President and Chief Financial Officer from March 1998 to July 1999. Senior Vice President, Finance, Enron Corp., from January 1997 to March 1998. Managing Director, Retail and Treasury, ECT, from May 1995 to January 1997. Vice President, ECT, from January 1993 to May 1995.

Steven J. Kean (39) Executive Vice President and Chief of Staff, Enron Corp. since July 1999. Senior Vice President, Government Affairs, Enron Corp., from 1997 to 1999. From 1989 to 1997, Mr. Kean held a variety of management positions in Enron Corp. subsidiaries.

Mark E. Koenig (45) Executive Vice President, Investor Relations, Enron Corp., since July 1999. Senior Vice President, Investor Relations, Enron Corp., from July 1997 until July 1999. Vice President, Investor Relations, Enron Corp., from December 1992 until July 1997.

J. Mark Metts (42) Executive Vice President, Corporate Development, Enron Corp., since August 1999. Partner, Vinson & Elkins L.L.P. from January 1991 until August 1999.

Item 2. PROPERTIES

Natural Gas Transmission

Enron's domestic natural gas facilities include approximately 25,000 miles of pipelines, four underground gas storage fields and two liquefied natural gas storage facilities. Enron also owns interests in pipeline and related facilities associated with its participation and investments in jointly-owned pipeline systems.

Substantially all the transmission lines of Enron are constructed on rights-of-way granted by the apparent record owners of such property. In many instances, lands over which rights-of-way have been obtained are subject to prior liens which have not been subordinated to the right-of-way grants. In some cases, not all of the apparent record owners have joined in the right-of-way grants, but in substantially all such cases, signatures of the owners of majority interests have been obtained. Permits have been obtained from public authorities to cross over or under, or to lay facilities in or along, water courses, county roads,

municipal streets and state highways, and in some instances, such permits are revocable at the election of the grantor, or, the pipeline may be required to move its facilities at its own expense. Permits have also been obtained from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. Some such permits require annual or other periodic payments. In a few minor cases, property for pipeline purposes was purchased in fee.

In most cases, Enron's transmission subsidiaries have the right of eminent domain to acquire rights-of-way and lands necessary for their pipelines and appurtenant facilities.

Enron's regulator and compressor stations and offices are located on tracts of land owned by it in fee or leased from others.

Enron is of the opinion that it has generally satisfactory title to its rights-of-way and lands used in the conduct of its businesses, subject to liens for current taxes, liens incident to operating agreements and minor encumbrances, easements and restrictions which do not materially detract from the value of such property or the interest of Enron therein or the use of such properties in such businesses.

Electric Utility Properties

PGE's principal plants and appurtenant generating facilities and storage reservoirs are situated on land owned by PGE in fee or land under the control of PGE pursuant to valid existing leases, federal or state licenses, easements, or other agreements. In some cases meters and transformers are located upon the premises of customers. The indenture securing PGE's first mortgage bonds constitutes a direct first mortgage lien on substantially all utility property and franchises, other than expressly excepted property.

Generating facilities owned by PGE are set forth in the following table:

Facility	Location	Fuel	PGE Net MW Capability
Wholly Owned:			
Faraday	Estacada, OR	Hydro	44
North Fork	Estacada, OR	Hydro	54
Oak Grove	Three Lynx, OR	Hydro	44
River Mill	Estacada, OR	Hydro	25
Pelton	Madras, OR	Hydro	110
Round Butte	Madras, OR	Hydro	300
Bull Run	Bull Run, OR	Hydro	22
Sullivan	West Linn, OR	Hydro	16
Beaver	Clatskanie, OR	Gas/Oil	500
Coyote Springs	Boardman, OR	Gas/Oil	242
Jointly Owned:			
Boardman	Boardman, OR	Coal	362
Colstrip 3 & 4	Colstrip, MT	Coal	296
	TOTAL		2,015

PGE holds licenses under the Federal Power Act for its hydroelectric generating plants as well as licenses from the State of Oregon for all or portions of five of the plants. All of its licenses expire during the years 2001 to 2006. The FERC requires that a notice of intent to relicense these projects be filed approximately five years prior to expiration of the license.

Following the 1993 closure of the Trojan nuclear plant, PGE was granted a possession-only license amendment by the NRC. In early 1996 PGE received NRC approval of its Trojan decommissioning plan.

PGE leases its headquarters complex in downtown Portland and the coal-handling facilities and certain railroad cars for the Boardman coal plant.

Domestic Power Plants

Enron's principal domestic operating power plants and appurtenant facilities are situated on land owned by Enron

(or joint ventures in which Enron has an ownership interest) in fee or land under the control of Enron (or such joint ventures) pursuant to valid existing leases, licenses, easements or other agreements. Power plants in which Enron owns various interests are set forth in the following table:

Facility	Location	Fuel	Size/Capacity
Brownsville Power I, LLC	Brownsville, TN	Natural gas	500 MW
Caledonia Power I, LLC	Caledonia, MS	Natural gas	450 MW
New Albany Power I, LLC	New Albany, MS	Natural gas	390 MW
Las Vegas Cogeneration	Las Vegas, NV	Natural gas	53 MW
Des Plaines Green Land Development LLC	Manhattan, IL	Natural gas	650 MW
Gleason Power I, LLC	Gleason, TN	Natural gas	544 MW
West Fork Land Development Company LLC	Wheatland, IN	Natural gas	514 MW
Pastoria Energy Facility*	Pastoria, CA	Natural gas	750 MW
Doyle LLC	Monrose, GA	Natural gas	342 MW

*In development

International Power Plants, Pipelines and Electric Utility Properties

Enron's principal international operating power plants, pipelines and electric utility properties and appurtenant facilities are (i) situated on land owned by Enron (or joint ventures in which Enron has an ownership interest) in fee or land under the control of Enron (or such joint ventures) pursuant to valid existing leases, licenses, easements or other agreements, or (ii) in the case of certain power plants, barge-mounted on vessels owned by Enron (or such joint ventures). Power plants and pipelines in which Enron owns various interests are set forth in the following table:

Facility	Location	Fuel	Size/Capacity
Power Plants:			
Trakya	Turkey	Gas	478 MW
Dabhol, Phase I	India	Gas	826 MW
Cuiaba, Phases I & II	Brazil	Diesel	300 MW
Puerto Plata	Dominican Republic	Fuel oil	185 MW
Puerto Quetzal	Guatemala	Fuel oil	234 MW
Corinto	Nicaragua	Fuel oil	70 MW
Ecoelectrica	Puerto Rico	LNG	522 MW
Bahia Las Minas	Panama	Diesel	355 MW
Piti	Guam	Diesel	80 MW
Batangas	Philippines	Fuel oil	110 MW
Subic Bay	Philippines	Fuel oil	116 MW
Hainan Island	China	Diesel	160 MW
Chengdu	China	Coal	359 MW
Pipelines:			
TGS	Argentina	-	1.9 Bcf/d; 4,104 miles
Centragas	Colombia	-	110 MMcf/d; 357 miles
Transredes	Bolivia	-	4.3 Bcf/d; 57 MMb/d; 3,570 miles
BBPL (Bolivia to Brazil pipeline)	Bolivia and Brazil	-	1.06 Bcf/d 1,969 miles
Electric Utility Properties			
Elektro	Brazil	-	51,000 mile transmission system

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 materially 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 materially adverse effect on its financial position or results of operations.

On November 21, 1996, an explosion occurred in or around the Humerto 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), 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 claims have been settled. Although no assurances can be given, Enron believes that the ultimate resolution of these matters will not have a materially adverse effect on its financial position or results of operations.

Trojan Investment Recovery. In early 1993, PGE ceased commercial operation of the Trojan nuclear power generating facility. The OPUC granted PGE, through a general rate order, recovery of, and a return on, 87% of its remaining investment in Trojan.

The OPUC's general rate order related to Trojan has been subject to litigation in various state courts, including rulings by the Oregon Court of Appeals and petitions to the Oregon Supreme Court filed by parties

opposed to the OPUC's order, including the Utility Reform Project (URP) and the Citizens Utility Board (CUB).

In August 2000, PGE entered into agreements with CUB and the staff of the OPUC to settle the litigation related to PGE's recovery of its investment in the Trojan plant. Under the agreements, CUB agreed to withdraw from the litigation and to support the settlement as the means to resolve the Trojan litigation. The OPUC approved the accounting and ratemaking elements of the settlement on September 29, 2000. As a result of these approvals, PGE's investment in Trojan is no longer included in rates charged to customers, either through a return on or a return of that investment. Collection of ongoing decommissioning costs at Trojan is not affected by the settlement agreements or the September 29, 2000 OPUC order. With CUB's withdrawal, URP is the one remaining significant adverse party in the litigation. URP has indicated that it plans to continue to challenge the OPUC order allowing PGE recovery of its investment in Trojan.

Enron cannot predict the outcome of these actions. 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 materially adverse effect on Enron's financial position or results of operations.

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

In addition, Enron has received requests for information from the EPA and state environmental agencies inquiring whether Enron has disposed of materials at other waste disposal sites. Enron has also received requests for contribution from other parties with respect to the cleanup of other sites. Enron may be required to share in the costs of the cleanup of some of these sites. However, based upon the amounts claimed and the nature and volume of materials sent to sites at which Enron has an interest, management does not believe that any potential costs incurred in connection with these notices and third party claims, either taken individually or in the aggregate, will have a material impact on Enron's financial position or results of operations.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Common Stock

The following table indicates the high and low sales prices for the common stock of Enron as reported on the New York Stock Exchange (consolidated transactions reporting system), the principal market in which the securities are traded, and dividends paid per share for the calendar quarters indicated. The common stock is also listed for trading on the Chicago Stock Exchange and the Pacific Stock Exchange, as well as The London Stock Exchange and Frankfurt Stock Exchange.

	2000			1999		
	High	Low	Dividends	High	Low	Dividends
First Quarter.....	\$78 5/8	\$41 3/8	\$.1250	\$35 19/32	\$28 3/4	\$.1250
Second Quarter....	78 15/16	62 1/2	.1250	41 15/32	30 1/2	.1250
Third Quarter.....	90 3/4	65 9/16	.1250	44 23/32	38 1/16	.1250
Fourth Quarter....	88 11/16	63 1/2	.1250	44 7/8	34 7/8	.1250

Cumulative Second Preferred Convertible Stock

The following table indicates the high and low sales prices for the Cumulative Second Preferred Convertible Stock ("Second Preferred Stock") of Enron as reported on the New York Stock Exchange (consolidated transactions reporting system), the principal market in which the securities are traded, and dividends paid per share for the calendar quarters indicated. The Second Preferred Stock is also listed for trading on the Chicago Stock Exchange.

	2000			1999		
	High	Low	Dividends	High	Low	Dividends
First Quarter....	1,953	1,868 7/8	\$3.4130	--	--	\$3.4130
Second Quarter...	2,146 3/8	2,118 1/8	\$3.4130	--	--	3.4130
Third Quarter....	--	--	\$3.4130	--	--	3.4130
Fourth Quarter...	--	--	\$3.4130	\$1,170 1/8	\$1,170 1/8	3.4130

At December 31, 2000, there were approximately 58,920 record holders of common stock and 160 record holders of Second Preferred Stock.

Other information required by this item is set forth under Item 6 -- "Selected Financial Data (Unaudited) - Common Stock Statistics" for the years 1996-2000.

ITEM 6. SELECTED FINANCIAL DATA (UNAUDITED)

	2000	1999	1998	1997	1996
Operating Revenues (millions)	\$100,789	\$40,112	\$31,260	\$20,273	\$13,289
Total Assets (millions)	\$ 65,503	\$33,381	\$29,350	\$22,552	\$16,137
Common Stock Statistics(a)					
Income before cumulative effect of accounting changes					
Total (millions)	979	1,024	703	105	584
Per share - basic	\$1.22	\$1.36	\$1.07	\$0.16	\$1.16
Per share - diluted	\$1.12	\$1.27	\$1.01	\$0.16	\$1.08
Earnings on common stock					
Total (millions)	\$896	\$827	\$686	\$ 88	\$568
Per share - basic	\$1.22	\$1.17	\$1.07	\$0.16	\$1.16
Per share - diluted	\$1.12	\$1.10	\$1.01	\$0.16	\$1.08
Dividends on common stock					
Total (millions)	\$368	\$355	\$312	\$243	\$212
Per share	\$0.50	\$0.50	\$0.48	\$0.46	\$0.43
Shares outstanding (millions)					
Actual at year-end	752	716	662	622	510
Average for the year - basic	736	705	642	544	492
Average for the year - diluted	814	769	695	555	540
Capitalization (millions)					
Short-term and long-term debt	\$10,229	\$ 8,152	\$ 7,357	\$ 6,254	\$3,349
Minority interests	2,414	2,430	2,143	1,147	755
Company-obligated preferred securities of subsidiaries	904	1,000	1,001	993	592
Shareholders' equity	11,470	9,570	7,048	5,618	3,723
Total capitalization	\$25,017	\$21,152	\$17,549	\$14,012	\$8,419

(a) Share and per share amounts have been restated to reflect the two-for-one stock split effective August 13, 1999.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following review of the results of operations and financial condition of Enron Corp. and its subsidiaries and affiliates (Enron) should be read in conjunction with the Consolidated Financial Statements.

RESULTS OF OPERATIONS

Consolidated Net Income

Enron's net income for 2000 was \$979 million compared to \$893 million in 1999 and \$703 million in 1998. Items impacting comparability are discussed in the respective segment results. Net income before items impacting comparability was \$1,266 million, \$957 million and \$698 million, respectively, in 2000, 1999 and 1998. Enron's business is divided into five segments and Exploration and Production (Enron Oil & Gas Company) through August 16, 1999 (see Note 2 to the Consolidated Financial Statements). Enron's operating segments include:

Transportation and Distribution. Transportation and Distribution consists of Enron Transportation Services and Portland General. Transportation Services 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 interests in Northern Border Partners, L.P. and EOTT Energy Partners, L.P. (EOTT).

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

Retail Energy Services. Enron, through its subsidiary Enron Energy Services, LLC (Energy Services), is extending its 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.

Broadband Services. Enron's broadband services business (Broadband Services) provides customers with a single source for broadband services, including bandwidth intermediation and the delivery of premium content.

Corporate and Other. Corporate and Other includes Enron's investment in Azurix Corp. (Azurix), which provides water and wastewater services, results of Enron Renewable Energy Corp. (EREC), which develops and constructs wind-generated power projects, and the operations of Enron's methanol and MTBE plants as well as overall corporate activities of Enron.

Net income includes the following:

(In millions)	2000	1999	1998
After-tax results before items impacting comparability	\$1,266	\$ 957	\$ 698
Items impacting comparability:(a)			
Charge to reflect impairment by Azurix	(326)	-	-
Gain on TNPC, Inc. (The New Power Company), net	39	-	-
Gains on sales of subsidiary stock	-	345	45
MTBE-related charges	-	(278)	(40)
Cumulative effect of accounting changes	-	(131)	-
Net income	\$ 979	\$ 893	\$ 703

(a) Tax affected at 35%, except where a specific tax rate applied.

Diluted earnings per share of common stock were as follows:

2000	1999	1998
------	------	------

Diluted earnings per share(a):			
After-tax results before items impacting comparability	\$1.47	\$1.18	\$1.00
Items impacting comparability:			
Charge to reflect impairment by Azurix	(0.40)	-	-
Gain on The New Power Company, net	0.05	-	-
Gains on sales of subsidiary stock	-	0.45	0.07
MTBE-related charges	-	(0.36)	(0.06)
Cumulative effect of accounting changes	-	(0.17)	-
Diluted earnings per share	\$1.12	\$1.10	\$1.01

(a) Restated to reflect the two-for-one stock split effective August 13, 1999.

Income Before Interest, Minority Interests and Income Taxes The following table presents income before interest, minority interests and income taxes (IBIT) for each of Enron's operating segments (see Note 20 to the Consolidated Financial Statements):

(In millions)	2000	1999	1998
Transportation and Distribution:			
Transportation Services	\$ 391	\$ 380	\$ 351
Portland General	341	305	286
Wholesale Services	2,260	1,317	968
Retail Energy Services	165	(68)	(119)
Broadband Services	(60)	-	-
Exploration and Production	-	65	128
Corporate and Other	(615)	(4)	(32)
Income before interest, minority interests and taxes	\$2,482	\$1,995	\$1,582

Transportation and Distribution

Transportation Services. The following table summarizes total volumes transported by each of Enron's interstate natural gas pipelines.

	2000	1999	1998
Total volumes transported (BBtu/d)(a)			
Northern Natural Gas	3,529	3,820	4,098
Transwestern Pipeline	1,657	1,462	1,608
Florida Gas Transmission	1,501	1,495	1,324
Northern Border Pipeline	2,443	2,405	1,770

(a) Billion British thermal units per day. Amounts reflect 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)	2000	1999	1998
Net revenues	\$650	\$626	\$640
Operating expenses	280	264	276
Depreciation and amortization	67	66	70
Equity earnings	63	38	32
Other, net	25	46	25
Income before interest and taxes	\$391	\$380	\$351

Net Revenues

Revenues, net of cost of sales, of Transportation Services increased \$24 million (4%) during 2000 and declined \$14 million (2%) during 1999 as compared to 1998. In 2000, Transportation Services' interstate pipelines produced strong financial results.

The volumes transported by Transwestern increased 13 percent in 2000 as compared to 1999. Northern's 2000 gross margin was comparable to 1999 despite an 8 percent decline in volumes transported. Net revenues in 2000 were favorably impacted by transportation revenues from Transwestern's Gallup, New Mexico expansion and by sales from Northern's gas storage inventory. The decrease in net revenue in 1999 compared to 1998 was primarily due to the expiration, in October 1998, of certain transition cost recovery surcharges, partially offset by a Northern sale of gas storage inventory in 1999.

Operating Expenses

Operating expenses, including depreciation and amortization, of Transportation Services increased \$17 million (5%) during 2000 primarily as a result of higher overhead costs related to information technology and employee benefits. Operating expenses decreased \$16 million (5%) during 1999 primarily as a result of the expiration of certain transition cost recovery surcharges which had been recovered through revenues.

Equity Earnings

Equity in earnings of unconsolidated equity affiliates increased \$25 million and \$6 million in 2000 and 1999, respectively. The increase in equity earnings in 2000 as compared to 1999 primarily relates to Enron's investment in Florida Gas. The increase in earnings in 1999 as compared to 1998 was primarily a result of higher earnings from Northern Border Pipeline and EOTT.

Other, Net

Other, net decreased \$21 million in 2000 as compared to 1999 after increasing \$21 million in 1999 as compared to 1998. Included in 2000 were gains related to an energy commodity contract and the sale of compressor-related equipment, while the 1999 amount included interest income earned in connection with the financing of an acquisition by EOTT. The 1998 amount included gains from the sale of an interest in an equity investment, substantially offset by charges related to litigation.

Portland General. Portland General realized IBIT as follows:

(In millions)	2000	1999	1998
Revenues	\$2,256	\$1,379	\$1,196
Purchased power and fuel	1,461	639	451
Operating expenses	321	304	295
Depreciation and amortization	211	181	183
Other, net	78	50	19
Income before interest and taxes	\$ 341	\$ 305	\$ 286

Revenues, net of purchased power and fuel costs, increased \$55 million in 2000 as compared to 1999. The increase is primarily the result of a significant increase in the price of power sold and an increase in wholesale sales, partially offset by higher purchased power and fuel costs. Operating expenses increased primarily due to increased plant maintenance costs related to periodic overhauls. Depreciation and amortization increased in 2000 primarily as a result of increased regulatory amortization. Other, net in 2000 included the impact of an Oregon Public Utility Commission (OPUC) order allowing certain deregulation costs to be deferred and recovered through rate cases, the settlement of litigation related to the Trojan nuclear power generating facility and gains on the sale of certain generation-related assets.

Revenues, net of purchased power and fuel costs, decreased \$5 million in 1999 as compared to 1998. Revenues increased primarily as a result of an increase in the number of customers served by Portland General. Higher purchased power and fuel costs, which increased 42 percent in 1999, offset the increase in revenues. Other income, net increased \$31 million in 1999 as compared to 1998 primarily as a result of a gain recognized on the sale of certain assets.

In 1999, Enron entered into an agreement to sell Portland General Electric Company to Sierra Pacific Resources. See Note 2 to the Consolidated Financial Statements.

Statistics for Portland General are as follows:

	2000	1999	1998
Electricity sales (thousand MWh)(a)			
Residential	7,433	7,404	7,101
Commercial	7,527	7,392	6,781
Industrial	4,912	4,463	3,562
Total retail	19,872	19,259	17,444
Wholesale	18,548	12,612	10,869
Total electricity sales	38,420	31,871	28,313
Resource mix			
Coal	11%	15%	16%
Combustion turbine	12	8	12
Hydro	6	9	9
Total generation	29	32	37
Firm purchases	63	57	56
Secondary purchases	8	11	7
Total resources	100%	100%	100%
Average variable power cost (Mills/KWh)(b)			
Generation	14.5	11.3	8.6
Firm purchases	34.9	23.2	17.3
Secondary purchases	123.6	19.7	23.6
Total average variable power cost	37.2	20.0	15.6
Retail customers (end of period, thousands)	725	719	704

(a) Thousand megawatt-hours.

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

Outlook

Enron Transportation Services is expected to provide stable earnings and cash flows during 2001. The four major natural gas pipelines have strong competitive positions in their respective markets as a result of efficient operating practices, competitive rates and favorable market conditions. Enron Transportation Services expects to continue to pursue demand-driven expansion opportunities. Florida Gas expects to complete an expansion that will increase throughput by 198 million cubic feet per day (MMcf/d) by mid-2001. Florida Gas has received preliminary approval from the Federal Energy Regulatory Commission for an expansion of 428 MMcf/d, expected to be completed by early 2003, and is also pursuing an expansion of 150 MMcf/d that is expected to be completed in mid-2003. Transwestern completed an expansion of 140 MMcf/d in May 2000 and is pursuing an expansion of 50 MMcf/d that is expected to be completed in 2001 and an additional expansion of up to 150 MMcf/d that is expected to be completed in 2002. Northern Border Partners is evaluating the development of a 325 mile pipeline with a range of capacity from 375 MMcf/d to 500 MMcf/d to connect natural gas production in Wyoming to the Northern Border Pipeline in Montana.

In 2001, Portland General anticipates purchased power and fuel costs to remain at historically high levels. Portland General has submitted a request with the OPUC to recover the anticipated cost increase through a rate adjustment.

Wholesale Services

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

Wholesale Services manages its portfolio of contracts and assets in order to maximize value, minimize the associated risks and provide overall liquidity. In doing so, Wholesale Services 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, Wholesale Services manages its liquidity and exposure to third-party credit risk through monetization of its contract portfolio or third-party insurance

contracts. Wholesale Services 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 investment's value.

The following table reflects IBIT for each business line:

(In millions)	2000	1999	1998
Commodity sales and services	\$1,630	\$ 628	\$ 411
Assets and investments	889	850	709
Unallocated expenses	(259)	(161)	(152)
Income before interest, minority interests and taxes	\$2,260	\$1,317	\$ 968

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

Commodity Sales and Services. Wholesale Services provides reliable commodity delivery and predictable pricing to its customers through forwards and other 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 Wholesale Services' own portfolio of contracts. Contracts associated with this activity are accounted for using the mark-to-market method of accounting. See Note 1 to the Consolidated Financial Statements. Wholesale Services' market-making activity is facilitated through a network of capabilities including selective asset ownership. Accordingly, certain assets involved in the delivery of these services are included in this business (such as intrastate natural gas pipelines, gas storage facilities and certain electric generation assets).

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

	2000	1999	1998
Physical volumes (BBtue/d)(a)(b)			
Gas:			
United States	17,674	8,982	7,418
Canada	6,359	4,398	3,486
Europe and Other	3,637	1,572	1,251
	27,670	14,952	12,155
Transportation volumes	649	575	559
Total gas volumes	28,319	15,527	12,714
Crude oil and Liquids	6,088	6,160	3,570
Electricity(c)	17,308	10,742	11,024
Total physical volumes (BBtue/d)	51,715	32,429	27,308
Electricity volumes (thousand MWh)			
United States	578,787	380,518	401,843
Europe and Other	54,670	11,576	529
Total	633,457	392,094	402,372

Financial settlements (notional, BBtue/d) 196,148 99,337 75,266 (a) Billion British thermal units equivalent per day. (b) Includes third-party transactions by Enron Energy Services. (c) Represents electricity volumes, converted to BBtue/d.

Earnings from commodity sales and services increased \$1.0 billion (160%) in 2000 as compared to 1999. Increased profits from North American gas and power marketing operations, European power marketing operations as well as the value of new businesses, such as pulp and paper, contributed to the earnings growth of Enron's commodity sales and services business. Continued market leadership in terms of volumes transacted, significant increases in natural gas prices and price volatility in both the gas and power markets were the key contributors to increased profits in the gas and power intermediation businesses. In late 1999, Wholesale Services launched an Internet-based Ecommerce system, EnronOnline, which allows wholesale customers to view Enron's real time pricing and to complete commodity

transactions with Enron as principal, with no direct interaction. In its first full year of operation, EnronOnline positively impacted wholesale volumes, which increased 59 percent over 1999 levels.

Earnings from commodity sales and services increased \$217 million (53%) in 1999 as compared to 1998, reflecting strong results from the intermediation businesses in both North America and Europe, which include delivery of energy commodities and associated risk management products. Wholesale Services also successfully managed its overall portfolio of contracts, particularly in minimizing credit exposures utilizing third-party contracts. New product offerings in coal and pulp and paper markets also added favorably to the results.

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

Additionally, Wholesale Services invests in debt and equity securities of energy and technology-related businesses, which may also utilize Wholesale Services' 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, which are accounted for on a fair value basis and are included in revenues, result from changes in the market value of the securities. Wholesale Services uses risk management disciplines, including hedging transactions, to manage the impact of market price movements on its merchant investments. See Note 4 to the Consolidated Financial Statements for a summary of these investments.

Earnings from assets and investments increased \$39 million (5%) in 2000 as compared to 1999 as a result of an increase in the value of Wholesale Services' merchant investments, partially offset by lower gains from sales of energy assets. Earnings from asset operations were comparable to 1999 levels. Earnings from merchant investments were positively impacted by power-related and energy investments, partially offset by the decline in value of technology-related and certain energy-intensive industry investments. Gains on sales of energy assets in 2000 included the monetization of certain European energy operations.

Earnings from assets and investments increased \$141 million (20%) in 1999 as compared to 1998. During 1999, earnings from Wholesale Services' energy-related assets increased, reflecting the operation of the Dabhol Power Plant in India, ownership in Elektro Eletricidade e Servicos S.A. (Elektro), a Brazilian electric utility, and assets in various other developing markets. Wholesale Services' merchant investments increased in value during the year due to the expansion into certain technology-related investments, partially offset by a decline in the value of certain energy investments. In addition, Wholesale Services' 1999 earnings increased due to development and construction activities, while gains on sales of energy assets declined.

Unallocated Expenses. Net unallocated expenses such as systems expenses and performance-related costs increased in 2000 due to growth of Wholesale Services' existing businesses and continued expansion into new markets.

Outlook

In 2000, Wholesale Services reinforced its leading positions in the natural gas and power markets in both North America and Europe. In the coming year, Wholesale Services plans to continue to expand and refine its existing energy networks and to extend its proven business model to new markets and industries.

In 2001, Wholesale Services plans to continue to fine-tune its already successful existing energy networks. In North America, Enron expects to complete the sale of five of its peaking power plants located in the Midwest and its intrastate natural gas pipeline. In each case, market conditions, such as increased liquidity, have diminished the need to own physical assets. For energy networks in other geographical areas where liquidity may be an issue, Enron will evaluate whether its existing network will benefit from additional physical assets. The existing networks in North America and Europe should continue to provide opportunities for sustained volume growth and increased profits.

The combination of knowledge gained in building networks in key energy markets and the application of new technology, such as EnronOnline, is expected to provide the basis to extend Wholesale Services' business model to new markets and industries. In key international markets, where deregulation is underway, Enron plans to build energy networks by using the optimum combination of acquiring or constructing physical assets and securing contractual access to third party assets. Enron also plans to replicate its business model to new industrial markets such as

metals, pulp, paper and lumber, coal and steel. Enron expects to use its Ecommerce platform, EnronOnline, to accelerate the penetration into these industries.

Earnings from Wholesale Services are dependent on the origination and completion of transactions, some of which are individually significant and which are impacted by market conditions, the regulatory environment and customer relationships. Wholesale Services' transactions have historically been based on a diverse product portfolio, providing a solid base of earnings. Enron's strengths, including its ability to identify and respond to customer needs, access to extensive physical assets and its integrated product offerings, are important drivers of the expected continued earnings growth. In addition, significant earnings are expected from Wholesale Services' commodity portfolio and investments, which are subject to market fluctuations. External factors, such as the amount of volatility in market prices, impact the earnings opportunity associated with Wholesale Services' business. Risk related to these activities is managed using naturally offsetting transactions and hedge transactions. The effectiveness of Enron's risk management activities can have a material impact on future earnings. See "Financial Risk Management" for a discussion of market risk related to Wholesale Services.

Retail Energy Services

Energy Services sells or manages the delivery of natural gas, electricity, liquids and other commodities to industrial and commercial customers located in North America and Europe. 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. The commodity portion of the contracts associated with this business are accounted for using the mark-to-market method of accounting. See Note 1 to the Consolidated Financial Statements.

(In millions)	2000	1999	1998
Revenues	\$4,615	\$1,807	\$1,072
Cost of sales	4,028	1,551	955
Operating expenses	449	308	210
Depreciation and amortization	38	29	31
Equity losses	(60)	-	(2)
Other, net	63	13	7
IBIT before items impacting comparability	103	(68)	(119)
Items impacting comparability:			
Gain on The New Power Company stock issuance	121	-	-
Retail Energy Services charges	(59)	-	-
Income (loss) before interest, minority interests and taxes	\$ 165	\$ (68)	\$ (119)

Operating Results

Revenues and gross margin increased \$2,808 million and \$331 million, respectively, in 2000 compared to 1999, primarily resulting from execution of commitments on its existing customer base, long-term energy contracts originated in 2000 and the increase in the value of Energy Services' contract portfolio. Operating expenses increased as a result of costs incurred in building the capabilities to deliver services on existing customer contracts and in building Energy Services' outsourcing business in Europe. Other, net in 2000 consisted primarily of gains associated with the securitization of non-merchant equity instruments. Equity losses reflect Energy Services' portion of losses of The New Power Company.

Items impacting comparability in 2000 included a pre-tax gain of \$121 million related to the issuance of common stock by The New Power Company and a charge of \$59 million related to the write-off of certain information technology and other costs. The New Power Company, which is approximately 45 percent owned by Enron, was formed to provide electricity and natural gas to residential and small commercial customers in deregulated energy markets in the United States.

Outlook

During 2001, Energy Services anticipates continued growth in the demand for retail energy outsourcing solutions. Energy Services will deliver these services to its existing customers, while continuing to expand its commercial and industrial customer base for total energy outsourcing. Energy Services also plans to continue integrating its service delivery capabilities, extend its business model to related markets and offer new products.

Broadband Services

In implementing Enron's network strategy, Broadband Services is constructing the Enron Intelligent Network, a nationwide fiber optic network that consists of both fiber deployed by Enron and acquired capacity on non-Enron networks and is managed by Enron's Broadband Operating System software. 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. Enron's bandwidth-on-demand platform allows delivery of high-bandwidth media-rich content such as video streaming, high capacity data transport and video conferencing. Broadband Services also makes investments in companies with related technologies and with the potential for capital appreciation. Earnings from these merchant investments, which are accounted for on a fair value basis and are included in revenues, result from changes in the market value of the securities. Broadband Services uses risk management disciplines, including hedging transactions, to manage the impact of market price movements on its merchant investments. Broadband Services 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 investment's value.

The components of Broadband Services' businesses include the development and construction of the Enron Intelligent Network, sales of excess fiber and software, bandwidth intermediation and the delivery of content. Significant components of Broadband Services' results are as follows:

(In millions)	2000
Gross margin	\$318
Operating expenses	305
Depreciation and amortization	77
Other, net	4
Loss before interest, minority interests and taxes	\$(60)

Broadband Services recognized a loss before interest, minority interests and taxes of \$60 million in 2000. Gross margin included earnings from sales of excess fiber capacity, a significant increase in the market value of Broadband Services' merchant investments and the monetization of a portion of Enron's broadband content delivery platform. Expenses incurred during the period include expenses related to building the business and depreciation and amortization.

Outlook

Broadband Services is extending Enron's proven business model to the communications industry. In 2001, Enron expects to further develop the Enron Intelligent Network, a global broadband network with broad connectivity potential to both buyers and sellers of bandwidth through Enron's pooling points. In addition, Enron expects to further deploy its proprietary Broadband Operating System across the Enron Intelligent Network, enabling Enron to manage bandwidth capacity independent of owning the underlying fiber. Broadband Services expects its intermediation transaction level to increase significantly in 2001 as more market participants connect to the pooling points and transact with Enron to manage their bandwidth needs. The availability of Enron's bandwidth intermediation products and prices on EnronOnline are expected to favorably impact the volume of transactions. In 2001, Broadband Services expects to continue to expand the commercial roll-out of its content service offerings including video-on-demand. Enron expects the volume of content delivered over its network to increase as more content delivery contracts are signed and as more distribution partner locations are connected.

Corporate and Other

Significant components of Corporate and Other's IBIT are as follows:

(In millions)	2000	1999	1998
IBIT before items impacting comparability	\$(289)	\$(17)	\$ 7
Items impacting comparability:			
Charge to reflect impairment by Azurix	(326)	-	-
Gains on exchange and sales of Enron Oil & Gas Company (EOG) stock	-	454	22
Charge to reflect impairment of MTBE assets and losses on contracted MTBE production	-	(441)	(61)
Loss before interest, minority interests and taxes	\$(615)	\$(4)	\$(32)

Results for Corporate and Other in 2000 reflect operating losses from Enron's investment in Azurix (excluding the impairments discussed below) and increased information technology, employee compensation and corporate-wide expenses.

Results for Corporate and Other in 1999 were impacted by higher corporate expenses, partially offset by increased earnings from EREC resulting from increased sales volumes from its German manufacturing subsidiary and from the completion and sale of certain domestic wind projects. Enron also recognized higher earnings related to Azurix. Results in 1998 were favorably impacted by increases in the market value of certain corporate-managed financial instruments, partially offset by higher corporate expenses.

Items impacting comparability in 2000 included a \$326 million charge reflecting Enron's portion of impairments recorded by Azurix related to assets in Argentina. Items impacting comparability in 1999 included a pre-tax gain of \$454 million on the exchange and sale of Enron's interest in EOG (see Note 2 to the Consolidated Financial Statements) and a \$441 million pre-tax charge for the impairment of its MTBE assets (see Note 17 to the Consolidated Financial Statements).

During 1998, Enron recognized a pre-tax gain of \$22 million on the delivery of 10.5 million shares of EOG stock held by Enron as repayment of mandatorily exchangeable debt. Enron also recorded a \$61 million charge to reflect losses on contracted MTBE production.

Interest and Related Charges, Net

Interest and related charges, net of interest capitalized which totaled \$38 million, \$54 million and \$66 million for 2000, 1999 and 1998, respectively, increased to \$838 million in 2000 from \$656 million in 1999 and \$550 million in 1998. The increase in 2000 as compared to 1999 was primarily a result of increased long-term debt levels, increased average short-term borrowings, short-term debt assumed as a result of the acquisition of MG plc and higher interest rates in the U.S. The increase was partially offset by the replacement of debt related to a Brazilian subsidiary with lower interest rate debt.

The increase in 1999 as compared to 1998 was primarily due to debt issuances and debt related to a Brazilian subsidiary, partially offset by a decrease in debt related to EOG following the sale and exchange of Enron's interests in August 1999. See Note 2 to the Consolidated Financial Statements.

Minority Interests

Minority interests include the following:

(In millions)	2000	1999	1998
Elektro(a)	\$ 33	\$ 39	\$ -
Majority-owned limited liability company and limited partnerships	105	71	-
Enron Oil & Gas Company	-	2	24
Other	16	23	53
Total	\$154	\$135	\$ 77

(a) Relates to the respective parents of Elektro, which had minority shareholders in 2000 and 1999. See Note 8 to the Consolidated Financial Statements.

Minority interests include Elektro beginning January 1, 1999, a majority-owned limited liability company and majority-owned limited partnerships since their formation during 1998 through 2000 and EOG until the exchange and sale of Enron's interests in August 1999 (see Note 2 to the Consolidated Financial Statements).

Income Tax Expense

Income tax expense increased in 2000 as compared to 1999 primarily as a result of increased earnings, decreased equity earnings and decreased tax benefits related to the foreign tax rate differential, partially offset by an increase in the differences between the book and tax basis of certain assets and stock sales.

Income tax expense decreased in 1999 compared to 1998 primarily as a result of increased equity earnings, tax benefits related to the foreign tax rate differential and the audit settlement related to Monthly Income Preferred Shares, partially offset by increased earnings.

Cumulative Effect of Accounting Changes

In 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 1999 charge was primarily related to the adoption of SOP 98-5.

NEW ACCOUNTING PRONOUNCEMENTS

In 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," which was subsequently amended by SFAS No. 137 and SFAS No. 138. SFAS No. 133 must be applied to all derivative instruments and certain derivative instruments embedded in hybrid instruments and requires that such instruments be recorded in the balance sheet either as an asset or liability measured at its fair value through earnings, with special accounting allowed for certain qualifying hedges. Enron will adopt SFAS No. 133 as of January 1, 2001. Due to the adoption of SFAS No. 133, Enron will recognize an after-tax non-cash loss of approximately \$5 million in earnings and an after-tax non-cash gain in "Other Comprehensive Income," a component of shareholders' equity, of approximately \$22 million from the cumulative effect of a change in accounting principle. Enron will also reclassify \$532 million from "Long-Term Debt" to "Other Liabilities" due to the adoption.

The total impact of Enron's adoption of SFAS No. 133 on earnings and on "Other Comprehensive Income" is dependent upon certain pending interpretations, which are currently under consideration, including those related to "normal purchases and normal sales" and inflation escalators included in certain contract payment provisions. The interpretations of these issues, and others, are currently under consideration by the FASB. While the ultimate conclusions reached on interpretations being considered by the FASB could impact the effects of Enron's adoption of SFAS No. 133, Enron does not believe that such conclusions would have a material effect on its current estimate of the impact of adoption.

FINANCIAL CONDITION

Cash Flows

(In millions)	2000	1999	1998
Cash provided by (used in):			
Operating activities	\$ 4,779	\$ 1,228	\$ 1,640
Investing activities	(4,264)	(3,507)	(3,965)
Financing activities	571	2,456	2,266

Net cash provided by operating activities increased \$3,551 million in 2000, primarily reflecting decreases in working capital, positive operating results and a receipt of cash associated with the assumption of a contractual obligation. Net cash provided by operating activities decreased \$412 million in 1999, primarily reflecting increases in working capital and net assets from price risk management activities, partially offset by increased earnings and higher proceeds from sales of merchant assets and investments. The 1998 amount reflects positive operating cash flow from Enron's major business segments, proceeds from sales of interests in energy-related merchant assets and cash from timing and other changes related to Enron's commodity portfolio, partially offset by new investments in merchant assets and investments.

Net cash used in investing activities primarily reflects capital expenditures and equity investments, which total \$3,314 million in 2000, \$3,085 million in 1999 and \$3,564 million in 1998, and cash used for business acquisitions. See "Capital Expenditures and Equity Investments" below and see Note 2 to the Consolidated Financial Statements for cash used for business acquisitions. Partially offsetting these uses of cash were proceeds from sales of non-merchant assets, including certain equity instruments by Energy Services and an international power project, which totaled \$494 million in 2000. Proceeds from non-merchant asset sales were \$294 million in 1999 and \$239 million in 1998.

Cash provided by financing activities in 2000 included proceeds from the issuance of subsidiary equity and the issuance of common stock related to employee benefit plans, partially offset by payments of dividends. Cash provided by financing activities in 1999 included proceeds from the net issuance of short- and long-term debt, the issuance of common stock and the issuance of subsidiary equity, partially offset by payments of dividends. Cash provided by financing activities in 1998 included proceeds from the net issuance of short- and long-term debt, the issuance of common stock and the sale of a minority interest in a subsidiary, partially offset by payments of dividends.

Capital Expenditures and Equity Investments

Capital expenditures by operating segment are as follows:

(In millions)	2001			
	Estimate	2000	1999	1998
Transportation and Distribution	\$ 140	\$ 270	\$ 316	\$ 310
Wholesale Services	570	1,280	1,216	706
Retail Energy Services	50	70	64	75
Broadband Services	700	436	-	-
Exploration and Production	-	-	226	690
Corporate and Other	40	325	541	124
Total	\$1,500	\$2,381	\$2,363	\$1,905

Capital expenditures increased \$18 million in 2000 and \$458 million in 1999 as compared to the previous year. Capital expenditures in 2000 primarily relate to construction of power plants to extend Wholesale Services' network and fiber optic network infrastructure for Broadband Services. During 1999, Wholesale Services expenditures increased due primarily to construction of domestic and international power plants. The 1999 increase in Corporate and Other reflects the purchase of certain previously leased MTBE-related assets.

Cash used for investments in equity affiliates by the operating segments is as follows:

(In millions)	2000	1999	1998
Transportation and Distribution	\$ 1	\$ -	\$ 27
Wholesale Services	911	712	703
Corporate and Other	21	10	929
Total	\$933	\$722	\$1,659

Equity investments in 2000 relate primarily to capital invested for the ongoing construction, by a joint venture, of a power plant in India as well as other international investments.

Equity investments in 1999 relate primarily to an investment in a joint venture that holds gas distribution and related businesses in South Korea and the power plant project in India.

The level of spending for capital expenditures and equity investments will vary depending upon conditions in the energy and broadband markets, related economic conditions and identified opportunities. Management expects that the capital spending program will be funded by a combination of internally generated funds, proceeds from dispositions of selected assets and short- and long-term borrowings.

Working Capital

At December 31, 2000, Enron had working capital of \$2.0 billion. If a working capital deficit should occur, Enron has credit facilities in place to fund working capital requirements. At December 31, 2000, those credit lines provided for up to \$4.2 billion of committed and uncommitted credit, of which \$290 million was outstanding. Certain of the credit agreements contain prefunding covenants. However, such covenants are not expected to restrict Enron's access to funds under these agreements. In addition, Enron sells commercial paper and has agreements to sell trade accounts receivable, thus providing financing to meet seasonal working capital needs. Management believes that the sources of funding described above are sufficient to meet short- and long-term liquidity needs not met by cash flows from operations.

CAPITALIZATION

Total capitalization at December 31, 2000 was \$25.0 billion. Debt as a percentage of total capitalization increased to 40.9% at December 31, 2000 as compared to 38.5% at December 31, 1999. The increase in the ratio primarily reflects increased debt levels and the impact on total equity of the decline in the value of the British pound sterling. This was partially offset by the issuances, in 2000, of Enron common stock and the contribution of common shares (see Note 16 to the Consolidated Financial Statements). The issuances of Enron common stock primarily related to the acquisition of a minority shareholder's interest in Enron Energy Services, LLC and the exercise of employee stock options.

Enron is a party to certain financial contracts which contain provisions for early settlement in the event of a significant market price decline in which Enron's common stock falls below certain levels (prices ranging from \$28.20 to \$55.00 per share) or if the credit ratings for Enron's unsecured, senior long-term debt obligations fall below investment grade. The impact of this early settlement could include the issuance of additional shares of Enron common stock.

Enron's senior unsecured long-term debt is currently rated BBB+ by Standard & Poor's Corporation and Fitch IBCA and Baal by Moody's Investor Service. Enron's continued investment grade status is critical to the success of its wholesale businesses as well as its ability to maintain adequate liquidity. Enron's management believes it will be able to maintain its credit rating.

ITEM 7A. FINANCIAL RISK MANAGEMENT

Wholesale Services offers price risk management services primarily related to commodities associated with the energy sector (natural gas, electricity, crude oil and natural gas liquids). Energy Services and Broadband Services also offer price risk management services to their customers. These services are provided through a variety of financial instruments including forward contracts, which may involve physical delivery, swap agreements, which may require payments to (or receipt of payments from) counterparties based on the differential between a fixed and variable price for the commodity, options and other contractual arrangements. Interest rate risks and foreign currency risks associated with the fair value of Wholesale Services' commodities portfolio are managed using a variety of financial instruments, including financial futures, swaps and options.

On a much more limited basis, Enron's other businesses also enter into financial instruments such as forwards, swaps and other contracts primarily for the purpose of hedging the impact of market fluctuations on assets, liabilities, production or other contractual commitments. Changes in the market value of these hedge transactions are deferred until the gain or loss is recognized on the hedged item.

Enron manages market risk on a portfolio basis, subject to parameters established by its Board of Directors. Market risks are monitored by an independent risk control group operating separately from the units that create or actively manage these risk exposures to ensure compliance with Enron's stated risk management policies.

Market Risk

The use of financial instruments by Enron's businesses may

expose Enron to market and credit risks resulting from adverse changes in commodity and equity prices, interest rates and foreign exchange rates. For Enron's businesses, the major market risks are discussed below:

Commodity Price Risk. Commodity price risk is a consequence of providing price risk management services to customers. As discussed above, Enron actively manages this risk on a portfolio basis to ensure compliance with Enron's stated risk management policies.

Interest Rate Risk. Interest rate risk is also a consequence of providing price risk management services to customers and having variable rate debt obligations, as changing interest rates impact the discounted value of future cash flows. Enron utilizes forwards, futures, swaps and options to manage its interest rate risk.

Foreign Currency Exchange Rate Risk. Foreign currency exchange rate risk is the result of Enron's international operations and price risk management services provided to its worldwide customer base. The primary purpose of Enron's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchase and sale transactions. Enron primarily utilizes forward exchange contracts, futures and purchased options to manage Enron's risk profile.

Equity Risk. Equity risk arises from Enron's participation in investments. Enron generally manages this risk by hedging specific investments using futures, forwards, swaps and options.

Enron evaluates, measures and manages the market risk in its investments on a daily basis utilizing value at risk and other methodologies. The quantification of market risk using value at risk provides a consistent measure of risk across diverse markets and products. The use of these methodologies requires a number of key assumptions including the selection of a confidence level for expected losses, the holding period for liquidation and the treatment of risks outside the value at risk methodologies, including liquidity risk and event risk. Value at risk represents an estimate of reasonably possible net losses in earnings that would be recognized on its investments assuming hypothetical movements in future market rates and no change in positions. Value at risk is not necessarily indicative of actual results which may occur.

Value at Risk

Enron has performed an entity-wide value at risk analysis of virtually all of Enron's financial instruments, including price risk management activities and merchant investments. Value at risk incorporates numerous variables that could impact the fair value of Enron's investments, including commodity prices, interest rates, foreign exchange rates, equity prices and associated volatilities, as well as correlation within and across these variables. Enron estimates value at risk for commodity, interest rate and foreign exchange exposures using a model based on Monte Carlo simulation of delta/gamma positions which captures a significant portion of the exposure related to option positions. The value at risk for equity exposure discussed above is based on J.P. Morgan's RiskMetrics(TM) approach. Both value at risk methods utilize a one-day holding period and a 95% confidence level. Cross-commodity correlations are used as appropriate.

The use of value at risk models allows management to aggregate risks across the company, compare risk on a consistent basis and identify the drivers of risk. Because of the inherent limitations to value at risk, including the use of delta/gamma approximations to value options, subjectivity in the choice of liquidation period and reliance on historical data to calibrate the models, Enron relies on value at risk as only one component in its risk control process. In addition to using value at risk measures, Enron performs regular stress and scenario analyses to estimate the economic impact of sudden market moves on the value of its portfolios. The results of the stress testing, along with the professional judgment of experienced business and risk managers, are used to supplement the value at risk methodology and capture additional market-related risks, including volatility, liquidity and event, concentration and correlation risks.

The following table illustrates the value at risk for each component of market risk:

(In millions)	2000	1999	Average(a)	High Valuation(a)	Low Valuation(a)
Trading Market Risk:					
Commodity price(b)	\$66	\$21	\$50	\$81	\$23
Interest rate	-	-	-	-	-
Foreign currency exchange rate	-	-	-	-	-
Equity(c)	59	26	45	59	36
Non-Trading Market Risk(d):					
Commodity price	2	1	2	5	2
Interest rate	-	2	1	2	-
Foreign currency exchange rate	8	4	8	10	4
Equity	7	3	6	7	5

- (a) The average value presents a twelve month average of the month-end values. The high and low valuations for each market risk component represent the highest and lowest month-end value during 2000.
- (b) In 2000, increased natural gas prices combined with increased price volatility in power and gas markets caused Enron's value at risk to increase significantly.
- (c) Enron's equity trading market risk primarily relates to merchant investments (see Note 4 to the Consolidated Financial Statements). In 2000, the value at risk model utilized for equity trading market risk was refined to more closely correlate with the valuation methodologies used for merchant activities.
- (d) Includes only the risk related to the financial instruments that serve as hedges and does not include the related underlying hedged item.

Accounting Policies

Accounting policies for price risk management and hedging activities are described in Note 1 to the Consolidated Financial Statements.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Report 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 Transportation Services, extension of Enron's business model to new markets and industries, 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, completion of the sale of certain assets and growth in the demand for retail energy outsourcing solutions. When used in this document, the words "anticipate," "believe," "estimate," "expects," "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 success in marketing natural gas and power to wholesale customers; the ability of Enron to penetrate new retail natural gas and electricity markets (including energy outsourcing markets) in the United States and foreign jurisdictions; development of Enron's broadband network and customer demand for intermediation and content services; the timing, extent and market effects of deregulation of energy markets in the United States, including the current energy market conditions in California, and in foreign jurisdictions; other regulatory developments in the United States and in foreign countries, including tax legislation and regulations; political developments in foreign countries; 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 the credit ratings for its unsecured senior long-term debt obligations.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required hereunder is included in this report as set forth in the "Index to Financial Statements" on page F-1.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 of Form 10-K relating to directors who are nominees for election as directors at Enron's Annual Meeting of Shareholders to be held on May 1, 2001 is set forth under the caption entitled "Election of Directors" in Enron's Proxy Statement, and is incorporated herein by reference.

The information required by Item 10 of Form 10-K with respect to executive officers is set forth in Part I of this Form 10-K under the heading "Current Executive Officers of the Registrant".

Section 16(a) of the Securities Exchange Act of 1934 requires Enron's executive officers and directors, and persons who own more than 10% of a registered class of Enron's equity securities, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. Based solely on its review of the copies of such reports received by it, or written representations from certain reporting persons that no Forms 5 were required for those persons, Enron believes that during 2000, its executive officers, directors and greater than 10% shareholders complied with all applicable filing requirements, with the exception that: three transactions, all reflecting the deemed acquisition and disposition of common stock upon the exercise of derivative phantom stock units on January 24, 2000, for either cash or phantom units in the Enron Deferral Plan, for each of John C. Baxter, Richard B. Buy, Andrew S. Fastow, Mark A. Frevert and Kenneth D. Rice were not timely reported; one exempt stock option grant for J. Mark Metts and one exempt phantom stock unit grant for John Wakeham were not timely reported; and Lawrence Ruben did not timely file one report containing a private transaction with family members.

There are no family relationships among the officers listed, and there are no arrangements or understandings pursuant to which any of them were elected as officers. Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Shareholders, each to hold office until the corresponding meeting of the Board in the next year or until a successor shall have been elected, appointed or shall have qualified.

Item 11. EXECUTIVE COMPENSATION

The information regarding executive compensation is set forth in the Proxy Statement under the captions "Compensation of Directors and Executive Officers --Director Compensation; Executive Compensation; Stock Option Grants During 2000; Aggregated Stock Option/SAR Exercises During 2000 and Stock Option/SAR Values as of December 31, 2000; Retirement and Supplemental Benefit Plans; Severance Plans; Employment Contracts; and Certain Transactions", and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security ownership of certain beneficial owners

The information regarding security ownership of certain beneficial owners is set forth in the Proxy Statement under the caption "Election of Directors - Security Ownership of Certain Beneficial Owners", and is incorporated herein by reference.

(b) Security ownership of management

The information regarding security ownership of management is set forth in the Proxy Statement under the caption "Election of Directors - Stock Ownership of Management and Board of Directors as of February 15, 2001", and is incorporated herein by reference.

(c) Changes in control

None.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information regarding certain relationships and related transactions is set forth in the Proxy Statement under the caption "Certain Transactions" and "Compensation Committee Interlocks and Insider Participation", and is incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) and (2) Financial Statements and Financial Statement Schedules. See "Index to Financial Statements" set forth on page F-1.

(a)(3) Exhibits:

- *3.01 - Amended and Restated Articles of Incorporation of Enron Oregon Corp. (Annex E to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.02 - Articles of Merger of Enron Oregon Corp., an Oregon corporation, and Enron Corp., a Delaware corporation (Exhibit 3.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
- *3.03 - Articles of Merger of Enron Corp., an Oregon corporation, and Portland General Corporation, an Oregon corporation (Exhibit 3.03 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
- *3.04 - Bylaws of Enron (Exhibit 3.04 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
- *3.05 - Articles of Amendment of Enron: Form of Series Designation for the Enron Convertible Preferred Stock (Annex F to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.06 - Articles of Amendment of Enron: Form of Series Designation for the Enron 9.142% Preferred Stock (Annex G to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.07 - Articles of Amendment of Enron: Statement of Resolutions Establishing Series A Junior Voting Convertible Preferred Stock (Exhibit 3.07 to Enron's Registration Statement on Form S-3 - File No. 333-44133).
- *3.08 - Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. - Mandatorily Convertible Single Reset Preferred Stock, Series A (Exhibit 4.01 to Enron's Form 8-K filed on January 26, 1999).
- *3.09 - Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. - Mandatorily Convertible Single Reset Preferred Stock, Series B (Exhibit

4.02 to Enron's Form 8-K filed on January 26, 1999).

- *3.10 - Articles of Amendment of Enron amending Article IV of the Articles of Incorporation (Exhibit 3.10 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 333-70465).
- *3.11 - Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. - Mandatorily Convertible Junior Preferred Stock, Series B (Exhibit 3.11 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 333-70465).
- *4.01 - Indenture dated as of November 1, 1985, between Enron and Harris Trust and Savings Bank (now The Bank of New York), as supplemented and amended by the First Supplemental Indenture dated as of December 1, 1995 (Form T-3 Application for Qualification of Indentures under the Trust Indenture Act of 1939, File No. 22-14390, filed October 24, 1985; Exhibit 4(b) to Form S-3 Registration Statement No. 33-64057 filed on November 8, 1995). There have not been filed as exhibits to this Form 10-K other debt instruments defining the rights of holders of long-term debt of Enron, none of which relates to authorized indebtedness that exceeds 10% of the consolidated assets of Enron and its subsidiaries. Enron hereby agrees to furnish a copy of any such instrument to the Commission upon request.
- *4.02 - Supplemental Indenture, dated as of May 8, 1997, by and among Enron Corp., Enron Oregon Corp. and Harris Trust and Savings Bank (now The Bank of New York), as Trustee (Exhibit 4.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3, File No. 33-60417).
- *4.03 - Third Supplemental Indenture, dated as of September 1, 1997, between Enron Corp. and Harris Trust and Savings Bank (now The Bank of New York), as Trustee (Exhibit 4.03 to Enron Registration Statement on Form S-3, File No. 333-35549).
- *4.04 - Fourth Supplemental Indenture, dated as of August 17, 1999, between Enron Corp. and Harris Trust and Savings Bank (now The Bank of New York), as Trustee (Exhibit 4.05 to Enron Registration Statement on Form S-3 - File No. 333-83549).

Executive Compensation Plans and Arrangements Filed as Exhibits Pursuant to Item 14(c) of Form 10-K: Exhibits 10.01 through 10.53

- *10.01 - Enron Executive Supplemental Survivor Benefits Plan, effective January 1, 1987 (Exhibit 10.01 to Enron Form 10-K for 1992).
- *10.02 - First Amendment to Enron Executive Supplemental Survivor Benefits Plan (Exhibit 10.02 to Enron Form 10-K for 1999).
- *10.03 - Enron Corp. 1988 Stock Plan (Exhibit 4.3 to Form S-8 Registration Statement No. 33-27893).
- *10.04 - Second Amendment to Enron Corp. 1988 Stock Plan (Exhibit 10.04 to Enron Form 10-K for 1996).
- *10.05 - Enron Corp. 1988 Deferral Plan (Exhibit 10.19 to Enron Form 10-K for 1987).
- *10.06 - First Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.06 to Enron Form 10-K for 1995).
- *10.07 - Second Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.07 to Enron Form 10-K for 1995).
- *10.08 - Third Amendment to Enron Corp. 1988 Deferral Plan

(Exhibit 10.09 to Enron Form 10-K for 1996).

- *10.09 - Fourth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1996).
- *10.10 - Fifth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1996).
- *10.11 - Sixth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1999).
- *10.12 - Enron Corp. 1991 Stock Plan (Exhibit 10.08 to Enron Form 10-K for 1991).
- *10.13 - Amended and Restated Enron Corp. 1991 Stock Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 24, 1997).
- *10.14 - First Amendment to Enron Corp. Amended and Restated 1991 Stock Plan (Exhibit 10.13 to Enron Form 10-K for 1997).
- *10.15 - Second Amendment to Enron Corp. Amended and Restated 1991 Stock Plan (Exhibit 10.14 to Enron Form 10-K for 1997).
- *10.16 - Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit B to Enron Proxy Statement filed pursuant to Section 14(a) on March 30, 1999).
- *10.17 - First Amendment to Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit 10.17 to Enron Form 10-K for 1999).
- *10.18 - Second Amendment to Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit 10.18 to Enron Form 10-K for 1999).
- *10.19 - Third Amendment to Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit 10.19 to Enron Form 10-K for 1999).
- *10.20 - Enron Corp. 1992 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1991).
- *10.21 - First Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1995).
- *10.22 - Second Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1995).
- *10.23 - Enron Corp. Directors' Deferred Income Plan (Exhibit 10.09 to Enron Form 10-K for 1992).
- *10.24 - Split Dollar Life Insurance Agreement between Enron and the KLL and LPL Family Partnership, Ltd., dated April 22, 1994 (Exhibit 10.17 to Enron Form 10-K for 1994).
- *10.25 - Employment Agreement between Enron Corp. and Kenneth L. Lay, executed December 18, 1996 (Exhibit 10.25 to Enron Form 10-K for 1996).
- *10.26 - First Amendment to Employment Agreement between Enron Corp. and Kenneth L. Lay, dated February 7, 2000 (Exhibit 10.26 to Enron Form 10-K for 1999).
- *10.27 - Consulting Services Agreement between Enron and John A. Urquhart dated August 1, 1991 (Exhibit 10.23 to Enron Form 10-K for 1991).
- *10.28 - First Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated August 27, 1992 (Exhibit 10.25 to Enron Form 10-K for 1992).
- *10.29 - Second and Third Amendments to Consulting Services Agreement between Enron and John A. Urquhart, dated November 24, 1992 and February 26, 1993, respectively (Exhibit 10.26 to Enron Form 10-K for 1992).

- *10.30 - Fourth Amendment to Consulting Services Agreement between Enron and John A. Urquhart dated as of May 9, 1994 (Exhibit 10.35 to Enron Form 10-K for 1995).
- *10.31 - Fifth Amendment to Consulting Services Agreement between Enron and John A. Urquhart (Exhibit 10.36 to Enron Form 10-K for 1995).
- *10.32 - Sixth Amendment to Consulting Services Agreement between Enron and John A. Urquhart (Exhibit 10.37 to Enron Form 10-K for 1995).
- *10.33 - Seventh Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated October 27, 1997 (Exhibit 10.27 to Enron Form 10-K for 1997).
- *10.34 - Eighth Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated May 27, 1998 (Exhibit 10.28 to Enron Form 10-K for 1998).
- *10.35 - Ninth Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated December 31, 1998 (Exhibit 10.29 to Enron Form 10-K for 1998).
- *10.36 - Tenth Amendment to Consulting Services Agreement between John A. Urquhart and Enron Corp. dated January 1, 2000 (Exhibit 10.36 to Enron Form 10-K for 1999).
- *10.37 - Enron Corp. Performance Unit Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.38 - Enron Corp. Annual Incentive Plan (Exhibit B to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.39 - Enron Corp. Annual Incentive Plan dated May 4, 1999 (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 30, 1999).
- *10.40 - Enron Corp. Performance Unit Plan (as amended and restated effective May 2, 1995) (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 27, 1995).
- *10.41 - First Amendment to Enron Corp. Performance Unit Plan (Exhibit 10.46 to Enron Form 10-K for 1995).
- *10.42 - Enron Corp. Restated 1994 Deferral Plan (Exhibit 4.3 to Enron Form S-8 Registration Statement, File No. 333-48193).
- *10.43 - Employment Agreement between Enron Capital Trade & Resources Corp. and Jeffrey K. Skilling, dated January 1, 1996 (Exhibit 10.63 to Enron Form 10-K for 1996).
- *10.44 - First Amendment effective January 1, 1997, by and among Enron Corp., Enron Capital & Trade Resources Corp., and Jeffrey K. Skilling, amending Employment Agreement between Enron Capital & Trade Resources Corp. and Jeffrey K. Skilling dated January 1, 1996 (Exhibit 10.64 to Enron Form 10-K for 1996).
- *10.45 - Split Dollar Agreement between Enron and Jeffrey K. Skilling dated May 23, 1997 (Exhibit 10.41 to Enron Form 10-K for 1997).
- *10.46 - Second Amendment effective October 13, 1997, to Employment Agreement between Enron Corp. and Jeffrey K. Skilling (Exhibit 10.42 to Enron Form 10-K for 1997).
- *10.47 - Loan Agreement effective October 13, 1997, between Enron Corp. and Jeffrey K. Skilling (Exhibit 10.43 to Enron Form 10-K for 1997).

- *10.48 - Third Amendment to Employment Agreement between Enron Corp. and Jeffrey K. Skilling, dated February 7, 2000 (Exhibit 10.48 to Enron Form 10-K for 1999).
- *10.49 - Executive Employment Agreement between Enron Operations Corp. and Stanley C. Horton, dated as of October 1, 1999 (Exhibit 10.45 to Enron Form 10-K for 1997).
- *10.50 - First Amendment to Executive Employment Agreement by and between Enron Operations Corp., Enron Corp. and Stanley C. Horton, dated December 27, 1999 (Exhibit 10.56 to Enron Form 10-K for 1999).
- 10.51 - Employment Agreement between Enron Corp. and Mark A. Frevert, effective March 1, 2000
- *10.52 - Executive Employment Agreement between Enron Corp. and Kenneth D. Rice, effective June 1, 1998 (Exhibit 10.43 to Enron Form 10-K for 1998).
- 10.53 - First Amendment to Executive Employment Agreement between Enron Corp. and Kenneth D. Rice, dated February 14, 2000.
- 12 - Statement re computation of ratios of earnings to fixed charges.
- 21 - Subsidiaries of registrant.
- 23.01 - Consent of Arthur Andersen LLP.
- 23.02 - Consent of Arthur Andersen LLP.
- 24 - Powers of Attorney for the directors signing this Form 10-K.
- 99 - Financial Statements of Atlantic Water Trust.

* Asterisk indicates exhibits incorporated by reference.

(b) Reports on Form 8-K

Current Report on Form 8-K filed February 28, 2001.

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Other financial statement schedules have been omitted because they are inapplicable or the information required therein is included elsewhere in the financial statements or notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of Enron Corp.:

We have audited the accompanying consolidated balance sheet of Enron Corp. (an Oregon corporation) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, comprehensive income, cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of Enron Corp.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Enron Corp. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations, cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 18 to the consolidated financial statements, Enron Corp. and subsidiaries changed its method of accounting for costs of start-up activities and its method of accounting for certain contracts involved in energy trading and risk management activities in the first quarter of 1999.

Arthur Andersen LLP

Houston, Texas
February 23, 2001

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT

(In millions, except per share amounts)	Year ended December 31,		
	2000	1999	1998
Revenues			
Natural gas and other products	\$ 50,500	\$19,536	\$13,276
Electricity	33,823	15,238	13,939
Metals	9,234	-	-
Other	7,232	5,338	4,045
Total revenues	100,789	40,112	31,260
Costs and Expenses			
Cost of gas, electricity, metals and other products	94,517	34,761	26,381
Operating expenses	3,184	3,045	2,473
Depreciation, depletion and amortization	855	870	827
Taxes, other than income taxes	280	193	201
Impairment of long-lived assets	-	441	-
Total costs and expenses	98,836	39,310	29,882
Operating Income	1,953	802	1,378
Other Income and Deductions			
Equity in earnings of unconsolidated equity affiliates	87	309	97
Gains on sales of non-merchant assets	146	541	56
Gain on the issuance of stock by TNPC, Inc.	121	-	-
Interest income	212	162	88
Other income, net	(37)	181	(37)
Income Before Interest, Minority Interests and Income Taxes	2,482	1,995	1,582
Interest and related charges, net	838	656	550
Dividends on company-obligated preferred securities of subsidiaries	77	76	77
Minority interests	154	135	77
Income tax expense	434	104	175
Net income before cumulative effect of accounting changes	979	1,024	703
Cumulative effect of accounting changes, net of tax	-	(131)	-
Net Income	979	893	703
Preferred stock dividends	83	66	17
Earnings on Common Stock	\$ 896	\$ 827	\$ 686
Earnings Per Share of Common Stock			
Basic			
Before cumulative effect of accounting changes	\$ 1.22	\$ 1.36	\$ 1.07
Cumulative effect of accounting changes	-	(0.19)	-
Basic earnings per share	\$ 1.22	\$ 1.17	\$ 1.07
Diluted			
Before cumulative effect of accounting changes	\$ 1.12	\$ 1.27	\$ 1.01
Cumulative effect of accounting changes	-	(0.17)	-
Diluted earnings per share	\$ 1.12	\$ 1.10	\$ 1.01
Average Number of Common Shares Used in Computation			
Basic	736	705	642
Diluted	814	769	695

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

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions)	Year ended December 31,		
	2000	1999	1998
Net Income	\$ 979	\$ 893	\$ 703
Other comprehensive income:			
Foreign currency translation adjustment and other	(307)	(579)	(14)
Total Comprehensive Income	\$ 672	\$ 314	\$ 689

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

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(In millions)	December 31,	
	2000	1999
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,374	\$ 288
Trade receivables (net of allowance for doubtful accounts of \$133 and \$40, respectively)	10,396	3,030
Other receivables	1,874	518
Assets from price risk management activities	12,018	2,205
Inventories	953	598
Deposits	2,433	81
Other	1,333	535
Total current assets	30,381	7,255
Investments and Other Assets		
Investments in and advances to unconsolidated equity affiliates	5,294	5,036
Assets from price risk management activities	8,988	2,929
Goodwill	3,638	2,799
Other	5,459	4,681
Total investments and other assets	23,379	15,445
Property, Plant and Equipment, at cost		
Natural gas transmission	6,916	6,948
Electric generation and distribution	4,766	3,552
Fiber optic network and equipment	839	379
Construction in progress	682	1,120
Other	2,256	1,913
	15,459	13,912
Less accumulated depreciation, depletion and amortization	3,716	3,231
Property, plant and equipment, net	11,743	10,681
Total Assets	\$65,503	\$33,381

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

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(In millions, except shares)	December 31,	
	2000	1999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 9,777	\$ 2,154
Liabilities from price risk management activities	10,495	1,836
Short-term debt	1,679	1,001
Customers' deposits	4,277	44
Other	2,178	1,724
Total current liabilities	28,406	6,759
Long-Term Debt	8,550	7,151
Deferred Credits and Other Liabilities		
Deferred income taxes	1,644	1,894
Liabilities from price risk management activities	9,423	2,990
Other	2,692	1,587
Total deferred credits and other liabilities	13,759	6,471
Commitments and Contingencies (Notes 13, 14 and 15)		
Minority Interests	2,414	2,430
Company-Obligated Preferred Securities of Subsidiaries	904	1,000
Shareholders' Equity		
Second preferred stock, cumulative, no par value, 1,370,000 shares authorized, 1,240,933 shares and 1,296,184 shares issued, respectively	124	130
Mandatorily Convertible Junior Preferred Stock, Series B, no par value, 250,000 shares issued	1,000	1,000
Common stock, no par value, 1,200,000,000 shares authorized, 752,205,112 shares and 716,865,081 shares issued, respectively	8,348	6,637
Retained earnings	3,226	2,698
Accumulated other comprehensive income	(1,048)	(741)
Common stock held in treasury, 577,066 shares and 1,337,714 shares, respectively	(32)	(49)
Restricted stock and other	(148)	(105)
Total shareholders' equity	11,470	9,570
Total Liabilities and Shareholders' Equity	\$65,503	\$33,381

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

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions)	Year ended December 31,		
	2000	1999	1998
Cash Flows From Operating Activities			
Reconciliation of net income to net cash provided by operating activities			
Net income	\$ 979	\$ 893	\$ 703
Cumulative effect of accounting changes	-	131	-
Depreciation, depletion and amortization	855	870	827
Impairment of long-lived assets (including equity investments)	326	441	-
Deferred income taxes	207	21	87
Gains on sales of non-merchant assets	(146)	(541)	(82)
Changes in components of working capital	1,769	(1,000)	(233)
Net assets from price risk management activities	(763)	(395)	350
Merchant assets and investments:			
Realized gains on sales	(104)	(756)	(628)
Proceeds from sales	1,838	2,217	1,434
Additions and unrealized gains	(1,295)	(827)	(721)
Other operating activities	1,113	174	(97)
Net Cash Provided by Operating Activities	4,779	1,228	1,640
Cash Flows From Investing Activities			
Capital expenditures	(2,381)	(2,363)	(1,905)
Equity investments	(933)	(722)	(1,659)
Proceeds from sales of non-merchant assets	494	294	239
Acquisition of subsidiary stock	(485)	-	(180)
Business acquisitions, net of cash acquired (see Note 2)	(777)	(311)	(104)
Other investing activities	(182)	(405)	(356)
Net Cash Used in Investing Activities	(4,264)	(3,507)	(3,965)
Cash Flows From Financing Activities			
Issuance of long-term debt	3,994	1,776	1,903
Repayment of long-term debt	(2,337)	(1,837)	(870)
Net increase (decrease) in short-term borrowings	(1,595)	1,565	(158)
Net issuance (redemption) of company-obligated preferred securities of subsidiaries	(96)	-	8
Issuance of common stock	307	852	867
Issuance of subsidiary equity	500	568	828
Dividends paid	(523)	(467)	(414)
Net disposition of treasury stock	327	139	13
Other financing activities	(6)	(140)	89
Net Cash Provided by Financing Activities	571	2,456	2,266
Increase (Decrease) in Cash and Cash Equivalents	1,086	177	(59)
Cash and Cash Equivalents, Beginning of Year	288	111	170
Cash and Cash Equivalents, End of Year	\$ 1,374	\$ 288	\$ 111
Changes in Components of Working Capital			
Receivables	\$(8,203)	\$ (662)	\$(1,055)
Inventories	1,336	(133)	(372)
Payables	7,167	(246)	433
Other	1,469	41	761
Total	\$ 1,769	\$(1,000)	\$ (233)

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

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In millions, except per share amounts; shares in thousands)	2000		1999		1998	
	Shares	Amount	Shares	Amount	Shares	Amount
Cumulative Second Preferred						
Convertible Stock						
Balance, beginning of year	1,296	\$ 130	1,320	\$ 132	1,338	\$ 134
Exchange of convertible preferred stock for common stock	(55)	(6)	(24)	(2)	(18)	(2)
Balance, end of year	1,241	\$ 124	1,296	\$ 130	1,320	\$ 132
Mandatorily Convertible Junior Preferred						
Stock, Series B						
Balance, beginning of year	250	\$ 1,000	-	\$ -	-	\$ -
Issuances	-	-	250	1,000	-	-
Balance, end of year	250	\$ 1,000	250	\$1,000	-	\$ -
Common Stock						
Balance, beginning of year	716,865	\$ 6,637	671,094	\$5,117	636,594	\$4,224
Exchange of convertible preferred stock for common stock	1,509	6	465	(1)	-	(7)
Issuances related to benefit and dividend reinvestment plans	28,100	966	10,054	258	-	45
Sales of common stock	-	-	27,600	839	34,500	836
Issuances of common stock in business acquisitions (see Note 2)	5,731	409	7,652	250	-	-
Other	-	330	-	174	-	19
Balance, end of year	752,205	\$ 8,348	716,865	\$6,637	671,094	\$5,117
Retained Earnings						
Balance, beginning of year	-	\$ 2,698	-	\$2,226	-	\$1,852
Net income	-	979	-	893	-	703
Cash dividends						
Common stock (\$0.5000, \$0.5000 and \$0.4812 per share in 2000, 1999 and 1998, respectively)	-	(368)	-	(355)	-	(312)
Cumulative Second Preferred Convertible Stock (\$13.652, \$13.652 and \$13.1402 per share in 2000, 1999 and 1998, respectively)	-	(17)	-	(17)	-	(17)
Series A and B Preferred Stock	-	(66)	-	(49)	-	-
Balance, end of year	-	\$ 3,226	-	\$2,698	-	\$2,226
Accumulated Other Comprehensive Income						
Balance, beginning of year	-	\$ (741)	-	\$ (162)	-	\$ (148)
Translation adjustments and other	-	(307)	-	(579)	-	(14)
Balance, end of year	-	\$(1,048)	-	\$ (741)	-	\$ (162)
Treasury Stock						
Balance, beginning of year	(1,338)	\$ (49)	(9,334)	\$ (195)	(14,102)	\$ (269)
Shares acquired	(3,114)	(234)	(1,845)	(71)	(2,236)	(61)
Exchange of convertible preferred stock for common stock	-	-	181	4	486	9
Issuances related to benefit and dividend reinvestment plans	3,875	251	9,660	213	6,426	124
Issuances of treasury stock in business acquisitions	-	-	-	-	92	2
Balance, end of year	(577)	\$ (32)	(1,338)	\$ (49)	(9,334)	\$ (195)
Restricted Stock and Other						
Balance, beginning of year	-	\$ (105)	-	\$ (70)	-	\$ (175)
Issuances related to benefit and dividend reinvestment plans	-	(43)	-	(35)	-	105
Balance, end of year	-	\$ (148)	-	\$ (105)	-	\$ (70)
Total Shareholders' Equity	-	\$11,470	-	\$9,570	-	\$7,048

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

ENRON CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy and Use of Estimates. The accounting and financial reporting policies of Enron Corp. and its subsidiaries conform to generally accepted accounting principles and prevailing industry practices. The consolidated financial statements include the accounts of all subsidiaries controlled by Enron Corp. after the elimination of significant intercompany accounts and transactions.

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.

"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 its subsidiaries and affiliates whose operations are managed by their respective officers.

Cash Equivalents. Enron records as cash equivalents all highly liquid short-term investments with original maturities of three months or less.

Inventories. Inventories consist primarily of commodities, priced at market as such inventories are used in trading activities.

Depreciation, Depletion and Amortization. The provision for depreciation and amortization with respect to operations other than oil and gas producing activities is computed using the straight-line or regulatorily mandated method, based on estimated economic lives. Composite depreciation rates are applied to functional groups of property having similar economic characteristics. The cost of utility property units retired, other than land, is charged to accumulated depreciation.

Provisions for depreciation, depletion and amortization of proved oil and gas properties are calculated using the units-of-production method.

Income Taxes. Enron accounts for income taxes using an asset and liability approach under which deferred assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases (see Note 5).

Earnings Per Share. Basic earnings per share is computed based upon the weighted-average number of common shares outstanding during the periods. Diluted earnings per share is computed based upon the weighted-average number of common shares outstanding plus the assumed issuance of common shares for all potentially dilutive securities. All share and per share amounts have been adjusted to reflect the August 13, 1999 two-for-one stock split. See Note 11 for a reconciliation of the basic and diluted earnings per share computations.

Accounting for Price Risk Management. Enron engages in price risk management activities for both trading and non-trading purposes. Instruments utilized in connection with trading activities are accounted for using the mark-to-market method. Under the mark-to-market method of accounting, forwards, swaps, options, energy transportation contracts utilized for trading activities and other instruments with third parties are reflected at fair value and are shown as "Assets and Liabilities from Price Risk Management Activities" in the Consolidated Balance Sheet. These activities also include the commodity risk management component embedded in energy outsourcing contracts. Unrealized gains and losses from newly originated contracts, contract restructurings and the impact of price movements are recognized as "Other Revenues." Changes in the assets and liabilities from price risk management activities result primarily from changes in the valuation of the portfolio of contracts, newly originated transactions and the timing of settlement relative to the receipt of cash for certain contracts. The market prices used to value these transactions reflect management's best estimate considering various factors including closing exchange and over-the-counter quotations, time value and volatility factors underlying the commitments.

Financial instruments are also utilized for non-trading purposes to hedge the impact of market fluctuations on assets, liabilities, production and other contractual commitments. Hedge accounting is utilized in non-trading activities when there is a high degree of correlation between price movements in the derivative and the item designated as being hedged. In instances where the anticipated correlation of price movements does not occur, hedge accounting is terminated and future changes in the value of the financial instruments are recognized as gains or losses. If the hedged item is sold, the value of the financial instrument is recognized in income. Gains and losses on financial instruments used for hedging purposes are recognized in the Consolidated Income Statement in the same manner as the hedged item.

The cash flow impact of financial instruments is reflected as cash flows from operating activities in the Consolidated Statement of Cash Flows. See Note 3 for further discussion of Enron's price risk management activities.

Accounting for Development Activity. Development costs related to projects, including costs of feasibility studies, bid preparation, permitting, licensing and contract negotiation, are expensed as incurred until the project is estimated to be probable. At that time, such costs are capitalized or expensed as incurred, based on the nature of the costs incurred. Capitalized development costs may be recovered through reimbursements from joint venture partners or other third parties, or classified as part of the investment and recovered through the cash flows from that project. Accumulated capitalized project development costs are otherwise expensed in the period that management determines it is probable that the costs will not be recovered.

Environmental Expenditures. Expenditures that relate to an existing condition caused by past operations, and do not contribute to current or future revenue generation, are expensed. Environmental expenditures relating to current or future revenues are expensed or capitalized as appropriate based on the nature of the costs incurred. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

Computer Software. Direct costs of materials and services consumed in developing or obtaining software, including payroll and payroll-related costs for employees who are directly associated with and who devote time to the software project are capitalized. Costs may begin to be capitalized once the application development stage has begun. All other costs are expensed as incurred. Enron amortizes the costs on a straight-line basis over the useful life of the software. Impairment is evaluated based on changes in the expected usefulness of the software. At December 31, 2000 and 1999, Enron has capitalized, net of amortization, \$381 million and \$240 million, respectively, of software costs covering numerous systems, including trading and settlement, accounting, billing, and upgrades.

Investments in Unconsolidated Affiliates. Investments in unconsolidated affiliates are accounted for by the equity method, except for certain investments resulting from Enron's merchant investment activities which are included at market value in "Other Investments" in the Consolidated Balance Sheet. See Notes 4 and 9. Where acquired assets are accounted for under the equity method based on temporary control, earnings or losses are recognized only for the portion of the investment to be retained.

Sale of Subsidiary Stock. Enron accounts for the issuance of stock by its subsidiaries in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin (SAB) 51. SAB 51 allows for Enron to recognize a gain in the amount that the offering price per share of a subsidiary's stock exceeds Enron's carrying amount per share.

Foreign Currency Translation. For international subsidiaries, asset and liability accounts are translated at year-end rates of exchange and revenue and expenses are translated at average exchange rates prevailing during the year. For subsidiaries whose functional currency is deemed to be other than the U.S. dollar, translation adjustments are included as a separate component of other comprehensive income and shareholders' equity. Currency transaction gains and losses are recorded in income.

During 1999, the exchange rate for the Brazilian real to the U.S. dollar declined, resulting in a non-cash foreign currency translation adjustment reducing the value of Enron's assets and shareholders' equity by approximately \$600 million.

Reclassifications. Certain reclassifications have been made to the consolidated financial statements for prior years to conform with the current presentation.

2 BUSINESS ACQUISITIONS AND DISPOSITIONS

In 2000, Enron, through a wholly-owned subsidiary, acquired all of the outstanding common shares of MG plc, a leading independent international metals market-making business that provides financial and marketing services to the global metals industry, for \$413 million in cash and assumed debt of approximately \$1.6 billion.

In addition, Enron made other acquisitions including a technology-related company, a facility maintenance company and all minority shareholders' interests in Enron Energy Services, LLC and Enron Renewable Energy Corp. Enron issued 5.7 million shares of Enron common stock, contributed common stock and warrants of an unconsolidated equity affiliate and paid cash in these transactions.

On August 16, 1999, Enron exchanged approximately 62.3 million shares (approximately 75%) of the Enron Oil & Gas Company (EOG) common stock it held for all of the stock of EOGI-India, Inc., a subsidiary of EOG. Also in August 1999, Enron received net proceeds of approximately \$190 million for the sale of 8.5 million shares of EOG common stock in a public offering and issued approximately \$255 million of public debt that is exchangeable in July 2002 into approximately 11.5 million shares of EOG common stock. As a result of the share exchange and share sale, Enron recorded a pre-tax gain of \$454 million (\$345 million after tax, or \$0.45 per diluted share) in 1999. As of August 16, 1999, EOG is no longer included in Enron's consolidated financial statements. EOGI-India, Inc. is included in the consolidated financial statements within the Wholesale Services segment following the exchange and sale. Enron accounts for its oil and gas exploration and production activities under the successful efforts method of accounting.

In August 1998, Enron, through a wholly-owned subsidiary, completed the acquisition of a controlling interest in Elektro Eletricidade e Servicos S.A. (Elektro) for approximately \$1.3 billion. Elektro was initially accounted for using the equity method based on temporary control. In 1999, after the acquisition of additional interests, Elektro was consolidated by Enron.

Additionally, during 1999 and 1998, Enron acquired generation, natural gas distribution, renewable energy, telecommunications and energy management businesses for cash, Enron and subsidiary stock and notes.

Enron has accounted for these acquisitions using the purchase method of accounting as of the effective date of each transaction. Accordingly, the purchase price of each transaction has been allocated based upon the estimated fair value of the assets and liabilities acquired as of the acquisition date, with the excess reflected as goodwill in the Consolidated Balance Sheet. This and all other goodwill is being amortized on a straight-line basis over 5 to 40 years.

Assets acquired, liabilities assumed and consideration paid as a result of businesses acquired were as follows:

(In millions)	2000	1999	1998(a)
Fair value of assets acquired,			
other than cash	\$ 2,641	\$ 376	\$ 269
Goodwill	963	(71)	94
Fair value of liabilities assumed	(2,418)	6	(259)
Common stock of Enron issued			
and equity of an unconsolidated			
equity affiliate contributed	(409)	-	-
Net cash paid	\$ 777	\$ 311	\$ 104

(a) Excludes amounts related to the 1998 acquisition of Elektro.

On November 8, 1999, Enron announced that it had entered into an agreement to sell Enron's wholly-owned electric utility subsidiary, Portland General Electric Company (PGE), to Sierra Pacific Resources for \$2.1 billion. Sierra Pacific Resources will also assume approximately \$1 billion in PGE debt and preferred stock. The transaction has been delayed by the effect of recent events in California and Nevada on the buyer. Enron's carrying amount of PGE as of December 31, 2000 was approximately

\$1.6 billion. Income before interest, minority interest and income taxes for PGE was \$338 million, \$298 million and \$284 million for 2000, 1999 and 1998, respectively.

3 PRICE RISK MANAGEMENT ACTIVITIES AND FINANCIAL INSTRUMENTS

Trading Activities. Enron offers price risk management services to wholesale, commercial and industrial customers through a variety of financial and other instruments including forward contracts involving physical delivery, swap agreements, which require payments to (or receipt of payments from) counterparties based on the differential between a fixed and variable price for the commodity, options and other contractual arrangements. Interest rate risks and foreign currency risks associated with the fair value of the commodity portfolio are managed using a variety of financial instruments, including financial futures.

Notional Amounts and Terms. The notional amounts and terms of these instruments at December 31, 2000 are shown below (dollars in millions):

	Fixed Price Payor	Fixed Price Receiver	Maximum Terms in Years
Commodities(a)			
Natural gas	7,331	6,910	23
Crude oil and liquids	3,513	1,990	6
Electricity	2,424	2,388	24
Metals, coal and pulp and paper	368	413	9
Bandwidth	167	325	11
Financial products			
Interest rate(b)	\$4,732	\$3,977	29
Foreign currency	\$ 79	\$ 465	22
Equity investments(c)	\$2,998	\$3,768	13

- (a) Natural gas, crude oil and liquids and electricity volumes are in TBtue; metals, coal and pulp and paper volumes are in millions of metric tonnes; and bandwidth volumes are in thousands of terabytes.
- (b) The interest rate fixed price receiver includes the net notional dollar value of the interest rate sensitive component of the combined commodity portfolio. The remaining interest rate fixed price receiver and the entire interest rate fixed price payor represent the notional contract amount of a portfolio of various financial instruments used to hedge the net present value of the commodity portfolio. For a given unit of price protection, different financial instruments require different notional amounts.
- (c) Excludes derivatives on Enron common stock. See Notes 10 and 11.

Enron also has sales and purchase commitments associated with commodity contracts based on market prices totaling 8,169 TBtue, with terms extending up to 16 years, and 7.2 million metric tonnes, with terms extending up to 5 years.

Notional amounts reflect the volume of transactions but do not represent the amounts exchanged by the parties to the financial instruments. Accordingly, notional amounts do not accurately measure Enron's exposure to market or credit risks. The maximum terms in years detailed above are not indicative of likely future cash flows as these positions may be offset in the markets at any time in response to the company's price risk management needs to the extent available in the market.

The volumetric weighted average maturity of Enron's fixed price portfolio as of December 31, 2000 was approximately 1.5 years.

Fair Value. The fair value as of December 31, 2000 and the average fair value of instruments related to price risk management activities held during the year are set forth below:

(In millions)	Fair Value as of 12/31/00		Average Fair Value for the Year Ended 12/31/00(a)	
	Assets	Liabilities	Assets	Liabilities

Natural gas	\$10,270	\$ 9,342	\$ 5,525	\$ 5,114
Crude oil and liquids	1,549	3,574	1,402	2,745
Electricity	7,335	5,396	3,453	1,613
Other commodities	1,509	1,311	988	757
Equity investments	795	295	492	280
Total	\$21,458	\$19,918	\$11,860	\$10,509

(a) Computed using the ending balance at each month-end.

The income before interest, taxes and certain unallocated expenses arising from price risk management activities for 2000 was \$1,899 million.

Securitizations. From time to time, Enron sells interests in certain of its financial assets. Some of these sales are completed in securitizations, in which Enron concurrently enters into swaps associated with the underlying assets which limits the risks assumed by the purchaser. Such swaps are adjusted to fair value using quoted market prices, if available, or estimated fair value based on management's best estimate of the present value of future cash flow. These swaps are included in Price Risk Management activities above as equity investments. During 2000, gains from sales representing securitizations were \$381 million and proceeds were \$2,379 million (\$545 million of the proceeds related to sales to Whitewing Associates, L.P. (Whitewing)). See Notes 4 and 9. Purchases of securitized merchant financial assets totaled \$1,184 million during 2000. Amounts primarily related to equity interests.

Credit Risk. In conjunction with the valuation of its financial instruments, Enron provides reserves for credit risks associated with such activity. Credit risk relates to the risk of loss that Enron would incur as a result of nonperformance by counterparties pursuant to the terms of their contractual obligations. Enron maintains credit policies with regard to its counterparties that management believes significantly minimize overall credit risk. These policies include an evaluation of potential counterparties' financial condition (including credit rating), collateral requirements under certain circumstances and the use of standardized agreements which allow for the netting of positive and negative exposures associated with a single counterparty. Enron also minimizes this credit exposure using monetization of its contract portfolio or third-party insurance contracts. The counterparties associated with assets from price risk management activities as of December 31, 2000 and 1999 are summarized as follows:

(In millions)	2000		1999	
	Investment Grade(a)	Total	Investment Grade(a)	Total
Gas and electric utilities	\$ 5,050	\$ 5,327	\$1,461	\$1,510
Energy marketers	4,677	6,124	544	768
Financial institutions	4,145	4,917	1,016	1,273
Independent power producers	672	791	471	641
Oil and gas producers	1,308	2,804	379	688
Industrials	607	1,138	336	524
Other	256	357	59	67
Total	\$16,715	21,458	\$4,266	5,471
Credit and other reserves		(452)		(337)
Assets from price risk management activities(b)		\$21,006(c)		\$5,134

- (a) "Investment Grade" is primarily determined using publicly available credit ratings along with consideration of cash, standby letters of credit, parent company guarantees and property interests, including oil and gas reserves. Included in "Investment Grade" are counterparties with a minimum Standard & Poor's or Moody's rating of BBB- or Baa3, respectively.
- (b) One and two customers' exposures, respectively, at December 31, 2000 and 1999 comprise greater than 5% of Assets From Price Risk Management Activities and are included above as Investment Grade.
- (c) At December 31, 2000, Enron held collateral of approximately \$5.5 billion, which consists substantially of cash deposits shown as "Customers' Deposits" on the balance sheet.

This concentration of counterparties may impact Enron's overall exposure to credit risk, either positively or negatively, in that the counterparties may be similarly affected by changes in economic, regulatory or other conditions. Based on Enron's policies, its exposures and its credit reserves, Enron does not anticipate a materially adverse effect on financial position or results of operations as a result of counterparty nonperformance.

During 2000, the California power market was significantly impacted by the increase in wholesale power prices. California customer rates are currently frozen, requiring the utilities to finance the majority of their power purchases. If wholesale prices remain at the current levels and no regulatory relief or legislative assistance is obtained, certain California utilities may need to seek bankruptcy protection. During 2000, Enron entered into wholesale power transactions with California utilities, including their nonregulated power marketing affiliates. Enron has provided credit reserves related to such activities based on Enron's net position with each California utility. Due to the uncertainties surrounding the California power situation, management cannot predict the ultimate outcome but believes these matters will not have a material adverse impact on Enron's financial condition.

Non-Trading Activities. Enron also enters into financial instruments such as swaps and other contracts primarily for the purpose of hedging the impact of market fluctuations on assets, liabilities, production or other contractual commitments.

Energy Commodity Price Swaps. At December 31, 2000, Enron was a party to energy commodity price swaps covering 18.6 TBtu, 29.9 TBtu and 0.5 TBtu of natural gas for the years 2001, 2002 and 2003, respectively, and 0.3 million barrels of crude oil for the year 2001.

Interest Rate Swaps. At December 31, 2000, Enron had entered into interest rate swap agreements with an aggregate notional principal amount of \$1.0 billion to manage interest rate exposure. These swap agreements are scheduled to terminate \$0.4 billion in 2001 and \$0.6 billion in the period 2002 through 2010.

Foreign Currency Contracts. At December 31, 2000, foreign currency contracts with a notional principal amount of \$1.4 billion were outstanding. These contracts will expire \$1.0 billion in 2001 and \$0.4 billion in the period 2002 through 2006.

Equity Contracts. At December 31, 2000, Enron had entered into Enron common stock swaps, with an aggregate notional amount of \$121 million, to hedge certain incentive-based compensation plans. Such contracts will expire in 2001.

Credit Risk. While notional amounts are used to express the volume of various financial instruments, the amounts potentially subject to credit risk, in the event of nonperformance by the third parties, are substantially smaller. Forwards, futures and other contracts are entered into with counterparties who are equivalent to investment grade. Accordingly, Enron does not anticipate any material impact to its financial position or results of operations as a result of nonperformance by the third parties on financial instruments related to non-trading activities.

Financial Instruments. The carrying amounts and estimated fair values of Enron's financial instruments, excluding trading activities, at December 31, 2000 and 1999 were as follows:

(In millions)	2000		1999	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Short- and long-term debt (Note 7)	\$10,229	\$10,217	\$8,152	\$8,108
Company-obligated preferred securities of subsidiaries (Note 10)	904	920	1,000	937
Energy commodity price swaps	-	68	-	(3)
Interest rate swaps	-	1	-	(55)
Foreign currency contracts	-	94	-	-
Equity contracts	15	15	4	4

Enron uses the following methods and assumptions in estimating fair values: (a) short- and long-term debt - the carrying amount of variable-rate debt approximates fair value, the fair value of marketable debt is based on quoted market prices and the fair value of other debt is based on the discounted present value of cash flows using Enron's current borrowing rates; (b) company- obligated preferred securities of subsidiaries - the fair value is based on quoted market prices, where available, or based on the discounted present value of cash flows using Enron's current borrowing rates if not publicly traded; and (c) energy commodity price swaps, interest rate swaps, foreign currency contracts and equity contracts - estimated fair values have been determined using available market data and valuation methodologies. Judgment is necessarily required in interpreting market data and the use of different market assumptions or estimation methodologies may affect the estimated fair value amounts.

The fair market value of cash and cash equivalents, trade and other receivables, accounts payable and investments accounted for at fair value are not materially different from their carrying amounts.

Guarantees of liabilities of unconsolidated entities and residual value guarantees have no carrying value and fair values which are not readily determinable (see Note 15).

4 MERCHANT ACTIVITIES

An analysis of the composition of Enron's merchant investments and energy assets at December 31, 2000 and 1999 is as follows:

(In millions)	December 31,	
	2000	1999
Merchant investments(a)		
Energy	\$ 137	\$ 516
Energy-intensive industries	63	218
Technology-related	99	11
Other	302	341
	601	1,086
Merchant assets(b)		
Independent power plants	53	152
Natural gas transportation	36	35
	89	187
Total	\$ 690	\$1,273

(a) Investments are recorded at fair value in "Other Assets" with changes in fair value reflected in "Other Revenues."

(b) Amounts represent Enron's investment in unconsolidated equity affiliates with operating earnings reflected in "Equity in Earnings of Unconsolidated Equity Affiliates."

Enron provides capital primarily to energy and technology-related businesses seeking debt or equity financing. The merchant investments made by Enron and certain of its unconsolidated affiliates (see Note 9) are carried at fair value and include public and private equity, government securities with maturities of more than 90 days, debt and interests in limited partnerships. The valuation methodologies utilize market values of publicly-traded securities, independent appraisals and cash flow analyses.

Also included in Enron's wholesale business are investments in merchant assets such as power plants and natural gas pipelines, primarily held through equity method investments. Some of these assets were developed, constructed and operated by Enron. The merchant assets are not expected to be long-term, integrated components of Enron's energy networks.

For the years ended December 31, 2000, 1999 and 1998, respectively, pre-tax gains from sales of merchant assets and investments totaling \$104 million, \$756 million and \$628 million are included in "Other Revenues," and proceeds were \$1,838 million, \$2,217 million and \$1,434 million.

5 INCOME TAXES

The components of income before income taxes are as follows:

(In millions)	2000	1999	1998
United States	\$ 640	\$ 357	\$197
Foreign	773	771	681
	\$1,413	\$1,128	\$878

Total income tax expense is summarized as follows:

(In millions)	2000	1999	1998
Payable currently			
Federal	\$112	\$ 29	\$ 30
State	22	6	8
Foreign	93	48	50
	227	83	88
Payment deferred			
Federal	13	(159)	(14)
State	14	23	11
Foreign	180	157	90
	207	21	87
Total income tax expense(a)	\$434	\$104	\$175

(a) See Note 11 for tax benefits related to stock options exercised by employees reflected in shareholders' equity.

The differences between taxes computed at the U.S. federal statutory tax rate and Enron's effective income tax rate are as follows:

	2000	1999	1998
Statutory federal income tax provision	35.0%	35.0%	35.0%
Net state income taxes	2.5	1.8	1.7
Foreign tax rate differential	(2.4)	(7.0)	0.8
Equity earnings	5.3	(10.1)	(4.3)
Basis and stock sale differences	(11.9)	(10.8)	(14.2)
Goodwill amortization	1.6	1.6	2.0
Audit settlement related to Monthly Income Preferred Shares	-	(1.8)	-
Other	0.6	0.5	(1.0)
	30.7%	9.2%	20.0%

The principal components of Enron's net deferred income tax liability are as follows:

(In millions)	December 31, 2000	December 31, 1999
Deferred income tax assets		
Alternative minimum tax credit carryforward	\$ 254	\$ 220
Net operating loss carryforward	369	1,302
Other	189	188
	812	1,710
Deferred income tax liabilities		
Depreciation, depletion and amortization	1,813	1,807
Price risk management activities	(182)	1,133
Other	963	782
	2,594	3,722
Net deferred income tax liabilities(a)	\$1,782	\$2,012

(a) Includes \$138 million and \$118 million in other current liabilities for 2000 and 1999, respectively.

Enron has an alternative minimum tax (AMT) credit carryforward of approximately \$254 million which can be used to offset regular income taxes payable in future years. The AMT credit has an indefinite carryforward period.

Enron has a net operating loss carryforward applicable to U.S.

subsidiaries of approximately \$65 million, which will begin to expire in 2011. Enron has a net operating loss carryforward applicable to non-U.S. subsidiaries of approximately \$1.2 billion, of which \$1.0 billion can be carried forward indefinitely. The remaining \$200 million expires between the years 2001 and 2010. Deferred tax assets have been recognized on the \$65 million domestic loss and \$1.0 billion of the foreign losses.

U.S. and foreign income taxes have been provided for earnings of foreign subsidiary companies that are expected to be remitted to the U.S. Foreign subsidiaries' cumulative undistributed earnings of approximately \$1.8 billion are considered to be permanently reinvested outside the U.S. and, accordingly, no U.S. income taxes have been provided thereon. In the event of a distribution of those earnings in the form of dividends, Enron may be subject to both foreign withholding taxes and U.S. income taxes net of allowable foreign tax credits.

6 SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes and interest expense, including fees incurred on sales of accounts receivable, is as follows:

(In millions)	2000	1999	1998
Income taxes (net of refunds)	\$ 62	\$ 51	\$ 73
Interest (net of amounts capitalized)	834	678	585

Non-Cash Activity. In 2000, Enron acquired all minority shareholders' interests in Enron Energy Services, LLC and other businesses with Enron common stock. See Note 2.

In 2000 and 1999, Enron entered into various transactions with related parties, which resulted in an exchange of assets and an increase in common stock of \$171 million in 2000. See Note 16.

In 2000, a partnership in which Enron was a limited partner made a liquidating distribution to Enron resulting in a non-cash increase in current assets of \$220 million, a decrease of \$20 million in non-current assets and an increase in current liabilities of \$160 million.

During 2000 and 1999, Enron received the rights to specific third-party fiber optic cable in exchange for the rights on specific fiber optic cable held for sale by Enron. These exchanges resulted in non-cash increases in assets of \$69 million and \$111 million, respectively.

During 1999, Enron issued approximately 7.6 million shares of common stock in connection with the acquisition, by an unconsolidated equity affiliate, of interests in three power plants in New Jersey.

In December 1998, Enron extinguished its 6.25% Exchangeable Notes with 10.5 million shares of EOG common stock.

7 CREDIT FACILITIES AND DEBT

Enron has credit facilities with domestic and foreign banks which provide for an aggregate of \$1.4 billion in long-term committed credit, of which \$150 million relates to Portland General, and \$2.4 billion in short-term committed credit. Expiration dates of the committed facilities range from February 2001 to May 2005. Interest rates on borrowings are based upon the London Interbank Offered Rate, certificate of deposit rates or other short-term interest rates. Certain credit facilities contain covenants which must be met to borrow funds. Such debt covenants are not anticipated to materially restrict Enron's ability to borrow funds under such facilities. Compensating balances are not required, but Enron is required to pay a commitment or facility fee. At December 31, 2000, \$290 million was outstanding under these facilities.

Enron has also entered into agreements which provide for uncommitted lines of credit totaling \$420 million at December 31, 2000. The uncommitted lines have no stated expiration dates. Neither compensating balances nor commitment fees are required, as borrowings under the uncommitted credit lines are available subject to agreement by the participating banks. At December 31, 2000, no amounts were outstanding under the uncommitted lines.

In addition to borrowing from banks on a short-term basis, Enron and certain of its subsidiaries sell commercial paper to provide financing for various corporate purposes. As of December 31, 2000 and 1999, short-term borrowings of \$15 million and \$330 million, respectively, and long-term debt due within one year of

\$1,303 million and \$670 million, respectively, have been reclassified as long-term debt based upon the availability of committed credit facilities with expiration dates exceeding one year and management's intent to maintain such amounts in excess of one year. Weighted average interest rates on short-term debt outstanding at December 31, 2000 and 1999 were 6.9% and 6.4%, respectively.

Detailed information on long-term debt is as follows:

(In millions)	December 31,	
	2000	1999
Enron Corp.		
Senior debentures		
6.75% to 8.25% due 2005 to 2012	\$ 262	\$ 318
Notes payable(a)		
7.00% exchangeable notes due 2002	532	239
6.40% to 9.88% due 2001 to 2028	4,416	4,114
Floating rate notes due 2000 to 2005	92	79
Other	242	34
Northern Natural Gas Company		
Notes payable		
6.75% to 7.00% due 2005 to 2011	500	500
Transwestern Pipeline Company		
Notes payable		
9.20% due 2004	11	15
Portland General		
First mortgage bonds		
6.47% to 9.46% due 2000 to 2023	328	373
Pollution control bonds		
Various rates due 2010 to 2033	200	200
Other	282	129
Other	414	204
Amount reclassified from short-term debt	1,318	1,000
Unamortized debt discount and premium	(47)	(54)
Total long-term debt	\$8,550	\$7,151

(a) Includes debt denominated in foreign currencies of approximately \$955 million and \$525 million, respectively, at December 31, 2000 and 1999. Enron has entered into derivative transactions to hedge interest rates and foreign currency exchange fluctuations associated with such debt. See Note 3.

The indenture securing Portland General's First Mortgage Bonds constitutes a direct first mortgage lien on substantially all electric utility property and franchises, other than expressly excepted property.

The aggregate annual maturities of long-term debt outstanding at December 31, 2000 were \$2,112 million, \$750 million, \$852 million, \$646 million and \$1,592 million for 2001 through 2005, respectively.

In February 2001, Enron issued \$1.25 billion zero coupon convertible senior notes that mature in 2021. The notes carry a 2.125 percent yield to maturity with an aggregate face value of \$1.9 billion and may be converted, upon certain contingencies being met, into Enron common stock at an initial conversion premium of 45 percent.

8 MINORITY INTERESTS

Enron's minority interests at December 31, 2000 and 1999 include the following:

(In millions)	2000	1999
Majority-owned limited liability		
company and limited partnerships	\$1,759	\$1,773
Elektro(a)	462	475
Other	193	182
	\$2,414	\$2,430

(a) Relates to the respective parents of Elektro, which had minority shareholders in 2000 and 1999.

Enron has formed separate limited partnerships and a limited liability company with third-party investors for various purposes. These entities are included in Enron's consolidated financial statements, with the third-party investors' interests reflected in "Minority Interests" in the Consolidated Balance Sheet.

In October 2000, Enron contributed approximately \$1.0 billion of net assets to a wholly-owned limited liability company. A third party contributed \$500 million for a preferred membership interest in the limited liability company. The contribution by the third party was invested in highly liquid investment grade securities (including Enron notes) and short-term receivables. At December 31, 2000, the majority-owned limited liability company held net assets of \$1.0 billion.

During 1999, third-party investors contributed cash and merchant investments totaling \$1.0 billion to Enron-sponsored entities to invest in highly liquid investment grade securities (including Enron notes) and short-term receivables. The merchant investments, totaling \$500 million, were sold prior to December 31, 1999. During 2000, Enron acquired a portion of the minority shareholder's interest for \$485 million.

In 1998, Enron formed a wholly-owned limited partnership for the purpose of holding \$1.6 billion of assets contributed by Enron. That partnership contributed \$850 million of assets and a third party contributed \$750 million to a second newly-formed limited partnership. The assets held by the wholly-owned limited partnership represent collateral for a \$750 million note receivable held by the second limited partnership. In 2000 and 1999, the wholly-owned and second limited partnerships sold assets valued at approximately \$152 million and \$460 million, respectively, and invested the proceeds in Enron notes.

Absent certain defaults or other specified events, Enron has the option to acquire the minority holders' interests in these partnerships. Enron has the option to acquire the minority holders' interest in the limited liability company after November 2002. If Enron does not acquire the minority holders' interests before December 2004 through May 2009, or earlier upon certain specified events, the minority interest holders may cause the entities to liquidate their assets and dissolve.

In 2000, as part of a restructuring, Jacare Electrical Distribution Trust (Jacare) sold a 47 percent interest in Enron Brazil Power Holdings V Ltd, a subsidiary that holds its investment in Elektro, to Whitewing for approximately \$460 million. See Note 9. The proceeds were used to acquire the original minority shareholder's interest in Jacare.

In 2000, Enron acquired all minority shareholders' interests in Enron Energy Services, LLC and Enron Renewable Energy Corp. See Note 2.

9 UNCONSOLIDATED EQUITY AFFILIATES

Enron's investment in and advances to unconsolidated affiliates which are accounted for by the equity method is as follows:

(In millions)	Net Voting Interest(a)	December 31,	
		2000	1999
Azurix Corp.	34%	\$ 325	\$ 762
Bridgeline Holdings	40%	229	-
Citrus Corp.	50%	530	480
Dabhol Power Company	50%	693	466
Joint Energy Development Investments L.P. (JEDI)(b)	50%	399	211
Joint Energy Development Investments II L.P. (JEDI II)(b)	50%	220	162
SK - Enron Co. Ltd.	50%	258	269
Transportadora de Gas del Sur S.A.	35%	479	452
Whitewing Associates, L.P.(b)	50%	558	662
Other		1,603	1,572
		\$5,294(c)	\$5,036(c)

(a) Certain investments have income sharing ratios which differ from Enron's voting interests.

(b) JEDI and JEDI II account for their investments at fair value. Whitewing accounts for certain of its investments at fair value. These affiliates held fair value investments

totaling \$1,823 million and \$1,128 million, respectively, at December 31, 2000 and 1999.

- (c) At December 31, 2000 and 1999, the unamortized excess of Enron's investment in unconsolidated affiliates was \$182 million and \$179 million, respectively, which is being amortized over the expected lives of the investments.

Enron's equity in earnings (losses) of unconsolidated equity affiliates is as follows:

(In millions)	2000	1999	1998
Azurix Corp.(a)	\$(428)	\$ 23	\$ 6
Citrus Corp.	50	25	23
Dabhol Power Company	51	30	-
Joint Energy Development Investments L.P.	197	11	(45)
Joint Energy Development Investments II, L.P.	58	92	(4)
TNPC, Inc. (The New Power Company)	(60)	-	-
Transportadora de Gas del Sur S.A.	38	32	36
Whitewing Associates, L.P.	58	9	-
Other	123	87	81
	\$ 87	\$309	\$ 97

- (a) During the fourth quarter of 2000, Azurix Corp. (Azurix) impaired the carrying value of its Argentine assets, resulting in a charge of approximately \$470 million. Enron's portion of the charge was \$326 million.

Summarized combined financial information of Enron's unconsolidated affiliates is presented below:

(In millions)	December 31,	
	2000	1999
Balance sheet		
Current assets(a)	\$ 5,884	\$ 3,168
Property, plant and equipment, net	14,786	14,356
Other noncurrent assets	13,485	9,459
Current liabilities(a)	4,739	4,401
Long-term debt(a)	9,717	8,486
Other noncurrent liabilities	6,148	2,402
Owners' equity	13,551	11,694

- (a) Includes \$410 million and \$327 million receivable from Enron and \$302 million and \$84 million payable to Enron at December 31, 2000 and 1999, respectively.

(In millions)	2000	1999	1998
Income statement(a)			
Operating revenues	\$15,903	\$11,568	\$8,508
Operating expenses	14,710	9,449	7,244
Net income	586	1,857	142
Distributions paid to Enron	137	482	87

- (a) Enron recognized revenues from transactions with unconsolidated equity affiliates of \$510 million in 2000, \$674 million in 1999 and \$563 million in 1998.

In 2000 and 1999, Enron sold approximately \$632 million and \$192 million, respectively, of merchant investments and other assets to Whitewing. Enron recognized no gains or losses in connection with these transactions. Additionally, in 2000, ECT Merchant Investments Corp., a wholly-owned Enron subsidiary, contributed two pools of merchant investments to a limited

partnership that is a subsidiary of Enron. Subsequent to the contributions, the partnership issued partnership interests representing 100% of the beneficial, economic interests in the two asset pools, and such interests were sold for a total of \$545 million to a limited liability company that is a subsidiary of Whitewing. See Note 3. These entities are separate legal entities from Enron and have separate assets and liabilities. In 2000 and 1999, the Related Party, as described in Note 16, contributed \$33 million and \$15 million, respectively, of equity to Whitewing. In 2000, Whitewing contributed \$7.1 million to a partnership formed by Enron, Whitewing and a third party. Subsequently, Enron sold a portion of its interest in the partnership through a securitization. See Note 3.

In 2000, The New Power Company sold warrants convertible into common stock of The New Power Company for \$50 million to the Related Party (described in Note 16).

From time to time, Enron has entered into various administrative service, management, construction, supply and operating agreements with its unconsolidated equity affiliates. Enron's management believes that its existing agreements and transactions are reasonable compared to those which could have been obtained from third parties.

10 PREFERRED STOCK

Preferred Stock. Enron has authorized 16,500,000 shares of preferred stock, no par value. At December 31, 2000, Enron had outstanding 1,240,933 shares of Cumulative Second Preferred Convertible Stock (the Convertible Preferred Stock), no par value. The Convertible Preferred Stock pays dividends at an amount equal to the higher of \$10.50 per share or the equivalent dividend that would be paid if shares of the Convertible Preferred Stock were converted to common stock. Each share of the Convertible Preferred Stock is convertible at any time at the option of the holder thereof into 27.304 shares of Enron's common stock, subject to certain adjustments. The Convertible Preferred Stock is currently subject to redemption at Enron's option at a price of \$100 per share plus accrued dividends. During 2000, 1999 and 1998, 55,251 shares, 23,664 shares and 17,797 shares, respectively, of the Convertible Preferred Stock were converted into common stock.

In 1999, all outstanding shares of Series A Preferred Stock held by Whitewing were exchanged for 250,000 shares of Enron Mandatorily Convertible Junior Preferred Stock, Series B (Series B Preferred Stock). Also in 1999, Enron entered into a Share Settlement Agreement under which Enron could be obligated, under certain circumstances, to deliver additional shares of common stock or Series B Preferred Stock to Whitewing for the amount that the market price of the converted Enron common shares is less than \$28 per share. In 2000, Enron increased the strike price in the Share Settlement Agreement to \$48.55 per share in exchange for an additional capital contribution in Whitewing by third-party investors. The number of shares of Series B Preferred Stock authorized equals the number of shares necessary to satisfy Enron's obligation under the Share Settlement Agreement. Absent certain defaults or other specified events, Enron has the option to acquire the third-party investors' interests. If Enron does not acquire the third-party investors' interests before January 2003, or earlier upon certain specified events, Whitewing may liquidate its assets and dissolve. At December 31, 2000, Enron had outstanding 250,000 shares of Series B Preferred Stock with a liquidation value of \$1.0 billion. The Series B Preferred Stock pays semi-annual cash dividends at an annual rate of 6.50%. Each share of Series B Preferred Stock is mandatorily convertible into 200 shares of Enron common stock on January 15, 2003 or earlier upon the occurrence of certain events.

In connection with the 1998 financial restructuring (yielding proceeds of approximately \$1.2 billion) of Enron's investment in Azurix, Enron committed to cause the sale of Enron convertible preferred stock, if certain debt obligations of the related entity which acquired an interest in Azurix, are defaulted upon, or in certain events, including, among other things, Enron's credit ratings fall below specified levels. If the sale of the convertible preferred stock is not sufficient to retire such obligations, Enron would be liable for the shortfall. Such obligations will mature in December 2001. The number of common shares issuable upon conversion is based on future common stock prices.

Company-Obligated Preferred Securities of Subsidiaries.
Summarized information for Enron's company-obligated preferred securities of subsidiaries is as follows:

(In millions, except per share amounts and shares)	December 31,		Liquidation Value Per Share
	2000	1999	
Enron Capital LLC			
8% Cumulative Guaranteed Monthly Income Preferred Shares (8,550,000 shares)(a)	\$ 214	\$ 214	\$ 25
Enron Capital Trust I			
8.3% Trust Originated Preferred Securities (8,000,000 preferred securities)(a)	200	200	25
Enron Capital Trust II			
8 1/8% Trust Originated Preferred Securities (6,000,000 preferred securities)(a)	150	150	25
Enron Capital Trust III			
Adjustable-Rate Capital Trust Securities (200,000 preferred securities)	-	200	1,000
LNG Power II L.L.C.			
6.74% Preference Units (105,000 shares)(b)	105	-	1,000
Enron Equity Corp.			
8.57% Preferred Stock (880 shares)(a)	88	88	100,000
7.39% Preferred Stock (150 shares)(a)(c)	15	15	100,000
Enron Capital Resources, L.P.			
9% Cumulative Preferred Securities, Series A (3,000,000 preferred securities)(a)	75	75	25
Other	57	58	
	\$ 904	\$1,000	

(a) Redeemable under certain circumstances after specified dates.

(b) Initial rate is 6.74% increasing to 7.79%.

(c) Mandatorily redeemable in 2006.

11 COMMON STOCK

Earnings Per Share. The computation of basic and diluted earnings per share is as follows:

(In millions, except per share amounts)	Year Ended December 31,		
	2000	1999	1998
Numerator:			
Basic			
Income before cumulative effect of accounting changes	\$ 979	\$1,024	\$ 703
Preferred stock dividends:			
Second Preferred Stock	(17)	(17)	(17)
Series A Preferred Stock	-	(30)	-
Series B Preferred Stock	(66)	(19)	-
Income available to common share- holders before cumulative effect of accounting changes	896	958	686
Cumulative effect of accounting changes	-	(131)	-
Income available to common shareholders	\$ 896	\$ 827	\$ 686
Diluted			
Income available to common share- holders before cumulative effect of accounting changes	\$ 896	\$ 958	\$ 686
Effect of assumed conversion of dilutive securities(a):			
Second Preferred Stock	17	17	17

Income before cumulative effect of accounting changes	913	975	703
Cumulative effect of accounting changes	-	(131)	-
Income available to common shareholders after assumed conversions	\$ 913	\$ 844	\$ 703
Denominator:			
Denominator for basic earnings per share - weighted-average shares	736	705	642
Effect of dilutive securities:			
Preferred stock	35	36	36
Stock options	43	28	17
Dilutive potential common shares	78	64	53
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	814	769	695
Basic earnings per share:			
Before cumulative effect of accounting changes	\$1.22	\$1.36	\$1.07
Cumulative effect of accounting changes	-	(0.19)	-
Basic earnings per share	\$1.22	\$1.17	\$1.07
Diluted earnings per share			
Before cumulative effect of accounting changes	\$1.12	\$1.27	\$1.01
Cumulative effect of accounting changes	-	(0.17)	-
Diluted earnings per share	\$1.12	\$1.10	\$1.01

(a) The Series A Preferred Stock and the Series B Preferred Stock were not included in the calculation of diluted earnings per share because conversion of these shares would be antidilutive.

Derivative Instruments. At December 31, 2000, Enron had derivative instruments (excluding amounts disclosed in Note 10) on 54.8 million shares of Enron common stock, of which approximately 12 million shares are with JEDI and 22.5 million shares are with related parties (see Note 16), at an average price of \$67.92 per share on which Enron was a fixed price payor. Shares potentially deliverable to counterparties under the contracts are assumed to be outstanding in calculating diluted earnings per share unless they are antidilutive. At December 31, 2000, there were outstanding non-employee options to purchase 6.4 million shares of Enron common stock at an exercise price of \$19.59 per share.

Stock Option Plans. Enron applies Accounting Principles Board (APB) Opinion 25 and related interpretations in accounting for its stock option plans. In accordance with APB Opinion 25, no compensation expense has been recognized for the fixed stock option plans. Compensation expense charged against income for the restricted stock plan for 2000, 1999 and 1998 was \$220 million, \$131 million and \$58 million, respectively. Had compensation cost for Enron's stock option compensation plans been determined based on the fair value at the grant dates for awards under those plans, Enron's net income and earnings per share would have been \$886 million (\$1.09 per share basic, \$1.01 per share diluted) in 2000, \$827 million (\$1.08 per share basic, \$1.01 per share diluted) in 1999 and \$674 million (\$1.02 per share basic, \$0.97 per share diluted) in 1998.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with weighted-average assumptions for grants in 2000, 1999 and 1998, respectively: (i) dividend yield of 2.4%, 2.4% and 2.5%; (ii) expected volatility of 22.3%, 20.0% and 18.3%; (iii) risk-free interest rates of 5.8%, 5.6% and 5.0%; and (iv) expected lives of 3.2 years, 3.7 years and 3.8 years.

Enron has four fixed option plans (the Plans) under which options for shares of Enron's common stock have been or may be granted to officers, employees and non-employee members of the Board of Directors. Options granted may be either incentive stock options or nonqualified stock options and are granted at not less than the fair market value of the stock at the time of grant. Under the Plans, Enron may grant options with a maximum term of 10 years. Options vest under varying schedules.

Summarized information for Enron's Plans is as follows:

	2000	1999	1998
	Weighted Average	Weighted Average	Weighted Average

(Shares in thousands)	Shares	Exercise Price	Shares	Exercise Price	Shares	Exercise Price
Outstanding, beginning of year	93,531	\$26.74	79,604	\$19.60	78,858	\$17.89
Granted	39,167	70.02	35,118	37.49	15,702	24.99
Exercised(a)	(32,235)	24.43	(19,705)	18.08	(13,072)	15.70
Forfeited	(4,358)	35.68	(1,465)	24.51	(1,498)	19.77
Expired	(42)	23.75	(21)	18.79	(386)	19.76
Outstanding, end of year	96,063	\$44.24	93,531	\$26.74	79,604	\$19.60
Exercisable, end of year	46,755	\$29.85	52,803	\$22.56	45,942	\$18.16
Available for grant, end of year(b)	22,066		24,864		10,498	
Weighted average fair value of options granted		\$13.35		\$ 7.24		\$ 4.20

(a) In 2000, Enron recorded tax benefits related to stock options exercised by employees of approximately \$390 million reflected in shareholders' equity.

(b) Includes up to 20,707,969 shares, 22,140,962 shares and 10,497,670 shares as of December 31, 2000, 1999 and 1998, respectively, which may be issued either as restricted stock or pursuant to stock options.

The following table summarizes information about stock options outstanding at December 31, 2000 (shares in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Price
\$ 6.88 to \$20.00	15,368	4.7	\$16.72	14,001	\$16.54
20.06 to 34.81	24,091	6.8	24.79	18,304	24.13
35.03 to 47.31	21,520	6.8	40.52	8,731	40.27
50.48 to 69.00	13,965	6.5	60.18	4,072	61.81
71.06 to 86.63	21,119	5.6	79.69	1,647	72.36
	96,063	6.2	\$44.24	46,755	\$29.85

Restricted Stock Plan. Under Enron's Restricted Stock Plan, participants may be granted stock without cost to the participant. The shares granted under this plan vest to the participants at various times ranging from immediate vesting to vesting at the end of a five-year period. Upon vesting, the shares are released to the participants. The following summarizes shares of restricted stock under this plan:

(Shares in thousands)	2000	1999	1998
Outstanding, beginning of year	6,781	6,034	5,074
Granted	2,243	2,672	2,122
Released to participants	(2,201)	(1,702)	(1,064)
Forfeited	(1,444)	(223)	(98)
Outstanding, end of year	5,379	6,781	6,034
Available for grant, end of year	20,708	22,141	10,498
Weighted average fair value of restricted stock granted	\$57.69	\$37.38	\$23.70

12 PENSION AND OTHER BENEFITS

Enron maintains a retirement plan (the Enron Plan) which is a noncontributory defined benefit plan covering substantially all employees in the United States and certain employees in foreign countries. The benefit accrual is in the form of a cash balance of 5% of annual base pay.

Portland General has a noncontributory defined benefit pension plan (the Portland General Plan) covering substantially all of its employees. Benefits under the Portland General Plan are based on years of service, final average pay and covered compensation.

Enron Facility Services has a noncontributory defined benefit pension plan (the EFS Plan) covering substantially all of its employees. Benefits under the EFS Plan are based on years of service, final average pay and covered compensation.

Enron also maintains a noncontributory employee stock ownership plan (ESOP) which covers all eligible employees. Allocations to individual employees' retirement accounts within the ESOP offset a portion of benefits earned under the Enron Plan. All shares included in the ESOP have been allocated to the employee accounts. At December 31, 2000 and 1999, 12,600,271 shares and 17,241,731 shares, respectively, of Enron common stock were held by the ESOP, a portion of which may be used to offset benefits under the Enron Plan.

Assets of the Enron Plan, the Portland General Plan and the EFS Plan are comprised primarily of equity securities, fixed income securities and temporary cash investments. It is Enron's policy to fund all pension costs accrued to the extent required by federal tax regulations.

Enron provides certain postretirement medical, life insurance and dental benefits to eligible employees and their eligible dependents. Benefits are provided under the provisions of contributory defined dollar benefit plans. Enron is currently funding that portion of its obligations under these postretirement benefit plans which are expected to be recoverable through rates by its regulated pipelines and electric utility operations.

Enron accrues these postretirement benefit costs over the service lives of the employees expected to be eligible to receive such benefits. Enron is amortizing the transition obligation which existed at January 1, 1993 over a period of approximately 19 years.

The following table sets forth information related to changes in the benefit obligations, changes in plan assets, a reconciliation of the funded status of the plans and components of the expense recognized related to Enron's pension and other postretirement plans:

(In millions)	Pension Benefits		Other Benefits	
	2000	1999	2000	1999
Change in benefit obligation				
Benefit obligation, beginning of year	\$708	\$687	\$120	\$134
Service cost	33	32	2	2
Interest cost	53	49	10	9
Plan participants' contributions	-	-	4	3
Plan amendments	-	6	-	-
Actuarial loss (gain)	9	(51)	10	(12)
Acquisitions and divestitures	-	36	-	-
Effect of curtailment and settlements(a)	(2)	(8)	-	-
Benefits paid	(55)	(43)	(22)	(16)
Benefit obligation, end of year	\$746	\$708	\$124	\$120
Change in plan assets				
Fair value of plan assets, beginning of year(b)	\$853	\$774	\$ 68	\$ 60
Actual return on plan assets	41	80	(4)	7
Acquisitions and divestitures	-	37	-	-
Employer contribution	19	5	7	6
Plan participants' contributions	-	-	4	3
Benefits paid	(55)	(43)	(11)	(8)
Fair value of plan assets, end of year(b)	\$858	\$853	\$ 64	\$ 68
Reconciliation of funded status, end of year				
Funded status, end of year	\$112	\$145	\$(60)	\$(52)
Unrecognized transition obligation (asset)	(6)	(13)	44	48
Unrecognized prior service cost	25	32	12	14
Unrecognized net actuarial loss (gain)	55	11	(17)	(29)
Prepaid (accrued) benefit cost	\$186	\$175	\$(21)	\$(19)
Weighted-average assumptions at December 31				
Discount rate	7.75%	7.75%	7.75%	7.75%
Expected return on plan assets (pre-tax)	(c)	(c)	(d)	(d)
Rate of compensation increase	(e)	(e)	(e)	(e)
Components of net periodic benefit cost				
Service cost	\$ 33	\$ 32	\$ 2	\$ 2
Interest cost	53	49	10	9
Expected return on plan assets	(75)	(70)	(4)	(4)
Amortization of transition obligation				

(asset)	(6)	(6)	4	4
Amortization of prior service cost	5	5	1	1
Recognized net actuarial loss (gain)	-	3	(1)	-
Effect of curtailment and settlements(a)	-	(6)	-	6
Net periodic benefit cost	\$ 10	\$ 7	\$ 12	\$ 18

- (a) Represents one-time nonrecurring events including the exchange and sale of EOG (see Note 2) and certain employees ceasing participation in the Portland General Plan as a result of union negotiations.
- (b) Includes plan assets of the ESOP of \$116 million and \$121 million at December 31, 2000 and 1999, respectively.
- (c) Long-term rate of return on assets is assumed to be 10.5% for the Enron Plan, 9.0% for the Portland General Plan and 9.5% for the EFS Plan.
- (d) Long-term rate of return on assets is assumed to be 7.5% for the Enron assets and 9.5% for the Portland General assets.
- (e) Rate of compensation increase is assumed to be 4.0% for the Enron Plan, 4.0% to 9.5% for the Portland General Plan and 5.0% for the EFS Plan.

Included in the above amounts are the unfunded obligations for the supplemental executive retirement plans. At both December 31, 2000 and 1999, the projected benefit obligation for these unfunded plans was \$56 million and the fair value of assets was \$1 million.

The measurement date of the Enron Plan and the ESOP is September 30, and the measurement date of the Portland General Plan, the EFS Plan and the postretirement benefit plans is December 31. The funded status as of the valuation date of the Enron Plan, the Portland General Plan, the ESOP and the postretirement benefit plans reconciles with the amount detailed above which is included in "Other Assets" on the Consolidated Balance Sheet.

For measurement purposes, 6% and 10% annual rates of increase in the per capita cost of covered health care benefits were assumed for the period 2000 to 2001 for the Enron and Portland General postretirement plans, respectively. The rates were assumed to decrease to 5% by 2002 and 2010 for the Enron and Portland General postretirement plans, respectively. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

(In millions)	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total of service and interest cost components	\$0.4	\$(0.3)
Effect on postretirement benefit obligation	\$4.4	\$(3.8)

Additionally, certain Enron subsidiaries maintain various incentive based compensation plans for which participants may receive a combination of cash or stock options, based upon the achievement of certain performance goals.

13 RATES AND REGULATORY ISSUES

Rates and regulatory issues related to certain of Enron's natural gas pipelines and its electric utility operations are subject to final determination by various regulatory agencies. The domestic interstate pipeline operations are regulated by the Federal Energy Regulatory Commission (FERC) and the electric utility operations are regulated by the FERC and the Oregon Public Utility Commission (OPUC). As a result, these operations are subject to the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," which recognizes the economic effects of regulation and, accordingly, Enron has recorded regulatory assets and liabilities related to such operations.

The regulated pipelines operations' net regulatory assets were \$290 million and \$250 million at December 31, 2000 and 1999, respectively, and are expected to be recovered over varying time periods.

The electric utility operations' net regulatory assets were \$450 million and \$494 million at December 31, 2000 and 1999, respectively. Based on rates in place at December 31, 2000, Enron estimates that it will collect substantially all of its regulatory assets within the next 11 years.

Pipeline Operations. On April 16, 1999, Northern Natural Gas Company (Northern) filed an uncontested Stipulation and Agreement of Settlement (Settlement) with the FERC and an order approving the Settlement was issued by the FERC on June 18, 1999. The rates effectuated by Northern on November 1, 1999 remain in effect. On May 1, 2000, Northern filed to implement an optional volumetric firm throughput service. An order approving such service was issued November 8, 2000 with effectiveness November 1, 2000; a rehearing request is pending. On November 1, 2000, Northern filed to increase its rates for the recovery of return and taxes on its System Levelized Account. On November 22, 2000, the FERC issued an order approving the rates, subject to refund.

On November 1, 2000, Transwestern Pipeline Company implemented a rate escalation of settled transportation rates in accordance with its May 1995 global settlement, as amended in May 1996. On August 23, 1999, Transwestern filed for a new service, Enhanced Firm Backhaul. An order by the FERC was issued February 23, 2000, approving the service.

Electric Utility Operations. On October 2, 2000 PGE filed a restructuring plan with the OPUC that implements the provisions of the State Senate Bill SB1149, signed into law in July 1999. The new law provides industrial and commercial customers of investor-owned utilities in the state direct access to competing energy suppliers by October 1, 2001. As filed, PGE's plan also proposes an increase in base rates, with new tariffs effective on October 1, 2001. PGE is a 67.5% owner of the Trojan Nuclear Plant (Trojan). In September 2000, PGE entered into an agreement with the OPUC related to Trojan. See Note 14. At December 31, 2000, PGE's regulatory asset related to recovery of Trojan decommissioning costs from customers was \$190 million.

Enron believes, based upon its experience to date and after considering appropriate reserves that have been established, that the ultimate resolution of pending regulatory matters will not have a material impact on Enron's financial position or results of operations.

14 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 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 claims have been settled. 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, PGE ceased commercial operation of the Trojan nuclear power generating facility. The OPUC granted PGE, through a general rate order, recovery of, and a return on, 87 percent of its remaining investment in Trojan.

The OPUC's general rate order related to Trojan has been subject to litigation in various state courts, including rulings by the Oregon Court of Appeals and petitions to the Oregon Supreme Court filed by parties opposed to the OPUC's order, including the Utility Reform Project(URP) and the Citizens Utility Board (CUB).

In August 2000, PGE entered into agreements with CUB and the staff of the OPUC to settle the litigation related to PGE's recovery of its investment in the Trojan plant. Under the agreements, CUB agreed to withdraw from the litigation and to support the settlement as the means to resolve the Trojan litigation. The OPUC approved the accounting and ratemaking elements of the settlement on September 29, 2000. As a result of these approvals, PGE's investment in Trojan is no longer included in rates charged to customers, either through a return on or a return of that investment. Collection of ongoing decommissioning costs at Trojan is not affected by the settlement agreements or the September 29, 2000 OPUC order. With CUB's withdrawal, URP is the one remaining significant adverse party in the litigation. URP has indicated that it plans to continue to challenge the OPUC order allowing PGE recovery of its investment in Trojan.

Enron cannot predict the outcome of these actions. 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.

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.

15 COMMITMENTS

Firm Transportation Obligations. Enron has firm transportation agreements with various joint venture and other pipelines. Under these agreements, Enron must make specified minimum payments each month. At December 31, 2000, the estimated aggregate amounts of such required future payments were \$91 million, \$88 million, \$89 million, \$85 million and \$77 million for 2001 through 2005, respectively, and \$447 million for later years.

The costs recognized under firm transportation agreements, including commodity charges on actual quantities shipped, totaled \$68 million, \$55 million and \$30 million in 2000, 1999 and 1998, respectively.

Other Commitments. Enron leases property, operating facilities and equipment under various operating leases, certain of which contain renewal and purchase options and residual value guarantees. Future commitments related to these items at December 31, 2000 were \$123 million, \$98 million, \$69 million, \$66 million and \$49 million for 2001 through 2005, respectively, and \$359 million for later years. Guarantees under the leases total \$556 million at December 31, 2000.

Total rent expense incurred during 2000, 1999 and 1998 was \$143 million, \$143 million and \$147 million, respectively.

Enron has entered into two development agreements whereby Enron is required to manage construction of a certain number of power projects on behalf of third party owners. Under one development agreement, where construction is expected to be completed on or before March 31, 2004, Enron has agreed to enter into power offtake agreements for varying portions of the offtake from each facility. Under both development agreements, Enron maintains purchase options, which may be assigned to a third party. In addition to the purchase option under the development agreement, Enron maintains lease options on the power projects. If upon completion, which is expected to occur on or before August 31, 2002, Enron has failed to exercise one of its options, Enron may participate in the remarketing of the power projects which Enron has guaranteed the recovery of 89.9 percent of certain project costs, of which approximately \$140 million has been incurred through December 31, 2000.

Enron guarantees the performance of certain of its unconsolidated equity affiliates in connection with letters of credit issued on behalf of those entities. At December 31, 2000, a total of \$264 million of such guarantees were outstanding, including \$103 million on behalf of EOTT Energy Partners, L.P. (EOTT). In addition, Enron is a guarantor on certain liabilities of unconsolidated equity affiliates and other companies totaling approximately \$1,863 million at December 31, 2000, including \$538 million related to EOTT trade obligations. The EOTT letters of credit and guarantees of trade obligations are secured by the assets of EOTT. Enron has also guaranteed \$386 million in lease obligations for which it has been indemnified by an "Investment Grade" company. Management does not consider it likely that Enron would be required to perform or otherwise incur any losses associated with the above guarantees. In addition, certain commitments have been made related to capital expenditures and equity investments planned in 2001.

On December 15, 2000, Enron announced that it had entered into an agreement with Azurix under which the holders of Azurix's approximately 39 million publicly traded shares would receive cash of \$8.375 in exchange for each share. The agreement, which is subject to the approval of Azurix shareholders, is expected to close in early 2001.

16 RELATED PARTY TRANSACTIONS

In 2000 and 1999, 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. Management believes that the terms of the transactions with the Related Party were reasonable compared to those which could have been negotiated with unrelated third parties.

In 2000, Enron entered into transactions with the Related Party to hedge certain merchant investments and other assets. As part of the transactions, Enron (i) contributed to newly-formed entities (the Entities) assets valued at approximately \$1.2 billion, including \$150 million in Enron notes payable, 3.7 million restricted shares of outstanding Enron common stock and the right to receive up to 18.0 million shares of outstanding Enron common stock in March 2003 (subject to certain conditions) and (ii) transferred to the Entities assets valued at approximately \$309 million, including a \$50 million note payable and an investment in an entity that indirectly holds warrants convertible into common stock of an Enron equity method investee. In return, Enron received economic interests in the Entities, \$309 million in notes receivable, of which \$259 million is recorded at Enron's carryover basis of zero, and a special distribution from the Entities in the form of \$1.2 billion in notes receivable, subject to changes in the principal for amounts payable by Enron in connection with the execution of additional derivative instruments. Cash in these Entities of \$172.6 million is invested in Enron demand notes. In addition, Enron paid \$123 million to purchase share-settled options from the Entities on 21.7 million shares of Enron common stock. The Entities paid

Enron \$10.7 million to terminate the share-settled options on 14.6 million shares of Enron common stock outstanding. In late 2000, Enron entered into share-settled collar arrangements with the Entities on 15.4 million shares of Enron common stock. Such arrangements will be accounted for as equity transactions when settled.

In 2000, Enron entered into derivative transactions with the Entities with a combined notional amount of approximately \$2.1 billion to hedge certain merchant investments and other assets. Enron's notes receivable balance was reduced by \$36 million as a result of premiums owed on derivative transactions. Enron recognized revenues of approximately \$500 million related to the subsequent change in the market value of these derivatives, which offset market value changes of certain merchant investments and price risk management activities. In addition, Enron recognized \$44.5 million and \$14.1 million of interest income and interest expense, respectively, on the notes receivable from and payable to the Entities.

In 1999, Enron entered into a series of transactions involving a third party and the Related Party. The effect of the transactions was (i) Enron and the third party amended certain forward contracts to purchase shares of Enron common stock, resulting in Enron having forward contracts to purchase Enron common shares at the market price on that day, (ii) the Related Party received 6.8 million shares of Enron common stock subject to certain restrictions and (iii) Enron received a note receivable, which was repaid in December 1999, and certain financial instruments hedging an investment held by Enron. Enron recorded the assets received and equity issued at estimated fair value. In connection with the transactions, the Related Party agreed that the senior officer of Enron would have no pecuniary interest in such Enron common shares and would be restricted from voting on matters related to such shares. In 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.

In 2000, Enron sold a portion of its dark fiber inventory to the Related Party in exchange for \$30 million cash and a \$70 million note receivable that was subsequently repaid. Enron recognized gross margin of \$67 million on the sale.

In 2000, the Related Party acquired, through securitizations, approximately \$35 million of merchant investments from Enron. In addition, Enron and the Related Party formed partnerships in which Enron contributed cash and assets and the Related Party contributed \$17.5 million in cash. Subsequently, Enron sold a portion of its interests in the partnerships through securitizations. See Note 3. Also, Enron contributed a put option to a trust in which the Related Party and Whitewing hold equity and debt interests. At December 31, 2000, the fair value of the put option was a \$36 million loss to Enron.

In 1999, the Related Party acquired approximately \$371 million, merchant assets and investments and other assets from Enron. Enron recognized pre-tax gains of approximately \$16 million related to these transactions. The Related Party also entered into an agreement to acquire Enron's interests in an unconsolidated equity affiliate for approximately \$34 million.

17 ASSET IMPAIRMENT

In 1999, continued significant changes in state and federal rules regarding the use of MTBE as a gasoline additive have significantly impacted Enron's view of the future prospects for this business. As a result, Enron completed a reevaluation of its position and strategy with respect to its operated MTBE assets which resulted in (i) the purchase of certain previously-leased MTBE related assets, under provisions within the lease, in order to facilitate future actions, including the potential disposal of such assets and (ii) a review of all MTBE-related assets for impairment considering the recent adverse changes and their impact on recoverability. Based on this review and disposal discussions with market participants, in 1999, Enron recorded a \$441 million pre-tax charge for the impairment of its

MTBE-related assets.

18 ACCOUNTING PRONOUNCEMENTS

Cumulative Effect of Accounting Changes. In 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 1999 charge was primarily related to the adoption of SOP 98-5.

Recently Issued Accounting Pronouncements. In 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which was subsequently amended by SFAS No. 137 and SFAS No. 138. SFAS No. 133 must be applied to all derivative instruments and certain derivative instruments embedded in hybrid instruments and requires that such instruments be recorded in the balance sheet either as an asset or liability measured at its fair value through earnings, with special accounting allowed for certain qualifying hedges. Enron will adopt SFAS No. 133 as of January 1, 2001. Due to the adoption of SFAS No. 133, Enron will recognize an after-tax non-cash loss of approximately \$5 million in earnings and an after-tax non-cash gain in "Other Comprehensive Income," a component of shareholders' equity, of approximately \$22 million from the cumulative effect of a change in accounting principle. Enron will also reclassify \$532 million from "Long-Term Debt" to "Other Liabilities" due to the adoption.

The total impact of Enron's adoption of SFAS No. 133 on earnings and on "Other Comprehensive Income" is dependent upon certain pending interpretations, which are currently under consideration, including those related to "normal purchases and normal sales" and inflation escalators included in certain contract payment provisions. The interpretations of these issues, and others, are currently under consideration by the FASB. While the ultimate conclusions reached on interpretations being considered by the FASB could impact the effects of Enron's adoption of SFAS No. 133, Enron does not believe that such conclusions would have a material effect on its current estimate of the impact of adoption.

19 QUARTERLY FINANCIAL DATA (Unaudited)

Summarized quarterly financial data is as follows:

(In millions, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year(a)
2000					
Revenues	\$13,145	\$16,886	\$30,007	\$40,751	\$100,789
Income before interest, minority interests and income taxes	624	609	666	583	2,482
Net income	338	289	292	60	979
Earnings per share:					
Basic	\$ 0.44	\$ 0.37	\$ 0.37	\$ 0.05	\$ 1.22
Diluted	0.40	0.34	0.34	0.05	1.12
1999					
Revenues	\$ 7,632	\$ 9,672	\$11,835	\$10,973	\$ 40,112
Income before interest, minority interests and income taxes	533	469	520	473	1,995
Net income	122	222	290	259	893
Earnings per share:					
Basic	\$ 0.17	\$ 0.29	\$ 0.38	\$ 0.33	\$ 1.17
Diluted	0.16	0.27	0.35	0.31	1.10

(a) The sum of earnings per share for the four quarters may not equal earnings per share for the total year due to changes in the average number of common shares outstanding.

20 GEOGRAPHIC AND 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 chief operating decision maker, or decision-making group, in deciding how to allocate resources to an individual segment and in assessing performance of the segment. Enron's chief operating decision-making group is the Office of the Chairman.

Enron's chief operating decision-making group evaluates performance and allocates resources based on income before interest, minority interests and income taxes (IBIT) as well as on net income. Certain costs related to company-wide functions are allocated to each segment. However, interest on corporate debt is primarily maintained at Corporate and is not allocated to the segments. Therefore, management believes that IBIT is the dominant measurement of segment profits consistent with Enron's consolidated financial statements. The accounting policies of the segments are substantially the same as those described in the summary of significant accounting policies in Note 1.

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

Enron has divided its operations into the following reportable segments, based on similarities in economic characteristics, products and services, types of customers, methods of distributions and regulatory environment.

Transportation and Distribution - Regulated industries. Interstate transmission of natural gas. Management and operation of pipelines. Electric utility operations.

Wholesale Services - Energy commodity sales and services, risk management products and financial services to wholesale customers. Development, acquisition and operation of power plants, natural gas pipelines and other energy-related assets.

Retail Energy Services - Sales of natural gas and electricity directly to end-use customers, particularly in the commercial and industrial sectors, including the outsourcing of energy-related activities.

Broadband Services - Construction and management of a nationwide fiber optic network, the marketing and management of bandwidth and the delivery of high-bandwidth content.

Exploration and Production - Natural gas and crude oil exploration and production primarily in the United States, Canada, Trinidad and India until August 16, 1999. See Note 2.

Corporate and Other - Includes operation of water and renewable energy businesses as well as clean fuels plants.

Financial information by geographic and business segment follows for each of the three years in the period ended December 31, 2000.

Geographic Segments

(In millions)	Year Ended December 31,		
	2000	1999	1998
Operating revenues from unaffiliated customers			
United States	\$ 77,891	\$30,176	\$25,247
Foreign	22,898	9,936	6,013
	\$100,789	\$40,112	\$31,260
Income before interest, minority interests and income taxes			
United States	\$ 2,131	\$ 1,273	\$ 1,008
Foreign	351	722	574
	\$ 2,482	\$ 1,995	\$ 1,582
Long-lived assets			
United States	\$ 10,899	\$ 8,286	\$ 9,382
Foreign	844	2,395	1,275
	\$ 11,743	\$10,681	\$10,657

Business Segments

(In millions)	Transportation and Distribution	Wholesale Services	Retail Energy Services	Broadband Services	Corporate and Other(d)	Total
2000						
Unaffiliated revenues(a)	\$2,742	\$93,278	\$3,824	\$ 408	\$ 537	\$100,789
Intersegment revenues(b)	213	1,628	791	-	(2,632)	-
Total revenues	2,955	94,906	4,615	408	(2,095)	100,789
Depreciation, depletion and amortization	278	343	38	77	119	855
Operating income (loss)	565	1,668	58	(64)	(274)	1,953
Equity in earnings of unconsolidated equity affiliates	65	486	(60)	1	(405)	87
Gains on sales of assets and investments	25	9	74	-	38	146
Gain on the issuance of stock by TNPC, Inc.	-	-	121	-	-	121
Interest income	6	171	5	3	27	212
Other income, net	71	(74)	(33)	-	(1)	(37)
Income (loss) before interest, minority interests and income taxes	732	2,260	165	(60)	(615)	2,482
Capital expenditures	270	1,280	70	436	325	2,381
Identifiable assets	7,509	43,920	4,266	1,313	3,201	60,209
Investments in and advances to unconsolidated equity affiliates	774	4,014	104	24	378	5,294
Total assets	\$8,283	\$47,934	\$4,370	\$1,337	\$3,579	\$ 65,503

(In millions)	Transportation and Distribution	Wholesale Services	Retail Energy Services	Exploration and Production(c)	Corporate and Other(d)	Total
1999						
Unaffiliated revenues(a)	\$2,013	\$35,501	\$1,518	\$ 429	\$ 651	\$40,112
Intersegment revenues(b)	19	786	289	97	(1,191)	-
Total revenues	2,032	36,287	1,807	526	(540)	40,112
Depreciation, depletion and amortization	247	294	29	213	87	870
Operating income (loss)	551	889	(81)	66	(623)	802
Equity in earnings of unconsolidated equity affiliates	50	237	-	-	22	309
Gains on sales of assets and investments	19	11	-	-	511	541
Interest income	20	126	5	-	11	162
Other income, net	45	54	8	(1)	75	181
Income (loss) before interest, minority interests and income taxes	685	1,317	(68)	65	(4)	1,995
Capital expenditures	316	1,216	64	226	541	2,363
Identifiable assets	7,148	18,501	956	-	1,740	28,345
Investments in and advances to unconsolidated equity affiliates	811	2,684	-	-	1,541	5,036
Total assets	\$7,959	\$21,185	\$ 956	\$ -	\$3,281	\$33,381
1998						
Unaffiliated revenues(a)	\$1,833	\$27,220	\$1,072	\$ 750	\$ 385	\$31,260
Intersegment revenues(b)	16	505	-	134	(655)	-
Total revenues	1,849	27,725	1,072	884	(270)	31,260
Depreciation, depletion and amortization	253	195	31	315	33	827
Operating income (loss)	562	880	(124)	133	(73)	1,378
Equity in earnings of unconsolidated equity affiliates	33	42	(2)	-	24	97
Gains on sales of assets and investments	31	4	-	-	21	56
Interest income	9	67	-	1	11	88
Other income, net	2	(25)	7	(6)	(15)	(37)
Income (loss) before interest, minority interests and income taxes	637	968	(119)	128	(32)	1,582
Capital expenditures	310	706	75	690	124	1,905
Identifiable assets	6,955	12,205	747	3,001	2,009	24,917
Investments in and advances to unconsolidated equity affiliates	661	2,632	-	-	1,140	4,433
Total assets	\$7,616	\$14,837	\$ 747	\$3,001	\$3,149	\$29,350

- (a) Unaffiliated revenues include sales to unconsolidated equity 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) Reflects results through August 16, 1999. See Note 2.
- (d) Includes consolidating eliminations.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To the Shareholders and Board of Directors of Enron Corp.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Enron Corp. and subsidiaries included in this Form 10-K and have issued our report thereon dated February 23, 2001. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a)2 is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Houston, Texas
February 23, 2001

SCHEDULE II

ENRON CORP. AND SUBSIDIARIES
 SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
 (In Millions)

Column A Description	Column B Balance at Beginning of Year	Column C Additions		Column D Deductions For Purpose For Which Reserves Were Created	Column E Balance at End of Year
		Charged to Costs and Expenses	Charged to Other Accounts		
2000					
Reserves deducted from assets from price risk management activities	\$337	\$299	\$ 75	\$259	\$452
Reserves for regulatory issues	201	35	29	231	34
Other reserves(a)	48	125	9	21	161
1999					
Reserves deducted from assets from price risk management activities	\$325	\$185	\$ 19	\$192	\$337
Reserves for regulatory issues	247	35	23	104	201
Other reserves(a)	49	27	9	37	48
1998					
Reserves deducted from assets from price risk management activities	\$282	\$141	\$ -	\$ 98	\$325
Reserves for regulatory issues	262	15	27	57	247
Other reserves(a)	45	20	1	17	49

(a) Primarily consists of allowance for doubtful accounts and reserve for insurance claims and losses.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 30th day of March, 2001.

ENRON CORP.
(Registrant)

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on March 30, 2001 by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Title
JEFFREY K. SKILLING (Jeffrey K. Skilling)	Chief Executive Officer and Director (Principal Executive Officer)
RICHARD A. CAUSEY (Richard A. Causey)	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)
ANDREW S. FASTOW (Andrew S. Fastow)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
ROBERT A. BELFER* (Robert A. Belfer)	Director
NORMAN P. BLAKE, JR.* (Norman P. Blake, Jr.)	Director
RONNIE C. CHAN* (Ronnie C. Chan)	Director
JOHN H. DUNCAN* (John H. Duncan)	Director
WENDY L. GRAMM* (Wendy L. Gramm)	Director
KEN L. HARRISON* (Ken L. Harrison)	Director
ROBERT K. JAEDICKE* (Robert K. Jaedicke)	Director
KENNETH L. LAY* (Kenneth L. Lay)	Chairman of the Board and Director
CHARLES A. LeMAISTRE* (Charles A. LeMaistre)	Director
JOHN MENDELSON* (John Mendelson)	Director
JEROME J. MEYER* (Jerome J. Meyer)	Director
PAULO V. FERRAZ PEREIRA* (Paulo V. Ferraz Pereira)	Director
FRANK SAVAGE* (Frank Savage)	Director
JOHN A. URQUHART*	Director

(John A. Urquhart)

JOHN WAKEHAM* Director
(John Wakeham)

HERBERT S. WINOKUR, JR.* Director
(Herbert S. Winokur, Jr.)

*By: REBECCA C. CARTER
(Rebecca C. Carter)
(Attorney-in-fact for persons indicated)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

EXHIBITS TO
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000
Commission File Number 1-13159

ENRON CORP.
(Exact name of Registrant as specified in its charter)

OREGON
(State or other jurisdiction of
incorporation or organization)

47-0255140
(IRS Employer
Identification No.)

1400 Smith Street
Houston, Texas 77002
(Address of principal executive offices)
Registrant's Telephone Number, Including Area Code (713) 853-616

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EXHIBIT INDEX

Exhibit Number	Description
*3.01	- Amended and Restated Articles of Incorporation of Enron Oregon Corp. (Annex E to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
*3.02	- Articles of Merger of Enron Oregon Corp., an Oregon corporation, and Enron Corp., a Delaware corporation (Exhibit 3.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
*3.03	- Articles of Merger of Enron Corp., an Oregon corporation, and Portland General Corporation, an Oregon corporation (Exhibit 3.03 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
*3.04	- Bylaws of Enron (Exhibit 3.04 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).

- *3.05 - Articles of Amendment of Enron: Form of Series Designation for the Enron Convertible Preferred Stock (Annex F to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.06 - Articles of Amendment of Enron: Form of Series Designation for the Enron 9.142% Preferred Stock (Annex G to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.07 - Articles of Amendment of Enron: Statement of Resolutions Establishing Series A Junior Voting Convertible Preferred Stock (Exhibit 3.07 to Enron's Registration Statement on Form S-3 - File No. 333-44133).
- *3.08 - Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. - Mandatorily Convertible Single Reset Preferred Stock, Series A (Exhibit 4.01 to Enron's Form 8-K filed on January 26, 1999).
- *3.09 - Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. - Mandatorily Convertible Single Reset Preferred Stock, Series B (Exhibit 4.02 to Enron's Form 8-K filed on January 26, 1999).
- *3.10 - Articles of Amendment of Enron amending Article IV of the Articles of Incorporation (Exhibit 3.10 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 333-70465).
- *3.11 - Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. - Mandatorily Convertible Junior Preferred Stock, Series B (Exhibit 3.11 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 333-70465).
- *4.01 - Indenture dated as of November 1, 1985, between Enron and Harris Trust and Savings Bank (now The Bank of New York), as supplemented and amended by the First Supplemental Indenture dated as of December 1, 1995 (Form T-3 Application for Qualification of Indentures under the Trust Indenture Act of 1939, File No. 22-14390, filed October 24, 1985; Exhibit 4(b) to Form S-3 Registration Statement No. 33-64057 filed on November 8, 1995). There have not been filed as exhibits to this Form 10-K other debt instruments defining the rights of holders of long-term debt of Enron, none of which relates to authorized indebtedness that exceeds 10% of the consolidated assets of Enron and its subsidiaries. Enron hereby agrees to furnish a copy of any such instrument to the Commission upon request.
- *4.02 - Supplemental Indenture, dated as of May 8, 1997, by and among Enron Corp., Enron Oregon Corp. and Harris Trust and Savings Bank (now The Bank of New York), as Trustee (Exhibit 4.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3, File No. 33-60417).
- *4.03 - Third Supplemental Indenture, dated as of September 1, 1997, between Enron Corp. and Harris Trust and Savings Bank (now The Bank of New York), as Trustee (Exhibit 4.03 to Enron Registration Statement on Form S-3, File No. 333-35549).
- *4.04 - Fourth Supplemental Indenture, dated as of August 17, 1999, between Enron Corp. and Harris Trust and Savings Bank (now The Bank of New York), as Trustee (Exhibit 4.05 to Enron Registration Statement on

Executive Compensation Plans and Arrangements Filed as Exhibits Pursuant to Item 14(c) of Form 10-K: Exhibits 10.01 through 10.53

- *10.01 - Enron Executive Supplemental Survivor Benefits Plan, effective January 1, 1987 (Exhibit 10.01 to Enron Form 10-K for 1992).
- *10.02 - First Amendment to Enron Executive Supplemental Survivor Benefits Plan (Exhibit 10.02 to Enron Form 10-K for 1999).
- *10.03 - Enron Corp. 1988 Stock Plan (Exhibit 4.3 to Form S-8 Registration Statement No. 33-27893).
- *10.04 - Second Amendment to Enron Corp. 1988 Stock Plan (Exhibit 10.04 to Enron Form 10-K for 1996).
- *10.05 - Enron Corp. 1988 Deferral Plan (Exhibit 10.19 to Enron Form 10-K for 1987).
- *10.06 - First Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.06 to Enron Form 10-K for 1995).
- *10.07 - Second Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.07 to Enron Form 10-K for 1995).
- *10.08 - Third Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1996).
- *10.09 - Fourth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1996).
- *10.10 - Fifth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1996).
- *10.11 - Sixth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1999).
- *10.12 - Enron Corp. 1991 Stock Plan (Exhibit 10.08 to Enron Form 10-K for 1991).
- *10.13 - Amended and Restated Enron Corp. 1991 Stock Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 24, 1997).
- *10.14 - First Amendment to Enron Corp. Amended and Restated 1991 Stock Plan (Exhibit 10.13 to Enron Form 10-K for 1997).
- *10.15 - Second Amendment to Enron Corp. Amended and Restated 1991 Stock Plan (Exhibit 10.14 to Enron Form 10-K for 1997).
- *10.16 - Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit B to Enron Proxy Statement filed pursuant to Section 14(a) on March 30, 1999).
- *10.17 - First Amendment to Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit 10.17 to Enron Form 10-K for 1999).
- *10.18 - Second Amendment to Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit 10.18 to Enron Form 10-K for 1999).
- *10.19 - Third Amendment to Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 4, 1999) (Exhibit 10.19 to Enron Form 10-K for 1999).
- *10.20 - Enron Corp. 1992 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1991).
- *10.21 - First Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1995).
- *10.22 - Second Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1995).

- *10.23 - Enron Corp. Directors' Deferred Income Plan (Exhibit 10.09 to Enron Form 10-K for 1992).
- *10.24 - Split Dollar Life Insurance Agreement between Enron and the KLL and LPL Family Partnership, Ltd., dated April 22, 1994 (Exhibit 10.17 to Enron Form 10-K for 1994).
- *10.25 - Employment Agreement between Enron Corp. and Kenneth L. Lay, executed December 18, 1996 (Exhibit 10.25 to Enron Form 10-K for 1996).
- *10.26 - First Amendment to Employment Agreement between Enron Corp. and Kenneth L. Lay, dated February 7, 2000 (Exhibit 10.26 to Enron Form 10-K for 1999).
- *10.27 - Consulting Services Agreement between Enron and John A. Urquhart dated August 1, 1991 (Exhibit 10.23 to Enron Form 10-K for 1991).
- *10.28 - First Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated August 27, 1992 (Exhibit 10.25 to Enron Form 10-K for 1992).
- *10.29 - Second and Third Amendments to Consulting Services Agreement between Enron and John A. Urquhart, dated November 24, 1992 and February 26, 1993, respectively (Exhibit 10.26 to Enron Form 10-K for 1992).
- *10.30 - Fourth Amendment to Consulting Services Agreement between Enron and John A. Urquhart dated as of May 9, 1994 (Exhibit 10.35 to Enron Form 10-K for 1995).
- *10.31 - Fifth Amendment to Consulting Services Agreement between Enron and John A. Urquhart (Exhibit 10.36 to Enron Form 10-K for 1995).
- *10.32 - Sixth Amendment to Consulting Services Agreement between Enron and John A. Urquhart (Exhibit 10.37 to Enron Form 10-K for 1995).
- *10.33 - Seventh Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated October 27, 1997 (Exhibit 10.27 to Enron Form 10-K for 1997).
- *10.34 - Eighth Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated May 27, 1998 (Exhibit 10.28 to Enron Form 10-K for 1998).
- *10.35 - Ninth Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated December 31, 1998 (Exhibit 10.29 to Enron Form 10-K for 1998).
- *10.36 - Tenth Amendment to Consulting Services Agreement between John A. Urquhart and Enron Corp. dated January 1, 2000 (Exhibit 10.36 to Enron Form 10-K for 1999).
- *10.37 - Enron Corp. Performance Unit Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.38 - Enron Corp. Annual Incentive Plan (Exhibit B to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.39 - Enron Corp. Annual Incentive Plan dated May 4, 1999 (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 30, 1999).
- *10.40 - Enron Corp. Performance Unit Plan (as amended and restated effective May 2, 1995) (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 27, 1995).
- *10.41 - First Amendment to Enron Corp. Performance Unit Plan (Exhibit 10.46 to Enron Form 10-K for 1995).

- *10.42 - Enron Corp. Restated 1994 Deferral Plan (Exhibit 4.3 to Enron Form S-8 Registration Statement, File No. 333-48193).
- *10.43 - Employment Agreement between Enron Capital Trade & Resources Corp. and Jeffrey K. Skilling, dated January 1, 1996 (Exhibit 10.63 to Enron Form 10-K for 1996).
- *10.44 - First Amendment effective January 1, 1997, by and among Enron Corp., Enron Capital & Trade Resources Corp., and Jeffrey K. Skilling, amending Employment Agreement between Enron Capital & Trade Resources Corp. and Jeffrey K. Skilling dated January 1, 1996 (Exhibit 10.64 to Enron Form 10-K for 1996).
- *10.45 - Split Dollar Agreement between Enron and Jeffrey K. Skilling dated May 23, 1997 (Exhibit 10.41 to Enron Form 10-K for 1997).
- *10.46 - Second Amendment effective October 13, 1997, to Employment Agreement between Enron Corp. and Jeffrey K. Skilling (Exhibit 10.42 to Enron Form 10-K for 1997).
- *10.47 - Loan Agreement effective October 13, 1997, between Enron Corp. and Jeffrey K. Skilling (Exhibit 10.43 to Enron Form 10-K for 1997).
- *10.48 - Third Amendment to Employment Agreement between Enron Corp. and Jeffrey K. Skilling, dated February 7, 2000 (Exhibit 10.48 to Enron Form 10-K for 1999).
- *10.49 - Executive Employment Agreement between Enron Operations Corp. and Stanley C. Horton, dated as of October 1, 1999 (Exhibit 10.45 to Enron Form 10-K for 1997).
- *10.50 - First Amendment to Executive Employment Agreement by and between Enron Operations Corp., Enron Corp. and Stanley C. Horton, dated December 27, 1999 (Exhibit 10.56 to Enron Form 10-K for 1999).
- 10.51 - Employment Agreement between Enron Corp. and Mark A. Frevort, effective March 1, 2000
- *10.52 - Executive Employment Agreement between Enron Corp. and Kenneth D. Rice, effective June 1, 1998 (Exhibit 10.43 to Enron Form 10-K for 1998).
- 10.53 - First Amendment to Executive Employment Agreement between Enron Corp. and Kenneth D. Rice, dated February 14, 2000.
- 12 - Statement re computation of ratios of earnings to fixed charges.
- 21 - Subsidiaries of registrant.
- 23.01 - Consent of Arthur Andersen LLP.
- 23.02 - Consent of Arthur Andersen LLP.
- 24 - Powers of Attorney for the directors signing this Form 10-K.
- 99 - Financial Statements of Atlantic Water Trust.

* Asterisk indicates exhibits incorporated by reference.

Employment Agreement

This Employment Agreement ("Agreement"), including the attached Exhibit "A," is entered into between Enron Corp. ("Enron"), and Mark Frevert ("Employee"), to be effective as of March 1, 2000 (the "Effective Date"). Enron and Employee agree as follows:

Article 1: Employment, Compensation and Benefits

1.1 Term and Position. Enron agrees to employ Employee, and Employee agrees to be employed by Enron for the Term (the "Term") described on Exhibit "A." Enron may assign Employee to a different position or modify Employee's duties and responsibilities, subject to the terms and conditions of this Agreement.

1.2 Compensation. Employee shall be paid as set forth on Exhibit "A." Employee's monthly base salary shall be paid in semimonthly installments in accordance with Enron's standard payroll practice, and (as with all other payments made to Employee by Enron) is subject to withholding of all federal, state, city, or other taxes as may be required by law.

1.3 Benefits. Employee shall be allowed to participate, on the same basis generally as other employees employed in the same or similar positions, in all general employee benefit plans and programs that Enron has made available to Enron's employees on or after the Effective Date. Nothing in this Agreement is to be construed to provide greater rights, participation, coverage, or benefits than provided to similarly-situated employees pursuant to the terms of such benefit plans and programs. Enron is not obligated to institute, maintain, or refrain from changing, amending, or discontinuing any such benefit program or plan, so long as such actions are similarly applicable to covered employees generally. Copies of benefit plans will be made available to Employee upon request.

Article 2: Termination Before the Term Expires and Effects of Such Termination 2.1. Termination By Enron. Enron may terminate Employee's employment before the Term expires for the following reasons:

a. Cause. For "cause" upon the determination by Enron that "cause" exists to terminate the Employee. "Cause" means (i) Employee's gross negligence, willful misconduct, or neglect in the performance of the duties and services as an Enron employee; (ii) Employee's final conviction of a felony by a trial court; (iii) Employee's material breach of any material provision of this Agreement that, if possible to correct, remains uncorrected for 30 days after Enron notifies Employee in writing of such breach; or (iv) Employee's material violation of any material policy of Enron. If Enron terminates Employee's employment for Cause, Employee shall be entitled only to his or her pro rata salary through the date of such termination, and all future compensation and benefits, other than benefits to which Employee is entitled under the terms of Enron compensation and/or benefit plans, shall cease.

b. Involuntary Termination. Involuntary termination at Enron's option may occur for any reason whatsoever, including termination without cause, in the sole discretion of Enron. Upon an Involuntary Termination before the Term expires, Employee is entitled to receive the amount of one year's annual base salary and performance bonus ("Amount"). This Amount will be calculated by taking the average of Employee's annual base salary and performance bonus for the last two years of Employee's employment with Enron. Fifty percent of the Amount shall be paid in six equal installments each month during the first six months following the Involuntary Termination; the remaining fifty percent will be paid in a single lump-sum payment at the end of that six month period.

c. Death/Disability. Upon Employee's (i) death, or (ii) becoming incapacitated or disabled so as to entitle Employee to benefits under Enron's long-term

disability plan, or (iii) becoming permanently and totally unable to perform Employee's duties for Enron as a result of any physical or mental impairment supported by a written opinion by a physician selected by Enron. Upon termination of employment under this paragraph, Employee or Employee's heirs shall be entitled only to Employee's pro rata salary through the date of such termination, and all future compensation and benefits, other than benefits to which Employee is entitled under the terms of Enron compensation and/or benefit plans, shall cease.

2.2 Termination By Employee. Employee may terminate the employment relationship before the Term expires for the following reasons:

a. Breach by Enron. A material breach by ENA of any material provision of this Agreement which remains uncorrected for 30 days following Employee's written notice to ENA of such breach. Upon such a termination, Employee shall be entitled to receive the amount of one year's annual base salary and performance bonus ("Amount"). This Amount will be calculated by taking the average of Employee's annual base salary and performance bonus for the last two years of Employee's employment with ENA. Fifty percent of the Amount shall be paid in six equal installments each month during the first six months following the Involuntary Termination; the remaining fifty percent will be paid in a single lump-sum payment at the end of that six month period.

b. Voluntary Termination. For any other reason whatsoever, in Employee's sole discretion. Upon a Voluntary Termination before the Term expires, all of Employee's future compensation and benefits, other than benefits to which Employee is entitled under the terms of Enron compensation and/or benefit plans, shall cease as of the date of termination, and Employee shall be entitled only to pro rata salary through the termination date.

2.3 Offset. In all cases, the compensation and benefits payable to Employee under this Agreement upon termination of employment shall be offset by any amounts to which Employee otherwise may be entitled under any benefit plans, severance plans, voluntary payments, and policies of Enron or its affiliates, or amounts (including the value of Enron's property) that Employee owes to Enron.

2.4 Certain Obligations Continue. Neither termination of employment nor expiration of the Term terminates the continuing obligations of this Agreement, including obligations under Articles 3 and 4.1.

2.5 Employment Beyond Term. Should Employee remain employed by Enron after the Term expires, such employment shall convert to an employment-at-will relationship, terminable at any time by either Enron or Employee for any reason whatsoever, with or without cause.

Article 3: Confidential Information; Post-Employment Obligations

3.1 This Agreement. The terms of this Agreement constitute confidential information, which Employee shall not disclose to anyone other than Employee's spouse, attorneys, tax advisors, or as required by law. Disclosure of these terms is a material breach of this Agreement and could subject Employee to disciplinary action, including without limitation, termination of employment for cause.

3.2 Enron Property. All written materials, records, data, and other documents prepared or possessed by Employee during Employee's employment by Enron are Enron property. All information, ideas, concepts, improvements, discoveries, and inventions that are conceived, made, developed, or acquired by Employee individually or in conjunction with others during Employee's employment (whether during business hours and whether on Enron's premises or otherwise) which relate to Enron's business, products, or services are Enron's sole and exclusive property. All memoranda, notes, records, files, correspondence, drawings, manuals, models,

specifications, computer programs, maps, and all other documents, data, or materials of any type embodying such information, ideas, concepts, improvements, discoveries, and inventions are Enron's property. At the termination of Employee's employment with Enron for any reason, Employee shall return all of Enron's documents, data, or other Enron property to Enron.

3.3 Confidential Information; Non-Disclosure.

Employee acknowledges that the business of Enron and its affiliates is highly competitive and that Enron has agreed to provide and immediately will provide Employee with access to Confidential Information relating to the business of Enron and its affiliates. "Confidential Information" means and includes Enron's confidential and/or proprietary information and/or trade secrets that have been developed or used and/or will be developed and that cannot be obtained readily by third parties from outside sources. Confidential Information includes, by way of example and without limitation, the following: information regarding customers, employees, contractors, and the industry not generally known to the public; strategies, methods, books, records, and documents; technical information concerning products, equipment, services, and processes; procurement procedures and pricing techniques; the names of and other information concerning customers, investors, and business affiliates (such as contact name, service provided, pricing for that customer, type and amount of services used, credit and financial data, and/or other information relating to Enron's relationship with that customer); pricing strategies and price curves; positions; plans and strategies for expansion or acquisitions; budgets; customer lists; research; weather data; financial and sales data; trading methodologies and terms; evaluations, opinions, and interpretations of information and data; marketing and merchandising techniques; prospective customers' names and marks; grids and maps; electronic databases; models; specifications; computer programs; internal business records; contracts benefiting or obligating Enron; bids or proposals submitted to any third party; technologies and methods; training methods and training processes; organizational structure; personnel information, including salaries of personnel; payment amounts or rates paid to consultants or other service providers; and other such confidential or proprietary information. Employee acknowledges that this Confidential Information constitutes a valuable, special, and unique asset used by Enron its affiliates in their businesses to obtain a competitive advantage over their competitors. Employee further acknowledges that protection of such Confidential Information against unauthorized disclosure and use is of critical importance to Enron and its affiliates in maintaining their competitive position. Employee also will have access to, or knowledge of, Confidential Information of third parties, such as actual and potential customers, suppliers, partners, joint venturers, investors, financing sources and the like, of Enron and its affiliates. Enron also agrees to provide Employee with immediate access to Confidential Information and specialized training regarding Enron's methodologies and business strategies, which will enable Employee to perform his or her job at Enron.

Employee agrees that Employee will not, at any time during or after Employee's employment with Enron, make any unauthorized disclosure of any Confidential Information or specialized training of Enron or its affiliates, or make any use thereof, except in the carrying out of his or her employment responsibilities hereunder. Employee also agrees to preserve and protect the confidentiality of third party Confidential Information to the same extent, and on the same basis, as Enron's Confidential Information.

3.4 Non-Competition Obligations.

Enron agrees to and shall provide Employee with immediate access to Confidential Information. Ancillary to the rights provided to Employee following Involuntary Termination, Enron's provision of Confidential Information and specialized training to Employee, and Employee's agreement not to disclose Confidential Information, and in order to protect the Confidential Information described above, Enron and Employee agree to the following non-competition provisions. Employee agrees that during the Period of Post-Employment Non-

Competition Obligations defined in Exhibit "A," Employee will not, directly or indirectly, for Employee or for others, in the Geographic Region of Responsibility described on Exhibit "A" (or, if Employee's Geographic Region has changed, in any and all geographic regions in which Employee has worked during the 12-month period immediately preceding Employee's termination of Employment):

a. engage in the business of buying, selling, trading, structuring, or executing transactions in commodities, assets, or products in which Enron is doing business, has plans to engage in business, or has engaged in business in the preceding 12-month period, including, but not limited to, gas, electricity, coal, chilled water, clean fuel, liquids, emissions, petrochemicals, energy assets, transmission capacity, paper, pulp, packaging, communications, metals, weather products, electronic commerce (including business-to-business electronic commerce), "click trading," bandwidth communications, interest rates, credit, currencies, securities, or other commodities (including, without limitation, other energy commodities), or any futures, derivatives, or equities related to any of the foregoing, whether at wholesale or retail, or the development of systems, information technology, accounting, or risk management with respect to any of the foregoing;

b. engage in other types of business performed by Enron, including the acquiring or disposing of assets or equity investments or providing or raising capital, through loans, equity, joint ventures, partnerships, working interests, production payments, or similar arrangements into products, commodities, futures, derivatives, or other items in which Enron currently is engaging in business, has plans to engage in business, or has engaged in business in the preceding 12-month period;

c. engage in activities relating to Enron's business not described in parts a and b of this Article 3.4, to the extent that Employee has knowledge or information about such activities; or

d. render advice or services to, or otherwise assist, any other person, association or entity in the business of a, b, or c above.

Employee understands that the foregoing restrictions may limit his or her ability to engage in certain businesses in the geographic region and during the period provided for above, but acknowledges that these restrictions are necessary to protect the Confidential Information Enron has provided to Employee.

3.5 Non-Solicitation of Customers. For the Period of Non-Solicitation of Customers described on Exhibit "A," Employee will not call on, service, or solicit competing business from customers of Enron or its affiliates whom that Employee, within the previous twenty-four (24) months, (i) had or made contact with, or (ii) had access to information and files about.

3.6 Non-Solicitation of Employees. During Employee's employment, and for a period of twelve (12) months following the termination of employment for any reason, Employee will not, either directly or indirectly, call on, solicit, or induce any other employee or officer of Enron or its affiliates whom Employee had contact with, knowledge of, or association with in the course of employment with Enron to terminate his or her employment, and will not assist any other person or entity in such a solicitation.

3.7 Early Resolution Conference/Arbitration. The parties are entering into this Agreement with the express understanding that this Agreement is clear and fully enforceable as written. If Employee ever decides to contend that any restriction on activities imposed by this Agreement no longer is enforceable as written or does not apply to an activity Employee intends to engage in on behalf of a competing business, Employee first will notify a member of Enron's Executive Committee in writing and meet with a

company representative at least fourteen (14) days before engaging in any activity that foreseeably could fall within the questioned restriction to discuss resolution of such claims (an "Early Resolution Conference"). Should the parties not be able to resolve disputes at the Early Resolution Conference, the parties agree to use confidential, binding arbitration to resolve the disputes. The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association before an arbitrator licensed to practice law in Texas. Either party may seek a temporary restraining order, injunction, specific performance, or other equitable relief regarding the provisions of this Section if the other party fails to comply with obligations stated herein. The parties' agreement to arbitrate applies only to the matters subject to an Early Resolution Conference.

Article 4: Miscellaneous

4.1 Statements About Enron. Employee shall refrain, both during and after his or her employment, from publishing any oral or written statements about Enron or any of its subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives that are disparaging, slanderous, libelous, or defamatory; or that disclose private or confidential information about their business affairs; or that constitute an intrusion into their seclusion or private lives; or that give rise to unreasonable publicity about their private lives; or that place them in a false light before the public; or that constitute a misappropriation of their name or likeness.

4.2 Notices. Notices and all other communications shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail. Notices to Enron shall be sent to Enron Corp., 1400 Smith Street, Houston, Texas 77002, Attention: Corporate Secretary. Notices and communications to Employee shall be sent to the address Employee most recently provided to Enron.

4.3 No Waiver. Other than as described in Section 2.2 a, no failure by either party at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of any provisions or conditions of this Agreement.

4.4 Mediation. If a dispute arises out of or related to Employee's employment, other than a dispute regarding Employee's obligations under Articles 3 and 4.1, and if the dispute cannot be settled through direct discussions, then Enron and Employee agree to try to settle the dispute in an amicable manner by confidential mediation before having recourse to any other proceeding or forum.

4.5 Venue/Jurisdictions. This Agreement shall be governed by Texas law. Any litigation that may be brought by either party involving the enforcement of this Agreement or the rights, duties, or obligations of this Agreement, shall be brought exclusively in the State or federal courts sitting in Houston, Harris County, Texas.

4.6 Assignment. This Agreement shall be binding upon and inure to the benefit of Enron and any other person, association, or entity that may acquire or succeed to all or substantially all of the business or assets of Enron. Enron may assign this Agreement to any affiliate or other entity. Employee's rights and obligations under this Agreement are personal, and they shall not be assigned or transferred without Enron's prior written consent.

4.7 Other Agreements. Other agreements exist between Enron and Employee relating to the employment relationship (e.g., obligations contained in Enron's Conduct of Business Affairs booklet and benefit plans). In addition, Employee signed Agreement Type "B" on July 24, 2000, and that Agreement is incorporated by reference. This Agreement replaces and merges other, previous agreements and discussions pertaining to the nature of, term, and termination of Employee's employment relationship with Enron, and this Agreement constitutes the entire agreement

of the parties with respect to such subject matters. This Agreement supersedes and replaces the Executive Employment Agreement between Enron and Employee effective June 1, 1998. No representation, inducement, promise, or agreement has been made by either party with respect to such subject matters, and no agreement, statement, or promise relating to the employment of Employee by Enron that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by each party.

4.8 Invalidity. Should any provision(s) in this Agreement be held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall be unaffected and shall continue in full force and effect, and the invalid, void or unenforceable provision(s) shall be deemed not to be part of this Agreement.

IN WITNESS WHEREOF, Enron and Employee have executed this Agreement in multiple originals to be effective on the first date of the Term.

Enron Corp. Mark Frevert

By: /s/ MARY K. JOYCE /s/ MARK FREVERT
Name: Mary K. Joyce This 25th day of August, 2000
Title: Vice President
This 25th day of August, 2000

Exhibit "A" to
Employment Agreement
Between Enron Corp. and Mark Frevert

Employee Name: Mark Frevert
Term: June 1, 2000 through May 31, 2003
Position: Chairman and Chief Executive Officer,
Enron North America Corp. and Chairman,
Enron Europe Limited
Location: Houston, Texas and London, England
Monthly Base Salary: Employee's Monthly Base Salary
shall be at least \$43,333.33.
Performance Bonus: Employee shall be eligible to
participate in the Enron Corp. Annual
Incentive Plan ("Plan") or any
appropriate replacement bonus plan of
Enron. All bonuses are discretionary
and shall be paid in accordance with the
terms and provisions of the Plan, a
portion of which may be paid in cash and
a portion of which may be paid in stock
options and/or restricted stock.
Employee's annual bonus
amounts for calendar years 2000, 2001,
and 2002 under the Plan (payable in
2001, 2002, and 2003, respectively)
shall be based on an annual bonus target
of \$1,500,000.00.
Geographic Region of Responsibility: Worldwide
Grant Awards: As approved by the Compensation
Committee of the Enron Corp. Board of
Directors (the "Committee"), Employee
shall receive the grants described
below. These grants are made with the
expectation that this Agreement will be
executed. The grants are made pursuant
to the Enron Corp. 1991 Stock Plan (the
"Stock Plan") as determined by the
Committee, and shall be in the form of
written agreements approved by the
Committee. The terms of the grant
agreements shall govern these grants.

The exercise price for the grants is determined according to the provisions of the Stock Plan, on the Date of Grant established by the Committee ("Date of Grant").

Employee acknowledges and understands that the grants described below are intended to deliver value for a three-year period.

Employee shall receive a grant of Enron Corp. Common Stock options (with a two-year term) with a value of \$7,875,000.00 (the number of stock options is determined by the Committee, which uses the Enron-approved Black-Scholes valuation in effect on the date that the Committee approves the grant). This grant shall vest 50% on the Date of Grant, and 50% on the first anniversary date of the Date of Grant.

Employee also shall receive a grant of Enron Corp. Common Stock options (with a three-year term) with a value of \$7,875,000.00 (the number of stock options is determined by the Committee, which uses the Enron-approved Black-Scholes valuation in effect on the date that the Committee approves the grant). This grant shall vest 50% on the first anniversary date of the Date of Grant, and 50% on the second anniversary date of the Date of Grant.

Period of Post-Employment Non-Competition Obligations and Non-Solicitation of Customers:

Employee's obligations in paragraph 3.4, Non-Competition Obligations, and paragraph 3.5, Non-Solicitation of Customers, shall survive the termination of employment and extend through the latest of the following dates, whichever is applicable: (a) Twelve (12) months after Employee's voluntary termination of employment if such termination occurs during the Term; or (b) Six (6) months after the last date of Employee's employment with Enron Corp. in the event of an involuntary termination with or without cause during the Term; or (c) Three (3) months after Employee's termination of employment for any reason if such termination occurs after the Term.

Enron Corp.

Mark Frevert

By: /s/ MARY K. JOYCE
Name: Mary K. Joyce
Title: Vice President
This 25th day of August, 2000

/s/ MARK FREVERT
This 25th day of August, 2000

FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This Agreement, entered into on this 14th day of February, 2000, and made effective as of February 14, 2000, by and between Enron Corp., an Oregon corporation ("Employer") having its headquarters at 1400 Smith Street, Houston, Texas 77002, and KENNETH D. RICE ("Employee"), an individual residing at 4531 Birch Street, Bellaire, Texas 77401, is an amendment to that certain Executive Employment Agreement between the Company and Employee entered into the 1st day of June, 1998, and made effective as of June 1, 1998 (the "Employment Agreement").

WHEREAS, Employee is an employee in good standing with Employer;

WHEREAS, the Employer and Employee desire to amend the Employment Agreement to extend the Term of the Employment Agreement for one (1) year with consideration for said extension and to make other amendments to the Employment Agreement as provided herein;

NOW, THEREFORE, in consideration thereof and of the mutual covenants contained herein, the parties agree as follows:

1. Exhibit "A" to the Employment Agreement is hereby deleted in its entirety and the attached Exhibit "A" is inserted in its entirety.
2. Article 3, Section 3.5 of the Employment Agreement is hereby deleted in its entirety and the following is inserted in its place:

"3.5 Upon an Involuntary Termination of the employment relationship by either Employer or Employee prior to the expiration of the Term, Employee shall be entitled, in consideration of Employee's continuing obligations hereunder after such termination (including, without limitation, Employee's non-competition obligations), to receive the remainder of the then current Monthly Base Salary as if Employee's employment (which shall cease on the date of such Involuntary Termination) had continued for the full Term of this Agreement. In the event of Employee's Involuntary Termination of employment by Employer, for all vesting purposes under any grant or award agreement granted to Employee, excluding the grant agreement to Employee under the All Employee Stock Option Program, Employee shall continue to vest during the ninety (90) day period following the date of Employee's Involuntary Termination by Employer. Employee shall not be under any duty or obligation to seek or accept other employment following Involuntary Termination and the amounts due Employee hereunder shall not be reduced or suspended if Employee accepts subsequent employment. Employee's rights under this Section 3.5 are Employee's sole and exclusive rights against Employer, Enron, or their affiliates, and Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort, or otherwise, for any Involuntary Termination of the employment relationship. Employee covenants not to sue or lodge any claim, demand or cause of action against Employer for any sums for Involuntary Termination other than those sums specified in this Section 3.5. If Employee breaches this covenant, Employer shall be entitled to recover from Employee all sums expended by Employer (including costs and attorneys fees) in connection with such suit, claim, demand or cause of action."

3. Article 3, Section 3.10 of the Employment Agreement is hereby deleted in its entirety.
4. Article 7, Section 7.1 of the Employment

Agreement is hereby deleted in its entirety and the following is inserted in its entirety:

"7.1 As part of the consideration for the compensation and benefits to be paid to Employee hereunder, in keeping with Employee's duties as a fiduciary and in order to protect Employer's interest in the confidential information of Employer and the business relationships developed by Employee with the clients and potential clients of Employer, and as an additional incentive for Employer to enter into this Agreement, Employer and Employee agree to the non-competition provisions of this Article 7. Employee agrees that during the period of Employee's non-competition obligations hereunder, Employee will not, directly or indirectly for Employee or for others, in any geographic area or market where Employer or any of its affiliated companies are conducting any business as of the date of termination of the employment relationship or during the previous twelve months conducted any business:

(i) engage in any business competitive with the business conducted by Employer;

(ii) render advice or services to, or otherwise assist, any other person, association, or entity who is engaged, directly or indirectly, in any business competitive with the business conducted by Employer; or

(iii) induce any employee of Employer or any of its affiliates to terminate his or her employment with Employer or its affiliates, or hire or assist in the hiring of any such employee by person, association, or entity not affiliated with Enron.

In the event of Employee's termination of employment for any reason during the Term of this Agreement, these post employment non-competition and non-solicitation obligations shall extend for a period of one (1) year plus any additional period of post employment non-competition obligations as described in the Enron Capital & Trade Resources Corp. Long-Term Compensation Program and Phantom Stock Unit Plan."

This Amendment is a First Amendment to the Employment Agreement, and the parties agree that all other terms, conditions and stipulations contained in the Employment Agreement, and any amendments thereto, shall remain in full force and effect and without any change or modification, except as provided herein.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ENRON CORP.

By: /s/ JEFFREY K. SKILLING
Name: Jeffrey K. Skilling
Title: President & Operating
Officer

This 14th day of February, 2000

KENNETH D. RICE

/s/ KENNETH D. RICE
This 14th day of February,
2000

EXHIBIT "A" TO
EXECUTIVE EMPLOYMENT AGREEMENT
BETWEEN ENRON CORP. AND KENNETH D. RICE

Employee Name: Kenneth D. Rice
Term: February 14, 2000 through January 31, 2002
Position: Chief Commercial Officer, Enron
Broadband Services Inc.
Location: Houston, Texas
Reporting Relationship: Reports to the Office of the Chairman of Enron Corp.
Monthly Base Salary: Employee's Monthly Base Salary
shall be Thirty Five Thousand Dollars
(\$35,000.00).
Long Term Grants: Subject to and effective upon the
approval by the Compensation and
Management Development Committee
("Compensation Committee") of the Enron
Corp. Board of Directors, after this
Amendment has been executed and becomes
effective, Employee shall receive the
stock awards described below:

Subject to the above, at the February
14, 2000 Compensation Committee meeting
after this Amendment is signed, Employee
shall be granted the following from the
Amended and Restated Enron Corp. 1991
Stock Plan (as amended and restated May
4, 1999): (1) a grant of 692,308 Enron
Corp. Common Stock Options with a two
(2) year term and a grant value of \$9
million dollars on the Date of Grant to
vest 50% upon the Date of Grant and 50%
on February 14, 2001; (2) a grant of
600,000 Enron Corp. Common Stock Options
with a three (3) year term, having a
value of \$9 million dollars on the Date
of Grant to vest 50% on February 14,
2001 and 50% on February 14, 2002; and
(3) a grant of 500,000 Enron Corp. Stock
Options with a five (5) year term,
having a value of \$9 million dollars on
the Date of Grant to vest 25% on
February 14, 2001, 2002, 2003, and 2004,
respectively. In the event of
Employee's Involuntary Termination,
options granted on February 14, 2000,
which would have vested within ninety
(90) days of Employee's date of
Involuntary Termination, shall vest upon
the date of Involuntary Termination of
the employment relationship.

ENRON CORP.

By: /s/ JEFFREY K. SKILLING
Name: Jeffrey K. Skilling
Title: President & Operating
Officer
This 14th day of February, 2000

KENNETH D. RICE

/s/ KENNETH D. RICE
This 14th day of February, 2000

ENRON CORP. AND SUBSIDIARIES
 Computation of Ratio of Earnings to
 Fixed Charges
 (Unaudited)

(In Millions)	Year Ended December 31,				
	2000	1999	1998	1997	1996
Earnings available for fixed charges					
Income from continuing operations	\$ 979	\$1,024	\$ 703	\$105	\$ 584
Less:					
Undistributed earnings and losses of less than 50% owned affiliates	20	(12)	(44)	(89)	(39)
Capitalized interest of nonregulated companies	(44)	(61)	(66)	(16)	(10)
Add:					
Fixed charges(a)	1,184	948	809	674	454
Minority interest	154	135	77	80	75
Income tax expense	478	137	204	(65)	297
Total	\$2,771	\$2,171	\$1,683	\$689	\$1,361
Fixed charges					
Interest expense(a)	\$1,136	\$ 900	\$ 760	\$624	\$ 404
Rental expense representative of interest factor	48	48	49	50	50
Total	\$1,184	\$ 948	\$ 809	\$674	\$ 454
Ratio of earnings to fixed charges	2.34	2.29	2.08	1.02	3.00

(a) Amounts exclude costs incurred on sales of accounts receivable.

ENRON CORP.
AND SUBSIDIARY COMPANIES
Subsidiary and Limited Partnership Interests as of 12/31/00

Subsidiary, Place of Incorporation

ATLANTIC COMMERCIAL FINANCE B.V., i.l., (Cayman Islands)
 ATLANTIC COMMERCIAL FINANCE, INC , (Delaware)
 Compression Projects Finance Ltd., (Cayman Islands)
 EDC Atlantic Ltd., (Cayman Islands)
 Enron Equity Corp., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited,
 (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Enron Holding Company L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited,
 (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Enron International Holdings Corp., (Delaware)
 Enron Global Inc., (Delaware)
 Enron Holding Company L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operation Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited
 Partnership, (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Enron Holding Company L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC,(Delaware)

Enron Dominicana Holding Limited, (Cayman Islands)
Enron Dominicana Limited Partnership,
(Cayman Islands)
Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
ATLANTIC WATER TRUST, (Delaware)
Azurix Corp., (Delaware)
AEL Finance B.V., (The Netherlands)
Azurix AGOSBA Holdings Ltd., (Cayman Islands)
Azurix AGOSBA Ltd., (Cayman Islands)
Azurix AGOSBA S.R.L., (Argentina)
Azurix Argentina Holding, Inc., (Delaware)
Azurix Misiones S.R.L., (Argentina)
Azurix AGOSBA S.R.L., (Argentina)
Azurix Brasil Holdings Ltd., (Cayman Islands)
Azurix Brasil Development Ltd.,
(Cayman Islands)
Azurix Brasil Investments
Ltd., (Cayman Islands)
Azurix Brasil RDM Ltda., (Brazil)
Azurix Buenos Aires Investments Ltd., (Cayman Islands)
Azurix Argentina Finance Ltd.,
(Cayman Islands)
Azurix Cancun B.V., (The Netherlands)
Azurix Cancun S. de R.L. de C.V., (Mexico)
Desarrollos Hidraulicos de
Cancun S.A. de C.V., (Mexico)
Aguakan, S.A. de C.V.,
(Mexico)
Azurix Israel Ltd., (Israel)
Azurix Chaoyang Holdings ltd., (Cayman Islands)
Azurix Chaoyang Investments Ltd., (Mauritius)
Azurix Chile Holdings Ltd., (Cayman Islands)
Azurix Buenos Aires Investments Ltd., (Cayman Islands)
Azurix eServices, Inc., (Delaware)
Azurix Finance Corp., (Delaware)
Azurix Florida, Inc., (Delaware)
Azurix (Germany) B.V., (The Netherlands)
Azurix Butzbach Holdings GmbH, (Germany)
Lurgi Bamag GmbH, (Germany)
Lurgi Bamag Do Brasil Ltda.,
(Brazil)
Lurgi Invent Limited,
(England)
Azurix Ghana Ltd., (Cayman Islands)
Azurix Ghana Operations Ltd., (Cayman Islands)
Azurix Industrials Corp., (Delaware)
Azurix Industrial Operations Corp., (Texas)
Azurix International Limited, (England)
Azurix Islands Ltd., (Cayman Islands)
Azurix Jamaica Ltd., (Cayman Islands)
Azurix Kuwait Ltd. , (Cayman Islands)
Azurix Ltd., (Cayman Islands)
Azurix Europe Ltd., (England)
Azurix Madera Corp., (Delaware)
Azurix Mexico City B.V., (The Netherlands)
Azurix Mexico City, S. de R.L. de C.V., (Mexico)
Agua Industrial de
Matamoros, S.A. de C.V., (Mexico)
Azurix Isla Mujeres B.V., (The Netherlands)
Azurix Cancun S. de R.L. de C.V., (Mexico)
Desarrollos Hidraulicos de
Cancun S.A. de C.V., (Mexico)
Aguakan, S.A. de C.V.,
(Mexico)
Azurix Misiones S.R.L., (Argentina)
Azurix Mendoza Holding Inc., (Delaware)
Enron Capital & Trade Resources Argentina S.A., (Argentina)
Azurix Misiones Holdings Ltd., (Cayman Islands)
Azurix Misiones Ltd., (Cayman Islands)
Operadora de Misiones S.R.L., (Argentina)
Operadora de Misiones S.R.L., (Argentina)
Azurix North America Corp., (Delaware)
Azurix North America (USA), Inc., (Delaware)
Azurix CDM Inc., (Washington)
Azurix North America Underground
Infrastructure, Inc., (Arizona)
Azurix North America Operations
and Maintenance, Inc., (Texas)
Azurix North America Operations
and Maintenance, Inc., (Delaware)
Azurix North America Underground

Infrastructure, Inc., (Louisiana)
Magnolia Construction
Company, (Louisiana)
Enviroganics of Texas, Inc., (Texas)
Azurix North America Underground
Infrastructure, Inc., (Delaware)
Azurix North America
Underground Infrastructure,
Inc., (Florida)
Philip Automated Management Controls,
Inc., (Georgia)
Philip Utilities Management (Indiana)
Corporation, (Indiana)
Azurix North America Underground
Infrastructure, Inc., (Maine)
Philip Utilities Management
(Massachusetts) Corporation,
(Massachusetts)
Philip Utilities Management
(New Jersey) Corporation,
(New Jersey)
Utility Management &
Engineering Inc.,
(New Jersey)
Philip Utilities Management
(Texas) Corporation, (Texas)
Dittman-Merka Enterprises,
Inc., (Texas)

Southwest Utilities, Inc., (Texas)
Walker Water Works, Inc., (Texas)

Trimax Residuals Management (USA),
Inc., (Delaware)
Azurix North America (Canada) Corp., (Ontario)
Braemar Acres Limited, (Ontario)
1242204 Ontario, Inc., (Ontario)
Rockcliffe Research Management,
Inc., (Canada Federal)
Braemar Acres Limited,
(Ontario)
Azurix North America Engineering
Corp., (Ontario)
Horseshoe Carbons
Incorporated, (Ontario)
Terratec Environmental Ltd.,
(Ontario)
Prism Resource Management
Limited, (Ontario)

KON-MAG Ltd., (Ontario)

Trimax Residuals Management Inc,
(Delaware)
Uniflo Drain Services Inc., (Ontario)
1291063 Ontario, Inc.,
(Ontario)
Uniflo Utilities Management
Corporation, (Canada Federal)
Construction & Pavage (Nord)
American Ltee., (Quebec)

Canarehab, Inc., (Canada Federal)

Uniflo Corporation,
(Ontario)
Uniflo Pipeliners East
Inc., (Ontario)
Uniflo Sewer Services
Inc., (Ontario)

Azurix Rio Holdings Ltd., (Cayman Islands)
Azurix Campos Grande Investments Ltd.,
(Cayman Islands)
Azurix Cuiaba Investments Ltd.,
(Cayman Islands)
Azurix Lagos Investments Ltd.,
(Cayman Islands)
Azurix South America Ltda., (Brazil)
SCE - Sociedade Carioca de Energia (Brazil)
Azurix Manaus Investments Ltd., (Cayman Islands)
Azurix Rio Investments Ltd., (Cayman Islands)
SCE - Sociedade Carioca de Energia Ltda., (Brazil)
SPE - Sociedade Paulista de Energia Ltda., (Brazil)
Azurix South America Ltda., (Brazil)
SCE - Sociedade Carioca de Energia Ltda., (Brazil)
SPE - Sociedade Paulista de Energia Ltda., (Brazil)
Azurix Spain B.V., (The Netherlands)
Azurix Suzhou Holdings Ltd., (Cayman Islands)

Azurix Suzhou Investments Ltd., (Mauritius)
Azurix Suzhou Water Holdings Ltd., (Cayman Islands)
Enron Suzhou Water Ltd., Pending.
Azuriz Tangiers Ltd., (Cayman Islands)
Azurix Tetouan Ltd., (Cayman Islands)
Azurix Utah, Inc., (Delaware)
Brunel Insurance Company, (Guernsey)
Enron Capital & Trade Resources Argentina S.A., (Argentina)
PUMC Finance Ltd., (Cayman Islands)
Recycle UK Limited, (England)
SC Technology AG, (Switzerland)
SC Technology Deutschland GmbH, (Germany)
UK Water International Limited, (England)
WaterDesk Corp., (Delaware)
WaterDesk Europe Ltd., (England)
Water Management International Limited, (England)
Water2Water Corp., (Delaware)
Wessex Engineering Services Ltd, (England)
Wessex international Water Services Ltd, (England)
Wessex Managed Services Ltd, (England)
Wessex Property Services Ltd, (England)
Wessex Spring Water Limited, (England)
Wessex Waste Management Ltd, (England)
Wessex Water BV, (England)
Wessex Water Care Ltd., (England)
Wessex Water Commercial Ltd, (England)
Wessex Water Employee Trust Ltd, (England)
Wessex Water Engineering Services Ltd, (England)
Wessex Water Plc, (England)
Wessex Water Services Limited, (England)
Wessex Water Trustee Company Ltd, (England)
Westran Ltd., (England)
AZURIX MENDOZA HOLDING INC., (Delaware)
Enron Capital & Trade Resources Argentina S.A., (Argentina)
BLACK BAY, LLC, (Delaware)
EBS HOLDINGS, LTD., (Cayman Islands)
EBS INVESTMENTS, L.L.C., (Delaware)
EGRET I LLC, (Delaware)
Whitewing Management LLC, (Delaware)
Whitewing Associates L.L.C., (Delaware)
Blue Herron I LLC, (Delaware)
HPL Asset Holdings L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2
Ltd, (Cayman Islands)
Promigas S.A., E.S.P., Pending.
Gases del Caribe S.A., E.S.P.,
Pending.
Gases de la Guajira S.A.,
E.S.P., Pending.
Gas de Risaralda S.A.,
Pending.
Gasnacol S.A., Pending.
Gases de la Guajira S.A.,
E.S.P., Pending.
Gases Del Occidente S.A.,
E.S.P., (Barranquilla)
Surtigas S.A., E.S.P., Pending.
Gasnacol S.A., Pending.
Tolgas S.A., Pending.
European Power Holdings, (England)
Pelican Bidder Cayman Limited, (Cayman Islands)
European Power Holdings, (England)
SE Acquisition, L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.,
(Cayman Islands)
Promigas S.A., E.S.P., Pending.
Gases del Caribe S.A., E.S.P., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gas de Risaralda S.A., Pending.
Gasnacol S.A., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gases Del Occidente S.A.,
E.S.P., (Barranquilla)
Surtigas S.A., E.S.P., Pending.
Gasnacol S.A., Pending.
Tolgas S.A., Pending.
HPL Asset Holdings L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.,
(Cayman Islands)

Promigas S.A., E.S.P., Pending.
Gases del Caribe S.A., E.S.P., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gas de Risaralda S.A., Pending.
Gasnacol S.A., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gases Del Occidente S.A.,
E.S.P., (Barranquilla)
Surtigas S.A., E.S.P., Pending.
Gasnacol S.A., Pending.
Tolgas S.A., Pending.
SE Acquisition, L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.,
(Cayman Islands)
Promigas S.A., E.S.P., Pending.
Gases del Caribe S.A., E.S.P., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gas de Risaralda S.A., Pending.
Gasnacol S.A., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gases Del Occidente S.A.,
E.S.P., (Barranquilla)
Surtigas S.A., E.S.P., Pending.
Gasnacol S.A., Pending.
Tolgas S.A., Pending.
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
SE Raptor L.P., (Delaware)
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
SE Acquisition, L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.,
(Cayman Islands)
Promigas S.A., E.S.P., Pending.
Gases del Caribe S.A., E.S.P., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gas de Risaralda S.A., Pending.
Gasnacol S.A., Pending.
Gases de la Guajira S.A., E.S.P., Pending.
Gases Del Occidente S.A.,
E.S.P., (Barranquilla)
Surtigas S.A., E.S.P., Pending.
Gasnacol S.A., Pending.
Tolgas S.A., Pending.
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
ENA CLO 1 HOLDING COMPANY GP L.L.C., (Delaware)
ENA CLO 1 Holding Company I LP., (Delaware)
ENA CLO 1 Holding Company II L.P., (Delaware)
ENA CLO 1 HOLDING COMPANY II L.P., (Delaware)
ENRON ACQUISITION II CORP., (Delaware)
ENRON ENERGY SERVICES PROCESS TECHNOLOGIES, INC., (Delaware)
ENRON AGUAVEN HOLDINGS LTD., (Cayman Islands)
Enron Aguaven Investments Ltd., (Cayman Islands)
Enron Agua Venezuela Ltd., (Cayman Islands)
ENRON AMERICA DEL SUR S.A., (Argentina)
ENRON AMERICAS LIMITED, (Cayman Islands)
ENRON ASIA PACIFIC/AFRICA/CHINA LLC, (Delaware)
BR-VT Holdings Ltd., (Cayman Islands)
EDP Power I, LLC, (Delaware)
EDP Power II, LLC, (Delaware)
EDP Power I, LLC, (Delaware)
Enron Algeria Ltd., (Cayman Islands)
Enron APACHI Seismic Inc., (Delaware)
Enron Benin Power Ltd., (Cayman Islands)
Electricite du Benin Holding Ltd., (Cayman Islands)
Enron Benin Power Holdings Ltd.,
(Cayman Islands)
Electricite Du Benin,
(Cayman Islands)
Gazoduc du Benin Holding Ltd.,
(Cayman Islands)
Gazoduc du Benin, (Cayman Islands)
Enron Biomass Ltd., (Cayman Islands)
Enron Border Holdings Ltd., (Cayman Islands)
Enron Border Investments Ltd., (Cayman Islands)
Enron SAM Border Ltd., (Cayman Islands)
Enron Changjiang Utilities Holdings Ltd., (Cayman Islands)
Enron China Services LLC, (Delaware)
Enron China Gas Transport Holdings Ltd., (Cayman Islands)

Enron China Gas Transport Ltd., (Cayman Islands)
 Enron China Power Holdings Ltd., (Cayman Islands)
 Enron CI-GH Pipeline Ltd., (Cayman Islands)
 Enron Cote d'Ivoire Pipelines Ltd., (Cayman Islands)
 Enron Development (Philippines) Ltd., (Cayman Islands)
 Enron Development Funding Ltd., (Cayman Islands)
 Enron Development Management Ltd., (Cayman Islands)
 Enron Guam Piti Corporation, (Guam)
 Enron Hong Kong Investments Ltd., (Cayman Islands)
 Enron Indonesia Pipeline Ltd., (Cayman Islands)
 Enron Japan Holdings B.V., (The Netherlands)
 Enron Japan Corp., (Japan)
 Enron Japan Marketing Holdings B.V., (The Netherlands)
 Enron Japan Marketing Corp., (Japan)
 ENRON DEVELOPMENT PITI HOLDINGS CORP., (Delaware)
 Marianas Energy Company LLC, (Delaware)
 Enron Development Vietnam L.L.C., (Delaware)
 Enron DRI Development Holdings Ltd., (Cayman Islands)
 Enron Ghana Power Holdings Ltd., (Cayman Islands)
 Enron Hainan Ltd., (Cayman Islands)
 Enron Inchon Power Holdings Ltd., (Cayman Islands)
 Enron Indonesia Gas Ltd., (Cayman Islands)
 Enron International Asia Pacific Ltd., (Cayman Islands)
 Enron International Australia Capital Ltd., (Cayman Islands)
 Enron International Australia Gas Ltd., (Cayman Islands)
 Enron International Australia Ltd., (Cayman Islands)
 Enron International Bach Ho Ltd., (Cayman Islands)
 Enron International Chengdu Power Holdings Ltd.,
 (Cayman Islands)
 Enron International Chengdu Power Ltd., (Mauritius)
 Sichuan Jialing Electric Power Co., Ltd.,
 (China)
 Enron International China Clean Energy Ltd.,
 (Cayman Islands)
 Enron International China CP Ltd., (Cayman Islands)
 Enron International China Pipeline Ltd., (Cayman Islands)
 Enron International China Gas Ltd., (Cayman Islands)
 Enron China Ltd., (Cayman Islands)
 Enron International Gansu Gas Ltd., (Cayman Islands)
 Enron International Hainan Pipeline Ltd., (Cayman Islands)
 Enron International Holdings Ltd., (Cayman Islands)
 Enron International Investments Ltd., (Cayman Islands)
 Enron International Development Ltd., (Cayman Islands)
 Enron International Japan, LLC, (Delaware)
 Enron International Korea Holdings Corp., (Delaware)
 Enron International Korea Holdings Company Ltd.,
 (Cayman Islands)
 Enron International Korea LLC, (Delaware)
 SK-Enron Co., Ltd., (Korea)
 Iksan City Gas Co., Ltd., (Korea)
 Iksan Energy Co., Ltd., (Korea)
 Chongju City Gas Co., Ltd., (Korea)
 Choog Nam City Gas Co., Ltd., (Korea)
 Daehan City Gas Co., Ltd., (Korea)
 Pusan City Gas Co., Ltd.,
 (Korea)
 Daehan City Gas Engineering, (Korea)
 Kangwon City Gas Co., Ltd., (Korea)
 Iksan City Gas Co., Ltd.,
 (Korea)
 Chonnam City Gas Co., Ltd., (Korea)
 Iksan Energy Co., Ltd., (Korea)
 Kangwon City Gas Co., Ltd.,
 (Korea)
 Kuk-il Energy, (Korea)
 Kumi City Gas Co., Ltd., (Korea)
 Pohang City Gas Co., Ltd., (Korea)
 Pusan City Gas Co., Ltd., (Korea)
 Daehan City Gas Co., Ltd.,
 (Korea)
 Pusan City Gas Development Co.,
 (Korea)
 SK Gas Co., Ltd., (Korea)
 Enron International Korea Investments Ltd., (Cayman Islands)
 Enron International Korea Energy Ltd., (Cayman Islands)
 Enron International Korea Operating Services Corp., (Delaware)
 Enron International Korea Resources LLC, (Delaware)
 Enron International Korean Steel Company Ltd., (Cayman Islands)
 Enron International Mariana Holdings Ltd., (Cayman Islands)
 Enron International Mariana L.L.C., (Cayman Islands)
 Enron International Mariana Power
 Inc., (Cayman Islands)

Enron International Merchant Holdings Inc., (Delaware)
 Enron Australia Energy Holdings Ltd.,
 (Cayman Islands)
 Enron Australia Energy Investments LLC,
 (Delaware)
 Enron Australia Energy Pty
 Limited, (Australia)
Enron Australia Finance Holdings Ltd.,
 (Cayman Islands)
 Enron Australia Finance Investments
 LLC, (Delaware)
 Enron Australia Finance Pty
 Limited, (Australia)
Enron Australia Holdings Ltd., (Cayman Islands)
 Enron Australia Investments LLC,
 (Delaware)
 Enron Australia Pty Limited,
 (Australia)
Enron International Nigeria Gas Ltd., (Cayman Islands)
Enron International Mongolia Investments Ltd., (Cayman Islands)
Enron International Mongolia Ltd., (Cayman Islands)
Enron International Morocco Ltd., (Cayman Islands)
Enron International Philippines Energy Ltd., (Cayman Islands)
Enron International Philippines Holdings Ltd., (Delaware)
 Enron International Philippines Investments Ltd., (Delaware)
Enron International Philippines Pipelines Ltd., (Cayman Islands)
Enron International Siam Power Ltd., (Cayman Islands)
Enron International Sichuan Gas Investments Ltd.,
 (Cayman Islands)
Enron International Taiwan Ltd., (Cayman Islands)
Enron International Thailand Ltd., (Cayman Islands)
Enron International Thai-Gen Holdings Ltd., (Cayman Islands)
Enron International Thai-Lao Holdings Ltd., (Cayman Islands)
 Enron International Thailand NSM Ltd., (Cayman Islands)
 Chonburi Cogen Limited, (Thailand)
Enron International Tianjin Power Ltd., (Cayman Islands)
Enron International Tuas Ltd., (Cayman Islands)
Enron International Uganda Ltd., (Cayman Islands)
Enron International Xiamen PTA Ltd., (Cayman Islands)
Enron International Zambia Holdings Ltd., (Cayman Islands)
 Enron International Zambia Investments Ltd.,
 (Cayman Islands)
Enron Japan Statagic Investemments Ltd., (Cayman Islands)
Enron Korea Anyang/Buchon Power Ltd., (Cayman Islands)
Enron Korea Gas Holdings Ltd., (Cayman Islands)
 Enron Korea Gas Investments LLC, (Delaware)
Enron Korea Seosan Power Ltd., (Cayman Islands)
Enron Malaysia power Holdings Ltd., (Cayman Islands)
Enron Morocco Ltd., (Cayman Islands)
Enron Nigeria Power Holding Ltd., (Cayman Islands)
 Enron Nigeria Barge Holding Ltd., (Cayman Islands)
 Enron Nigeria Barge Ltd., (Nigeria)
Enron Nigeria IPP Holding Ltd., (Cayman Islands)
Enron Nigeria Pipeline Holding Ltd., (Cayman Islands)
Enron Nippon Holdings LLC, (Delaware)
 EnCom Corp., (Delaware)
 EnCom Wheeling Services Ltd., (Cayman Islands)
Enron Papua New Guinea Ltd., (Cayman Islands)
 Enron Philippines Hydroelectric Holdings Ltd., (Cayman Islands)
 Enron Philippines Hydroelectric Power Ltd.,
 (Cayman Islands)
Enron Siam Energy Holdings Ltd., (Cayman Islands)
Enron Sichuan Holdings Ltd., (Cayman Islands)
 Enron Sichuan Investments Ltd., (Cayman Islands)
 Enron Sichuan Ltd., (Cayman Islands)
Enron Southern Africa Holdings, (Cayman Islands)
 Enron Southern Africa Investments, (Cayman Islands)
 Enron Southern Africa Development Ltd., (Cayman Islands)
 Mozambique Steel Holdings Ltd.,
 (Cayman Islands)
Enron Taiwan Power Holdings Ltd., (Cayman Islands)
Enron Thai Holdings Ltd., (Cayman Islands)
Enron Thai Investments Ltd., (Cayman Islands)
Enron Thailand Ltd., (Cayman Islands)
Enron Soc Trang Power Holdings II Ltd., (Cayman Islands)
 Enron Soc Trang Power Holdings I Ltd., (Cayman Islands)
 Enron Soc Trang Power Holdings, Ltd.,
 (Cayman Islands)
Enron Victoria Power Ltd., (Cayman Islands)
Enron Vietnam Power Ltd., (Cayman Islands)
 Enron Ba Ria Power Company Ltd., (Cayman Islands)
 Vung Tau Power Ltd., (Cayman Islands)

Enron West Africa Power Ltd., (Cayman Islands)
 EP InterOil, Ltd., (Cayman Islands)
 InterOil Pty Limited, (New Guinea)
 Hainan Funding Ltd., (Cayman Islands)
 Multiva Holdings, Ltd., (Cayman Islands)
 Ilijan Power Corporation, (Philippines)
 ENRON AMERICAS, INC., (Delaware)
 The Protane Corporation, (Delaware)
 Citadel Corporation Limited, (Cayman Islands)
 Citadel Venezolana, S.A., (Venezuela)
 Interruptores Especializados Lara, S.A.,
 (Venezuela)
 Enron Caribbean Holdings Ltd.,
 (Cayman Islands)
 Enron (Barbados)
 International Business Corporation, (Barbados)
 Industrial Gases Limited, (Jamaica)
 Manufacturera de Aparatos Domesticos, S.A., (Venezuela)
 Enron Americas Energy Services, Inc., (Puerto Rico)
 ProCaribe Division of The Protane Corporation, (Delaware)
 Progasco, Inc., (Puerto Rico)
 V. Holdings Industries, S.A., (Venezuela)
 Finven Financial Institution Limited,
 (Cayman Islands)
 Enron Dominicana Holding Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 VENGAS, S.A., (Venezuela)
 Duck Lake International A.V.V., (Aruba)
 Industrias Ventana, S.A., (Venezuela)
 Industrias Electricas de Ventane
 Ltd., (Cayman Islands)
 Compania Anonima Luz y
 Fuerza Electrica de
 Puerto Cabello, Pending
 Industrias Electricas de Ventane I
 Ltd., (Cayman Islands)
 Servicios Consolidados Ventane, S.A., (Venezuela)
 Industrias Ventana, S.A., (Venezuela)
 Transporte Mil Ruedas, S.A., (Venezuela)
 Industrias Ventana, S.A., (Venezuela)
 Industrias Ventana, S.A., (Venezuela)
 Industrias Ventana, S.A., (Venezuela)
 Industrias Ventana, S.A., (Venezuela)
 ENRON (BRAZIL) POWER HOLDINGS 19 LTD., (Cayman Islands)
 ENRON (BRAZIL) POWER INVESTMENTS 19 LTD., (Cayman Islands)
 ENRON WARPSPEED SERVICES, INC., (Delaware)
 ENRON CAPITAL LLC, (Turks & Caicos Isles)
 ENRON CAPITAL RESOURCES, L.P., (Delaware)
 ENRON CARIBBEAN BASIN LLC, (Delaware)
 Electricidad Enron de Venezuela Holdings Ltd, (Cayman Islands)
 Electricidad Enron de Venezuela Ltd,
 (Cayman Islands)
 Geneval Ltd., (Cayman Islands)
 Energia de Antioquia Holding Ltd., (Cayman Islands)
 Energia de Antioquia Ltd., (Cayman Islands)
 Enron Caribbeab Basin Finance LLC, (Cayman Islands)
 Enron Caribbean Jamaica Barges Ltd., (Cayman Islands)
 Enron Caribe Holdings Ltd., (Cayman Islands)
 Enron Caribe I Ltd., (Cayman Islands)
 Enron Caribe III Ltd., (Cayman Islands)
 Enron de Nicaragua Ltd., (Cayman Islands)
 Enron Internacional Panama, S.A., (Panama)
 Bahia Las Minas Corp., (Panama)
 Enron Property Management Corp., (Delaware)
 Enron Leasing Partners, L.P., (Delaware)
 Enron Caribe IV Holdings Ltd., (Cayman Islands)
 Enron Caribe VII Holdings Ltd., (Cayman Islands)
 Enron Caribe VII Ltd., (Cayman Islands)
 Enron Caribbean Basin Energy Services Ltd., (Cayman Islands)
 Enron Panama Energy Services Ltd., (Cayman Islands)
 Enron Venezuela Energy Services Ltd., (Cayman Islands)
 Enron Caribbean Finance Ltd., (Cayman Islands)
 Enron Colombia Energy Services Ltd., (Cayman Islands)
 Enron Columbia Holdings Ltd., (Cayman Islands)
 ACCROSERV SRL, (Barbados)
 Enron Colombia Inc., (Delaware)
 Enron Colombia Inc.-Colombia Branch, (Colombia)
 Enron Colombia Transportation B.V. Colombia Branch, (Colombia)
 Enron Dominicana LNG Holdings Ltd., (Cayman Islands)
 Enron Dominicana LNG Ltd., (Cayman Islands)

Enron Dominicana LNG Ltd.- Dominican
 Republic Branch, (Cayman Islands)
 Enron Electrica de Venezuela Holdings Ltd.,
 (Cayman Islands)
 Enron Electrica de Venezuela I Ltd.,
 (Cayman Islands)
 Enron Electrica de Venezuela Ltd.,
 (Cayman Islands)
 Enron Gas Trade & Processing Ltd.,
 (Cayman Islands)
 Enron Egypt Power Ltd., (Cayman Islands)
 Enron Energy Marketing Colombia Ltd., (Cayman Islands)
 Enron Gas de Venezuela Ltd., (Cayman Islands)
 Enron Gas de Venezuela I Ltd., (Cayman Islands)
 Enron Gas Trade & Processing Holdings Ltd., (Cayman Islands)
 Enron Guatemala Holdings Ltd., (Cayman Islands)
 Enron Industrial de Venezuela Ltd., (Cayman Islands)
 ACCROVEN SRL, (Barbados)
 Enron International Central America Holdings Ltd.,
 (Cayman Islands)
 Enron International Central America Ltd.,
 (Cayman Islands)
 Enron International Costa Rica Holdings Ltd.,
 (Cayman Islands)
 Enron International CR Ltd., (Cayman Islands)
 Enron International CR Holdings Ltd, (Cayman Islands)
 Enron International Guatemala Ltd., (Cayman Islands)
 Enron LNG Atlantic Ltd., (Cayman Islands)
 Enron LNG Holdings Ltd., (Cayman Islands)
 Enron LNG Investments Ltd., (Cayman Islands)
 Enron LNG Services Ltd., (Cayman Islands)
 Enron LNG Middle East Ltd., (Cayman Islands)
 Enron LNG Power (Atlantic) Ltd., (Cayman Islands)
 LNG Power I, LLC, (Cayman Islands)
 LNG Power III, LLC, (Cayman Islands)
 Buenergia Gas & Power Ltd., (Cayman Islands)
 EcoElectrica Holdings, Ltd., (Cayman Islands)
 EcoElectrica L.P., (Bermuda)
 EcoElectrica, Ltd., (Cayman Islands)
 EcoElectrica L.P., (Bermuda)
 LNG Power VI Limited, (Cayman Islands)
 Enron Qatar Holdings Ltd., (Cayman Islands)
 Enron Qatar Investments Ltd., (Cayman Islands)
 Enron Qatar Ltd., (Cayman Islands)
 Enron Qatar LNG Marketing Ltd., (Cayman Islands)
 Enron Servicios De Electricidad Holdings Ltd., (Cayman Islands)
 Enron Servicios de Electricidad Colombia Ltd.,
 (Cayman Islands)
 Enron Reserve 9 B.V., (The Netherlands)
 Enron Reserve I B.V, (The Netherlands)
 Enron Servicios Energeticos Holdings Ltd., (Cayman Islands)
 Enron Servicios Energeticos Ltd., (Cayman Islands)
 Enron Power II C.V., (The Netherlands)
 Enron termaflores Ltd., (Cayman Islands)
 Enron Venezuela de Calibracion Holdings Ltd., (Cayman Islands)
 Enron Venezuela de Calibracion Holdings Ltd.,
 (Cayman Islands)
 Enron Venezuela Services Holdings Ltd., (Cayman Islands)
 Enron Venezuela Services I Ltd., (Cayman Islands)
 Enron Venezuela Services II Ltd., (Cayman Islands)
 Enron Venezuela Services III Ltd.,
 (Cayman Islands)
 Enron Venezuela Services IV Ltd., (Cayman Islands)
 Enron Venezuela Services Ltd., (Cayman Islands)
 Enron Venezuela Services, Inc., (Delaware)
 Enron Venezuela Services Investments Ltd.,
 (Cayman Islands)
 Enron VenSteel Ltd, (Cayman Islands)
 Inversiones Electricas del Caribe Holdings Ltd.,
 (Cayman Islands)
 Inversiones Electricas del Caribe Ltd.,
 (Cayman Islands)
 TVC Communications Ltd., (Cayman Islands)
 San Juan Gas Company, Inc., (Puerto Rico)
 Transportadora de Gas Oriental Holdings Ltd., (Cayman Islands)
 Transportadora de Gas Oriental Ltd., (Cayman Islands)
 ENRON CAYMAN LEASING LTD., (Cayman Islands)
 ENRON COLOMBIA POWER MARKETING HOLDING LTD., (Cayman Islands)
 Enron Colombia Power Marketing Ltd., (Cayman Islands)
 ENRON CPO FINANCE I, INC., (Delaware)
 Enron CPO Partners I, L.P., (Delaware)
 Enron CPO Holdings Intermediate, L.P., (Delaware)

Enron International CPO, L.P.,
 (Delaware)

ENRON CPO FINANCE II, INC., (Texas)
 Enron CPO Partners I, L.P., (Delaware)

ENRON CPO HOLDINGS, INC., (Delaware)
 Enron International CPO, L.P., (Delaware)
 Enron International CPO, Inc., (Delaware)
 Enron International CPO, B.V., (The Netherlands)

ENRON CPO MANAGEMENT HOLDINGS I, INC., (Delaware)
 Enron CPO Management, L.P., (Delaware)

ENRON CPO MANAGEMENT HOLDINGS II, INC., (Delaware)
 Enron CPO Management, L.P., (Delaware)

ENRON CPO PARTNERS II, INC., (Delaware)
 Enron CPO Holdings Intermediate, L.P., (Delaware)

ENRON GLOBAL LNG LLC, (Delaware)
 Enron Asia Gas Transport Company, (Cayman Islands)
 Enron Bahamas LNG Ltd., (Cayman Islands)
 Enron Egypt Power Ltd., (Cayman Islands)
 Enron Intelligence Exchange, (Cayman Islands)
 Enron International Fuel Management Company, (Delaware)
 Enron International Gas Sales Company, (Delaware)
 Enron LNG (BVI) Marketing Ltd., (British Virgin Islands)
 Enron LNG Marketing LLC, (Delaware)
 Enron LNG Shipping Company, (Cayman Islands)
 Enron International Global Funding Ltd., (Cayman Islands)
 Greenfield Holding Company, (Cayman Islands)
 Greenfield Shipping Company Limited, (Cayman Islands)
 Guangdong LNG Holdings, (Cayman Islands)
 Redfield Holding Company Limited, (Cayman Islands)

ENRON CAPITAL INVESTMENT S CORP., (Delaware)
 Enron Diversified Investments Corp., (Delaware)
 Enron Valkyrie, LLC, (Delaware)
 Enron Finance Partners, LLC, (Delaware)
 Enron Asset Holdings, LLC, (Delaware)
 Enron Oil & Gas India Ltd., (Cayman Islands)
 Enron India GDR Holding Ltd., (Cayman Islands)
 EOGI China Company, (Cayman Islands)
 Enron Oil & Gas China Ltd.,
 (Cayman Islands)

ENRON CAPITAL & TRADE RESOURCES SOUTH AMERICA S.A., (Argentina)

ENRON CAPITAL TRUST I, (Delaware)
 Enron Preferred Funding, L.P., (Delaware)

ENRON CAPITAL TRUST II, (Delaware)
 Enron Preferred Funding II, L.P., (Delaware)

ENRON CAYMAN RESERVE 4 LTD., (Cayman Islands)
 ENRON CAYMAN RESERVE 12 LTD., (Cayman Islands)
 ENRON CESKA REPUBLIKA LTD., (The Netherlands)
 ENRON CLEAN ELECTRICITY LTD., (Cayman Islands)

ENRON COAL COMPANY, (Delaware)
 ENRON COAL PIPELINE COMPANY, (Delaware)

ENRON COMMUNICATIONS GROUP, INC., (Oregon)
 Enron Broadband Services, Inc., (Oregon)
 EBS Trading, Inc., (Delaware)
 Enron Broadband Services, L.P., (Delaware)
 Enron Media Services, L.P., (Delaware)
 EBS Global Cable and Satellite, Inc., (Delaware)/(Nevada)
 ECI-Texas, L.P., (Texas)
 EnRock, L.P., (Texas)
 ECI-Nevada Corp., (Nevada)
 ECI-Texas, L.P., (Texas)
 Enron Advertising, Inc., (Delaware)
 Enron Media Services, L.P., (Delaware)
 Enron Bandwidth, Inc., (Delaware)
 Enron Broadband Investments Corp., (Delaware)
 Enron Broadband Services Canada Inc., (Canada Federal)
 Enron Broadband Services Netherlands B.V.,
 (The Netherlands)
 EBS Mexico, L.L.C., (Delaware)
 Enron Broadband Services Applications Y.K.,
 (Japan)
 Enron Broadband Services Asia B.V.,
 (The Netherlands)
 Enron Broadband Services de Mexico S. de
 R.L. de C.V., (Mexico)
 Enron Broadband Services Denmark Aps, (Denmark)
 Enron Broadband Services Deutschland GmbH,
 (Germany)
 Enron Broadband Services Espana S.L., (Spain)
 Enron Broadband Services France S.A.S., (France)
 Enron Broadband Services Japan B.V., (Japan)
 Enron Broadband Services Network Y.K., (Japan)
 Enron Broadband Services Operating Company B.V.,

(The Netherlands)
 Enron Broadband Services (Sweden) AB, (Sweden)
 Enron Broadband Services UK Holdings
 Limited, (England)
 Enron Broadband Services Marketing
 Limited, (England)
 Enron Broadband Services Netherlands 2 B.V.,
 (The Netherlands)
 Enron Broadband Services Italy S.R.L., (Italy)
 Enron Broadband Services/Telefonos de Mexico
 Ventures, L.L.C., (Delaware)
 Enron Broadband Services UK Limited, (England)
 Enron Telecommunications, Inc., (Delaware)
 Mercury Technology Finance, L.L.C., (Delaware)
 EnRock Management, LLC, (Texas)
 EnRock, L.P., (Texas)
 Enron Communications Asia I, Ltd., (Cayman Islands)
 Enron Communications Facilities I, Ltd., (Cayman Islands)
 Enron CommunicationsIndia I, Ltd., (Cayman Islands)
 Enron Broadband Investments Corp., (Oregon)
 S - Future, L.L.C., (Delaware)
 S - Past, L.L.C., (Delaware)
 S - Present, L.L.C., (Delaware)
 Enron Communications Leasing Corp., (Nevada)
 Enron Communications Services I, Ltd., (Cayman Islands)
 Enron Global Communications Ltd., (Cayman Islands)
 EBS Hong Kong, Ltd., (Cayman Islands)
 Enron Broadband Services Hong Kong
 Limited, (Hong Kong)
 Enron Communications do Brasil Ltda., (Brazil)
 Enron Communications Holdings Ltda., (Brazil)
 Enron Globalcom Bolivia, Ltd., (Cayman Islands)
 Enron Globalcom (Brazil), Ltd., (Cayman Islands)
 FTV Communications L.L.C., (Delaware)
 G-Future, L.L.C., (Delaware)
 G-Past, L.L.C., (Delaware)
 G-Present, L.L.C., (Delaware)
 Modulus Technologies, Inc., (Texas)
 ENRON CTS INTERNATIONAL, INC., (Delaware)
 Rio Geo LLC, (Delaware)
 ENRON DEVELOPMENT TURKEY LTD., (Cayman Islands)
 ENRON DOMINICAN REPUBLIC LTD., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership, (Turks & Caicos Isles)
 ENRON DOMINICAN REPUBLIC OPERATIONS LTD., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership, (Turks & Caicos Isles)
 ENRON DUTCH HOLDINGS B.V., (The Netherlands)
 Enron Dutch Investment, (England)
 Sarlux s.r.l., (Italy)
 ENRON ECUADOR TRANSPORTATION HOLDINGS LTD., (Cayman Islands)
 Enron Ecuador Transportation Ltd., (Cayman Islands)
 ENRON EESACQUISITION I CORP., (Delaware)
 Jon Pierce Incorporated, (Texas)
 ENRON ENERGY SERVICES INTERNATIONAL CO., (Delaware)
 Energia Eficiente de Mexico Holding, S. de R.L. de C.V., (Mexico)
 Energia Eficiente de Mexico Servicios, S. de R.L. de C.V.,
 (Mexico)
 Enron Energy Services Canada Co. Ltd, (Canada)
 Enron Energy Services Europe B.V., (The Netherlands)
 EES Europe 2 B.V., (The Netherlands)
 Enron Energy Services France S.A.S., (France)
 Enron Energy Services, Limited, (England)
 Enron Energy Services Operations U.K.
 Limited, (England)
 Enron Energy Services Engineering U.K.
 Limited, (England)
 Enron Energy Services Portugal, LDA, (Portugal)
 ERPAG Energiekosten-Revisions-und-
 Prufungsaktiengesellschaft A.G., (Switzerland)
 Enron Energy Services International Leasing, Inc., (Delaware)
 Enron Energy Services Mexico Holding Co., (Delaware)
 Energia Eficiente de Mexico Holding, S. de R.L. de C.V.,
 (Mexico)
 Enron Energy Services South America Ltd., (Cayman Islands)
 Enron Energy Services Puerto Rico Corporation,
 (Puerto Rico)
 ENRON ENERGY SERVICES L.L.C., (Delaware)
 Big Island I, L.L.C., (Delaware)
 Big Island II, L.L.C., (Delaware)
 Big Island III, L.L.C., (Delaware)

Bora Bora Z, L.L.C., (Delaware)
Desert I LLC, (Delaware)
Enron Energy Services Operations, Inc., (Delaware)
 Blackbird 1 LLC, (Delaware)
 Blackbird 2 LLC, (Delaware)
 Clinton Energy Management Services, Inc., (Ohio)
 Danno II, L.L.C., (Delaware)
 Maui II, L.L.C., (Delaware)
Enron Acquisition III Corp., (Delaware)
Enron Acquisition IV Corp., (Delaware)
Enron Energy Services, Inc., (Delaware)
 Enron Energy Services Capital Corp., (Delaware)
 Enron Federal Solutions, Inc., (Delaware)
 Owens Corning Energy LLC, (Delaware)
Omnicom, Inc., (Pennsylvania)
The Bentley Company, (California)
Bentley Energy Services, Inc., (California)
 EMW Energy Services Corp., (Delaware)
 Fiji Z, L.L.C., (Delaware)
McGarret I, L.L.C., (Delaware)
McGarret II, L.L.C., (Delaware)
McGarret III, L.L.C., (Delaware)
TNPC, Inc., (Delaware)
 TNPC Holdings, Inc., (Delaware)
 The New Power Company, (Delaware)
ENRON EPICYCLE THREE B.V., (The Netherlands)
ENRON EPICYCLE SEVEN B.V., (The Netherlands)
 Azurix Israel Ltd., (Israel)
ENRON EPICYCLE EIGHT B.V., (The Netherlands)
ENRON EQUITY CORP., (Delaware)
 ECT Colombia Pipeline Holdings 1 Ltd., (Cayman Islands)
 Gas Trade Servios Ltda., (Cayman Islands)
 Enron Colombia Holdings de ECT Cayman Reserve 3
 Ltd. & CIA, S.en C., (Colombia)
 Gas Trade Servicios Investments 1 Ltda.,
 (Cayman Islands)
 Enron Colombia Holdings de ECT Cayman Reserve 3
 Ltd. & CIA, S.en C., (Colombia)
Enron Colombia Marketing Holdings Ltd., (Cayman Islands)
 Gas Trade Servicios Investments 1 Ltda., (Cayman Islands)
 Gas Trade Servicios Investments 2 Ltda., (Cayman Islands)
 Gas Trade Servicios Investments 3 Ltda., (Cayman Islands)
 Gas Trade Servicios Investments 4 Ltda., (Cayman Islands)
 Gas Trade Servicios Investments 5 Ltda., (Cayman Islands)
 Gas Trade Servicios Investments Ltda., (Cayman Islands)
Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
Enron Dominican Republic Operations Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
Enron Dominican Republic Operations Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
Miss Kitty, L.L.C., (Delaware)
Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
Tombstone Assets, L.L.C., (Delaware)
Enron Holding Company L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,

(Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Global Power & Pipelines LLC, (Delaware)
Enron Dominicana Holding Limited, (Cayman Islands)
Enron Dominicana Limited Partnership,
(Cayman Islands)
Smith/Enron Cogeneration Limited Partnership,
(Turks & Caicos Isles)
EGPP Services Inc., (Delaware)
Enron Commercial Finance Ltd., (Cayman Islands)
Enron Cayman Reserve 5 Ltd. (Cayman Islands)
Enron Colombia Transportation Ltd.,
(Cayman Islands)
Enron Colombia Investments Limited
Partnership, (Cayman Islands)
Enron Colombia Operations Limited
Partnership, (Cayman Islands)
Enron Pipeline Colombia Limited
Partnership, (Cayman Islands)
Enron Colombia Operations Limited
Partnership, (Cayman Islands)
Enron Pipeline Company - Colombia Ltd., (Texas)
Enron Dominican Republic Ltd., (Cayman Islands)
Smith/Enron Cogeneration Limited Partnership,
(Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Dominican Republic Operations Ltd.,
(Cayman Islands)
Smith/Enron Cogeneration Limited Partnership,
(Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Pipeline Company - Argentina S.A., (Argentina)
Compania de Inversiones de Energia S.A.,
(Argentina)
Enron de Inversiones de Energia S.A.,
(Argentina)
Transportadora de Gas del Sur S.A.,
(Argentina)
Energia de Argentina Ltd.,
(Cayman Islands)
Enron Argentina CIESA Holding
S.A., (Argentina)
Enron Total de
Argentina Ltd.,
(Cayman Islands)
Enron CIESA Holding L.L.C. Ltd., (Cayman Islands)
Enron Argentina CIESA
Holding S.A.,
(Argentina)
EPCA CIESA Holding L.L.C. Ltd., (Cayman Islands)
EPCA CIESA Inversiones Limitada, (Chile)
Compania de Inversiones de Energia S.A.,
(Argentina)
Enron Power Philippines Corp., (Philippines)
Batangas Power Corp., (Philippines)
Subic Power Corp., (Philippines)
Miss Kitty, L.L.C., (Delaware)
Puerto Quetzal Power Corp., (Delaware)
Electricidad del Pacifico, S.A., (Guatemala)
Tombstone Assets, L.L.C., (Delaware)
Enron Light Hydrocarbons France, (France)
Norelf Limited, (Bermuda)
ENRON EUROPEAN POWER INVESTOR LLC, (Delaware)
ENRON EUROPE L.L.C., (Delaware)
Enron Dutch Investment, (England)
Enron Dutch Investment No. 2, (England)
Enron Europe Limited, (England)
Bretton Holdings (One) Limited, (England)
SBI 3 Limited, (England)
ECT Spain Limited, (England)
ECT Espana Limited, (England)
Enron Capital & Trade Resources Limited, (England)
Enron Coal Services Limited, (England)
Enron Coal Asia Pacific Pty Limited,
(Australia)
Enron Coal Transportation Limited,
(England)
Enron Engineering Services, (England)
Enron Europe Operations Limited, (England)

Godwit 1 Limited, (England)
Godwit 2 Limited, (England)
Godwit 3 Limited, (England)
Godwit 4 Limited, (England)
Godwit 5 Limited, (England)
Godwit 6 Limited, (England)
Godwit 7 Limited, (England)
Godwit 8 Limited, (England)
Godwit 9 Limited, (England)
Godwit 10 Limited, (England)
Godwit 11 Limited, (England)
Godwit 12 Limited, (England)
Godwit 13 Limited, (England)
Godwit 14 Limited, (England)
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Godwit 41 Limited, (England)
Godwit 42 Limited, (England)
Godwit 43 Limited, (England)
Godwit 44 Limited, (England)
Godwit 45 Limited, (England)
Godwit 46 Limited, (England)
Godwit 47 Limited, (England)
Godwit 48 Limited, (England)
Godwit 49 Limited, (England)
Enron Gas & Petrochemicals Trading Limited, (England)
Enron Europe Power 2 Limited, (England)
 Enron Europe Power 1 Limited, (England)
 Teesside Power Holdings Limited, (England)
 Teesside Power Limited, (England)
Enron Europe Power 3 Limited, (England)
 Enron Europe Power 1 Limited, (England)
 Teesside Power Holdings Limited, (England)
 Teesside Power Limited, (England)
Enron Europe Power 4 Limited, (England)
 Enron Europe Power 3 Limited, (England)
 Enron Europe Power 1 Limited, (England)
 Teesside Power Holdings Limited, (England)
 Teesside Power Limited, (England)
 Enron Europe (Sites) Holdings Limited, (England)
 Enron Europe Trading Limited, (England)
 Enron KPl Limited, (England)
 Enron KP 2 Limited, (England)
Enron Investments Limited, (England)
 Enron Metals Group Limited, (England)
 Enron Metals & Commodity Limited,
 (England)
 Enron Metals & Commodity
 (HK) Limited, (Hong Kong)
 Enron Metals & Commodity
 (China) Limited, (China)
Enron Metals Limited, (England)
 Enron Metals Brokers Limited,
 (England)
Enron Metals Far East
 Limited, (England)
Enron Metals (Deutschland)
 GmbH,

Henry Bath & Son Limited,
(England)
Man and Machine
(North West) Limited,
(England)
Metallgesellschaft (Guernsey)
Limited, (Guernsey)
Enron Metals (Holdings) Limited,
(England)
Enron Metals (Malta) Limited, (England)
MG Energy Limited, (England)
MG Metal & Commodity Company
(SA) Proprietary Limited, (England)
Enron Metals Luxembourg S.a.r.l.,
(England)
Enron Metals & Commodity
(Canada) Inc., (New Brunswick)
Enron Metals Belgium N.V.,
(Belgium)
Enron Metals German Holding
GmbH, (Germany)
Enron Metall Recycling
GmbH & Co. KG, (Germany)
Enron Metall Recycling
Verwaltungs GmbH,
(Germany)
Enron Trade Holdings Inc.,
(Delaware)
Enron Metals and
Commodity Corp., (Delaware)
Enron Metals (Australia) Pty Ltd, (Australia)
MG Metal and
Commodity Company
Limited (Chile)
Ltda., (Chile)
Enron Trade Services
Holdings Inc, (Delaware)
Henry Bath Inc.,
(Delaware)
Enron Trading Services
Inc., (Delaware)
Enron Metals Inc.,
(Delaware)
Enron Power Operations Limited, (England)
Energy commerce.com Limited, (England)
Energy Desk.com Limited, (England)
Energydesk.com Sverige AB, (Sweden)
Energy software.com Limited, (England)
Enron Power Operations Teesside, (England)
Enron Eurasia Limited, (England)
EuropeanEnergySoftware.com, (England)
Enron SB2, (England)
Enron Shareblock Limited, (England)
Shareblock Limited, (England)
ESB2 Investments Limited, (England)
SBI 3 Limited, (England)
Enron SB2, (England)
Teesside Gas Processing Limited, (England)
Teesside Gas Transportation Limited, (England)
Teesside Operations (Holdings) 2 Limited, (England)
Teesside Operations (Holdings) Limited, (England)
Enron Teesside Operations Limited, (England)
Teesside Power Limited, (England)
Trenron Limited, (England)
Enron Power Operations Teesside, (England)
Enron Eurasia Limited, (England)
Wallerscote Power Operations Limited, Pending.
Teesside Gas Transportation Limited, (England)
ENRON EXPAT SERVICES INC., (Delaware)
Enron Overseas Services Corp., (Cayman Islands)
ENRON FOUNDATION, (Nebraska)
ENRON FUNDING CORP., (Delaware)
EGEP SERVICES INC., (Delaware)
DJ oil & Gas Limited Liability Company, (Delaware)
EGEP China Inc., (Delaware)
EGEP Korea Ltd., (Cayman Islands)
Enron Oil & Gas Korea Ltd., (Cayman Islands)
EGEP Services Inc., (Delaware)
Enron Combay Exploration & Production Company, (Cayman Islands)
EOGI-China, inc., (Delaware)
Enron oil & Gas China International Ltd.,
(Cayman Islands)

ENRON GLOBAL FUELS LTD., (Cayman Islands)
ENRON GLOBAL MARKETS LLC, (Delaware)
ENRON GLOBAL POWER & PIPELINES LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited Partnership, (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
ENRON HRVATSKA DEVELOPMENT B.V., (The Netherlands)
 Jertovec Management & Finance B.V., (The Netherlands)
 Elektrana Jertovec d.o.o., (Croatia)
ENRON HUNGARY POWER STATION DEVELOPMENT KFT., (Hungary)
ENRON INDIA LLC, (Delaware)
 Atlantic India Holdings Ltd., (Cayman Islands)
 Offshore Power Operations C.V., (The Netherlands)
 Offshore Power Production C.V., (The Netherlands)
 DPC Holdings C.V., (The Netherlands)
 Enron Mauritius Company, (Mauritius)
 Dabhol Power Company, (India)
 Enron India Holdings Ltd., (Cayman Islands)
 Enron Mauritius Company, (Mauritius)
 Dabhol Power Company, (India)
 DPC Holdings C.V., (The Netherlands)
 Enron Mauritius Company, (Mauritius)
 Dabhol Power Company, (India)
 Enron Mauritius Company, (Mauritius)
 Dabhol Power Company, (India)
EKTP Holding Company Ltd., (Cayman Islands)
Enron BPAC Ltd., (Cayman Islands)
Enron Ennore Holdings Ltd., (Cayman Islands)
Enron Fuels Services Holding Ltd., (Cayman Islands)
 Enron Fuels Services India Ltd., (Mauritius)
 Enron International Pipegas MHC Ltd., (Mauritius)
 Enron MHC LNG India Ltd., (Mauritius)
 Maharashtra Energy Company Private Limited,
 (Maharashtra)
 Maharashtra Energy Company Private Limited,
 (Maharashtra)
 TDE Mauritius Ltd., (Mauritius)
 Metropolis Gas Company Private Limited, (India)
Enron Gamma Operations Ltd., (Cayman Islands)
Enron India Power Ltd., (Cayman Islands)
 Enron MHC Tamil Nadu Company, (Mauritius)
Enron India Telecom Ltd., (Cayman Islands)
 Telecom MHC Limited, (Mauritius)
 Broadband Solutions Private Limited, (India),
 (Maharashtra)
Enron International Bangladesh Ltd., (Cayman Islands)
Enron International Bangladesh Power Holding Co. Ltd.,
 (Cayman Islands)
Enron International Power Barge Ltd., (Cayman Islands)
Enron International CMI Ltd, (Cayman Islands)
 Enron MHC India Development Ltd., (Mauritius)
 Enron India Private Ltd., (India)
Enron International Ennore Ltd., (Cayman Islands)
Enron International Haripur Ltd., (Cayman Islands)
Enron International India Ltd., (Cayman Islands)
 Energy Generation Guhagar Ltd., (Mauritius)
 Enron Distribution Ventures MHC Ltd, (Mauritius)
 Enron India CFH Ltd., (Mauritius)
 Enron India Regional Development Ltd., (Mauritius)
 Enron International Coastal Development Ltd.,
 (Mauritius)
 Enron International Eastern India Operations Ltd.,
 (Mauritius)
 Enron International MHC Kannur Ltd., (Mauritius)
 Enron International Southern India Operations Ltd.,
 (Mauritius)
 Enron MHC Gas Distribution Ltd., (Mauritius)
 Enron Renovation and Modernization MHC Ltd.,
 (Mauritius)
 Enron Subcontinental Ventures Ltd., (Mauritius)
 Telecom MHC India Ltd, (Mauritius)
 Broadband Solutions Private Limited,
 (Maharashtra)
Enron India CFH Ltd., (Mauritius)
 Enron India Regional Development Ltd., (Mauritius)
 Enron International Coastal Development Ltd.,
 (Mauritius)
 Enron International Eastern India Operations Ltd.,
 (Mauritius)
 Energy Generation Guhagar Ltd., (Mauritius)
 Enron Subcontinental Ventures Ltd., (Mauritius)

Enron Cambay Exploration & Production Company, (Cayman Islands)
 Enron International North Bengal Holding Co. Ltd.,
 (Cayman Islands)
 Enron International PAL India Ltd., (Cayman Islands)
 Enron Reserve II B.V., (The Netherlands)
 Offshore Power Operations C.V., (The Netherlands)
 Enron South Asia LLC, (Delaware)
 India Electric Maintenance Ltd., (Cayman Islands)
 Enron International C.V., (The Netherlands)
 Travamark Two B.V., (The Netherlands)
 Offshore Power Production C.V., (The Netherlands)
 Enron India Holdings Ltd., (Cayman Islands)
 Enron (Mauritius) Company, (Mauritius)
 Dabhol Power Company, (India)
 DPC Holdings C.V., (The Netherlands)
 Enron Mauritius Company, (Mauritius)
 Dabhol Power Company, (India)
 Enron Power II C.V., (The Netherlands)
 Enron Power Colombia C.V., (The Netherlands)
 EI Thailand NSM Investments Ltd., (Cayman Islands)
 EI Venezuela Holdings Ltd., (Cayman Islands)
 EI Venezuela Development Ltd., (Cayman Islands)
 Hanover/Enron Venezuela Ltd., (Cayman Islands)
 EI Venezuela Investments Ltd., (Cayman Islands)
 EI Venezuela Development Ltd., (Cayman Islands)
 Hanover/Enron Venezuela Ltd., (Cayman Islands)
 Enron Accro B.V., (The Netherlands)
 Enron Agua Colombia Holdings Ltd., (Cayman Islands)
 Enron Agua Colombia Investments Ltd., (Cayman Islands)
 Enron Agua Colombia Ltd., (Cayman Islands)
 Enron Agua Panama Holdings Ltd., (Cayman Islands)
 Enron Agua Panama Investments Ltd., (Cayman Islands)
 Enron Agua Philippines Holdings Ltd., (Cayman Islands)
 Enron Argentina Development Ltd., (Cayman Islands)
 CORDEX Americas 1997, L.L.C., (Delaware)
 Enron (Brazil) Gas Supply Ltd., (Cayman Islands)
 Enron (Brazil) Pipeline Ltd., (Cayman Islands)
 EGE - Empresa de Geracao de Energia Ltd., Pending.
 Enron (Brazil) Power Investments I Ltd., (Cayman Islands)
 EGE - Empresa de Geracao de Energia Ltd., Pending.
 Enron Caribe Holdings Ltd., (Cayman Islands)
 Enron Caribe Ltd., (Cayman Islands)
 Dominican Holdings, Ltd.,
 (Cayman Islands)
 Enron Caribe IV Holdings Ltd., (Cayman Islands)
 Enron Caribe IV Ltd., (Cayman Islands)
 Enron Caribe VI Holdings Ltd., (Cayman Islands)
 Enron Caribe VI Ltd., (Cayman Islands)
 Empresa Energetica Corinto Ltd., (Cayman Islands)
 Enron Colombia Energy B.V., (The Netherlands)
 Enron Power Colombia C.V., (The Netherlands)
 Enron Colombia Holdings Ltd., (Cayman Islands)
 Enron Colombia, Inc., (Delaware)
 Enron Colombia Transportation B.V., (The Netherlands)
 Enron Development Spain Ltd., (Cayman Islands)
 Enron Egypt Power I Ltd., (Cayman Islands)
 Enron Egypt Power II Ltd., (Cayman Islands)
 Enron Electrica de Venezuela Ltd., (Cayman Islands)
 Enron Energy Marketing Colombia Ltd., (Cayman Islands)
 Enron EPI, Inc., (Cayman Islands)
 Enron EPI Inc., (Cayman Islands)
 Enron Equity Corp., (Delaware)
 ECT Colombia Pipeline Holdings 1 Ltd., (Cayman Islands)
 Enron Colombia Marketing Holdings Ltd., (Cayman Islands)
 Gas Trade Servicios Investments 1 Ltda.,
 (Cayman Islands)
 Gas Trade Servicios Investments 2 Ltda.,
 (Cayman Islands)
 Gas Trade Servicios Investments 3 Ltda.,
 (Cayman Islands)
 Gas Trade Servicios Investments 4 Ltda.,
 (Cayman Islands)
 Gas Trade Servicios Investments 5 Ltda.,
 (Cayman Islands)
 Gas Trade Servicios Ltda., (Cayman Islands)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Holding Limited Partnership,
 (Cayman Islands)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)

Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron Gas de Venezuela I Ltd., (Cayman Islands)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration
 Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron Europe Operations (Advisor) Limited, (England)
 Enron Europe Operations (Supervisor) Limited, (England)
 Enron Ghana Holdings Ltd., (Cayman Islands)
 Enron Ghana Investments Ltd., (Cayman Islands)
 Enron Ghana Ltd., (Cayman Islands)
 Enron (India) Power Ltd., (Cayman Islands)
 Enron MHC Tamil Nadu Company, (Mauritius)
 Enron Global Pakistan Ltd., (Cayman Islands)
 Enron Global Mauritius Company, L.L.C., (Mauritius)
 Enron Guatemala Holdings Ltd., (Cayman Islands)
 PQP Limited, (Cayman Islands)
 Enron Guatemala Renewables Ltd.,
 (Cayman Islands)
 Puerto Quetzal Power LLC,
 (Delaware)
 Pacific Energy Financing Ltd.,
 (Cayman Islands)
 Enron Industrial de Venezuela Ltd., (Cayman Islands)
 ACCROVEN SRL, (Barbados)
 Enron International (Brazil) 1997 Ltd., (Cayman Islands)
 Borgogna Participacoes e Empreendimentos Ltda., (Brazil)
 Riogas S.A., (Brazil)
 E menthal Participacoes e Empreendimentos Ltda., (Brazil)
 Riogas S.A., (Brazil)
 GEC Participacoes Ltda., (Brazil)
 Companhia Estadual de Gas do Rio de Janeiro, (Brazil)
 Global Petroleum & Gas Industry Limited, (Jersey)
 Gas Participacoes S.A., (Brazil)
 Dutopar Participacoes Ltda, (Brazil)
 Gas de Alagoas S.A., (Brazil)
 Enron International (Brazil) Gas Holdings Ltd., (Cayman Islands)
 GEC Participacoes Ltda., (Brazil)
 Companhia Estadual de Gas do Rio de Janeiro, (Brazil)
 Enron International (Brazil) Investments Ltd., (Cayman Islands)
 Global Petroleum & Gas Industry Limited, (Jersey)
 Gas Participacoes S.A., (Brazil)
 Companhia de Gas de Bahia S.A., (Brazil)
 Companhia de Gas de Santa Catarina S.A., (Brazil)
 Companhia Paraibana de Gas S.A., (Brazil)
 Companhia Paranaense de Gas S.A., (Brazil)
 Companhia Pernambucana de Gas S.A., (Brazil)
 Empresa Sergipana de Gas S.A., (Brazil)
 Global Petroleum & Gas Industry II Limited, (Cayman Islands)
 Enron International (Brazil) Power Holdings V Ltd., Pending.
 Terraco Participacoes Ltda., (Brazil)
 Elektro - Electricidade e Servios S.A., (Brazil)
 Terraco Investments Ltd.,
 (Cayman Islands)
 Enron International (Brazil) Power Investments V Ltd., Pending.
 Terraco Participacoes Ltda., (Brazil)
 Elektro - Electricidade e Servios S/A, (Brazil)
 Enron International B.V., (The Netherlands)
 Enron International Capital Management Ltd., (Cayman Islands)
 China Pipeline Holdings Ltd., (Cayman Islands)
 Enron MHC India Development Ltd., (Mauritius)
 Enron India Private Ltd., (India)

Enron International C.V., (The Netherlands)
 Enron International Central America Holdings Ltd., (Cayman Islands)
 Enron International Central America ltd., (Cayman Islands)
 Enron International Energy (Asia) Pte. Ltd., (Singapore)
 Enron International Gujarat Ltd., (Cayman Islands)
 Enron MHC Gujarat Company, (Mauritius)
 Enron International Holdings Corp., (Delaware)
 Electricidad Enron de Guatemala, Sociedad Anonima, (Guatemala)
 Enron Global, Inc., (Delaware)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A. (Guatemala)
 Puerto Quetzal Power LLC, (Delaware)
 Tombstone Assets, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron International Haripur Ltd., (Cayman Islands)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Power Philippines Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron International India Ltd., (Cayman Islands)
 Enron Distribution Ventures MHC Ltd., (Mauritius)
 Enron International MHC Kannur Ltd., (Mauritius)
 Enron Renovation and Modernization MHC Ltd., (Mauritius)
 Enron International Kelatin Development, (Cayman Islands)
 Enron International Korea Resources LLC, (Delaware)
 Enron Cambay Exploration & Production Company, (Cayman Islands)
 Enron International Morocco Ltd., (Cayman Islands)
 Enron International (Philippines) Ltd., (Cayman Islands)
 Enron International Sichuan Hydroelectric Ltd., (Cayman Islands)
 Enron Vietnam Power II Ltd., (Cayman Islands)
 Enron International Philippines Pipelines Ltd., (Cayman Islands)
 Enron LNG Atlantic Holdings Ltd., (Cayman Islands)
 Enron LNG Atlantic Investments Ltd., (Cayman Islands)
 Enron Venezuela LNG (Antilles) Holdings,
 N.V., (Netherlands Antilles)
 Enron Venezuela LNG (Netherlands)
 Holdings, B.V., (Netherlands
 Antilles)
 Enron LNG Atlantic I, SRL,
 (Venezuela)
 Enron LNG Atlantic II, SRL,
 (Venezuela)
 LNG Power III, LLC, (Cayman Islands)
 Buenergia Gas & Power Ltd., (Cayman Islands)
 EcoElectrica Holdings, Ltd., (Cayman Islands)
 EcoElectrica L.P., (Bermuda)
 EcoElectrica, Ltd., (Cayman Islands)
 EcoElectrica L.P., (Bermuda)
 LNG Power IV Ltd., (Cayman Islands)
 LNG Power II, LLC, (Cayman Islands)
 LNG Power I, LLC, (Cayman Islands)
 LNG Power III, LLC, (Cayman Islands)
 Buenergia Gas & Power Ltd., (Cayman Islands)
 EcoElectrica Holdings, Ltd., (Cayman Islands)
 EcoElectrica L.P., (Bermuda)

EcoElectrica, Ltd., (Cayman Islands)
 EcoElectrica L.P., (Bermuda)
 Enron Mariana Holdings Corp., (Delaware)
 Enron Mariana Power L.L.C., (Delaware)
 Enron Mauritius Pakistan Company, L.L.C., (Mauritius)
 Enron Mendoza Water Investments Ltd., (Cayman Islands)
 Enron Oman Gas Ltd., (Cayman Islands)
 Enron Oman Commodity Ltd., (Cayman Islands)
 Enron Oman Gas II Ltd., (Cayman Islands)
 Enron Oman Services Ltd.,
 (Cayman Islands)
 Enron Palestine Inc., (Cayman Islands)
 Enron Gaza Power Private Limited Company, (Palestine)
 Enron Gaza International Ltd.,
 (Cayman Islands)
 Gaza Power Generating Private
 Limited Company, (Palestine)
 Palestine Power Private
 Limited Company, (Palestine)
 PEC International Inc., (Cayman Islands)
 Enron Polska B.V., (The Netherlands)
 Enron Power Services B.V., (The Netherlands)
 Enron Reserve 4 B.V., (The Netherlands)
 Enpak Power (Private) Company, (Pakistan)
 Enron Reserve 6 B.V., (The Netherlands)
 Enron Reserve I B.V., (The Netherlands)
 Smith/Enron Cogeneracion Internacional, S.A., (Dominican Republic)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership, (Turks & Caicos Isles)
 Visum Soft LLC, (Delaware)
 ENRON INDUSTRIAL MARKETS LLC, (Delaware)
 ENRON INVESTMENT PARTNERS CO., (Delaware)
 HEOF Management Corp., (Delaware)
 ENRON MIDDLE EAST LLC, (Delaware)
 Enron Bahrain Gas Operations LLC, (Delaware)
 Enron Jebel Ali Power Ltd., (Cayman Islands)
 Enron Jubail Power Ltd., (Cayman Islands)
 Enron Middle East Ltd., (Cayman Islands)
 Enron Oman Cooling Ltd., (Cayman Islands)
 Enron Oman Gas Pipeline Operations Ltd., (Cayman Islands)
 Enron Saudi Energy Ltd., (Cayman Islands)
 Enron Saudi Holdings Ltd., (Cayman Islands)
 Enron Shuweihat Power Company, (Cayman Islands)
 New Horizons Holdings Ltd., (Cayman Islands)
 ENRON NORTH AMERICA CORP., (Delaware)
 Antelope Valley Energy Facility, L.L.C., (Delaware)
 Blue Ox Power Marketing, L.L.C., (Delaware)
 Bob West Treasurer L.L.C., (Delaware)
 Bridgeline, LLC, (Delaware)
 Bridgeline Holdings, L.P., (Delaware)
 Bridgeline Gas Distribution LLC, Louisiana
 Bridgeline Gas Marketing LLC, (Delaware)
 Bridgeline Storage Company, L.L.C., (Delaware)
 Napoleonville Storage Company Limited
 Partnership, (Texas)
 Brownsville Power I, L.L.C., (Delaware)
 Caledonia Power I, L.L.C., (Delaware)
 Calvert City Power I, L.L.C., (Delaware)
 Central Valley Energy Facility, L.L.C., (Delaware)
 Costilla Energy, Inc., (Delaware)
 Cusiana-Cupiagua Oil Securitization 1996 Ltd., (Cayman Islands)
 Deerfield Beach Energy Center, L.L.C., (Delaware)
 Delta Land Development Company, LLC, (Delaware)
 Calcasieu Development Company, L.L.C., (Delaware)
 Jefferson Davis Development Company, L.L.C.,
 (Delaware)
 St. Charles Development Company, L.L.C., (Delaware)
 Des Plaines Green Land Development L.L.C., (Delaware)
 Doyle I, L.L.C., (Delaware)
 East Fork Land Development Company, L.L.C., (Delaware)
 ECT Cayman Reserve 5 Ltd., (Cayman Islands)
 Enron Distribuidora de Petroleo e Derivados Ltda., (Brazil)
 ECT Cayman Reserve 6 Ltd, (Cayman Islands)
 ECT Cayman Reserve 9 Ltd., (Cayman Islands)
 ECT Coal Company No. 1, L.L.C., (Delaware)
 ECT Coal Company No. 2, L.L.C., (Delaware)
 ECT Eocene Enterprises, Inc., (Delaware)
 ECT Eocene Enterprises II, Inc., (Delaware)
 ECT Eocene Enterprises III, Inc., (Delaware)
 ECT Europe Finance, Inc., (Delaware)
 ECT Funding L.L.C., (Delaware)

ECT Development and Funding, (England)
 European Commercial Finance S.a.r.l., (Luxembourg)
 ECT International L.L.C., (Delaware)
 ECT Development and Funding, (England)
 European Commercial Finance S.a.r.l., (Luxembourg)
 ECT Investing Corp., (Delaware)
 ECT Investing Partners, L.P., (Delaware)
 ECT Investments Holding Corp., (Delaware)
 ECT Investments Inc., (Delaware)
 ECT Merchant Investments Corp., (Delaware)
 Black Bay, L.L.C., (Delaware)
 Bonne Terre Exploration Company, L.L.C., (Delaware)
 East Sour Lake, LLC, (Delaware)
 East Sour Lake Exploration & Production L.P.,
 ECT Overseas Holding Corp., (Delaware)
 Enron Capital & Trade Resources Korea Corp., (Delaware)
 ECT-PR-B, L.L.C., (Delaware)
 ECT-PR-C, L.L.C., (Delaware)
 ECT-PR-Z, L.L.C., (Delaware)
 Crestone Powder River, L.L.C., (Delaware)
 Fort Union Gas Gathering LLC, (Delaware)
 ECT Securities Corp., (Delaware)
 ECT Securities GP Corp., (Delaware)
 ECT Securities Limited Partnership, (Delaware)
 ECT Securities LP Corp., (Delaware)
 ECT Securities Limited Partnership, (Delaware)
 ECT Strategic Value Corp., (Delaware)
 ECT Thailand Investments, Inc., (Delaware)
 ECT-WR-B, L.L.C., (Delaware)
 ECT-WR-C, L.L.C., (Delaware)
 ECT-WR-Z, L.L.C., (Delaware)
 Crestone Wind River, L.L.C., (Delaware)
 Lost Creek Gathering Company, L.L.C., (Delaware)
 Coventry Land Development Company, L.L.C., (Delaware)
 EGC 2000 Holding Company, L.P., (Delaware)
 Energy Financing Company, L.L.C.,
 (Delaware)
 North Haven Energy Park, L.L.C., (Delaware)
 Sprague Energy Park, L.L.C., (Delaware)
 EGS Hydrocarbons Corp., (Texas)
 EGS New Ventures Corp., (Delaware)
 LGMI, Inc., (Delaware)
 Louisiana Gas Pipeline Company L. P.,
 (Oklahoma)
 LRCI, Inc., (Delaware)
 Louisiana Resources Pipeline Company L.P., (Oklahoma)
 Louisiana Gas Marketing Company, (Delaware)
 Louisiana Gas Pipeline Company L.P., (Oklahoma)
 Louisiana Resources Company, (Delaware)
 Louisiana Resources Pipeline Company L.P., (Oklahoma)
 ENACT I, L.L.C., (Delaware)
 ENACT II, L.L.C., (Delaware)
 ENASCO L.L.C., (Delaware)
 Enron Administrative Services Corp., (Delaware)
 EES Europe 2 B.V., (The Netherlands)
 Enron Capital Corp. (formerly JILP-G.P., Inc.), (Delaware)
 Enron Capital Management Limited Partnership, (Delaware)
 Enron Capital Management L.L.C.,
 (Delaware)
 Joint Energy Development Investments Limited
 Partnership, (Delaware)
 Ameritex Venture II, Ltd., (Texas)
 Cerrito Gathering Company, Ltd., N/A
 CGAS, Inc., (Ohio)
 CGAS Exploration, Inc., (Ohio)
 Eagle Mountain Energy Corporation, (Ohio)
 CGAS Investment Corp., (Ohio)
 CGAS Services Corporation, (Ohio)
 CGAS Securities, Inc., (Ohio)
 Clinton Nominee Corporation, (Ohio)
 Haulco, Inc., (Ohio)
 LDC Securities, Inc., (Ohio)
 Metertech, Inc., (Ohio)
 Ohio Gasportation, Inc., (Ohio)
 Eugene Offshore Holdings, LLC, (Delaware)
 Hughes-Rawls, L.L.C., (Delaware)
 JEDI Hydrocarbon Investments I Limited Partnership,
 (Delaware)
 JEDI Hydrocarbon Investments II Limited
 Partnership, (Delaware)
 JEDI-Lewis, L.L.C., (Delaware)
 JEDI-Lewis Holdings, L.P., (Delaware)

JEDI-Lewis Holdings, L.P., (Delaware)
JEDI SPV, L.L.C., (Delaware)
Mariner Holdings, Inc., (Delaware)
Mariner Energy LLC, (Delaware)
Mariner Energy, Inc., (Delaware)
Meridian Ventures I, L.P., N/A
Michigan Gas Partners, L. P., N/A
Napoleonville Storage Company Limited Partnership, (Texas)
Enron Energy Services Netherlands B.V., (The Netherlands)
Rocksprings Energy I, L. P., (Texas)
Segundo Navarro Drilling, Ltd., (Texas)
South Dauphin Partners II, L.P., Pending.
Sweetwater Gas Partners, L. P., (Texas)
Enron Capital II Corp., (Delaware)
Enron Capital Management II Limited Partnership, (Delaware)
Joint Energy Development Investments II Limited
Partnership, (Delaware)
East Coast Power Holding Company L.L.C.,
(Delaware)
East Coast Power L.L.C., (Delaware)
JEDI Bayonne GP,
L.L.C., (Delaware)
Cogen Technologies NJ Venture, (Delaware)
JEDI Camden GP, L.L.C., (Delaware)
Cogen Technologies Camden GP Limited
Partnership, (Delaware)
Camden Cogen, L.P., (Delaware)
JEDI Camden LP, L.L.C., (Delaware)
Cogen Technologies Camden GP
Limited Partnership, (Delaware)
Camden Cogen, L.P., (Delaware)
JEDI Linden NB, L.L.C.,
(Delaware)
JEDI Linden GP,
L.L.C., (Delaware)
Cogen Technologies Linden, Ltd, (Delaware)
Cogen Technologies Linden Venture, (Delaware)
JEDI Linden, Inc., (Delaware)
JEDI Linden L.L.C., (Delaware)
Cogen Technologies Linden, Ltd, (Delaware)
Cogen Technologies Linden Venture, (Delaware)
JEDI Linden LP, L.L.C., (Delaware)
Cogen Technologies Linden, Ltd, (Delaware)
Cogen Technologies Linden Venture, (Delaware)
Eugene Offshore Holdings, LLC, (Delaware)
Enron Capital III Corp., (Delaware)
Enron Capital Management II Limited Partnership, (Delaware)
Joint Energy Development Investments II Limited
Partnership, (Delaware)
East Coast Power Holding Company L.L.C.,
(Delaware)
East Coast Power L.L.C., (Delaware)
JEDI Bayonne GP, L.L.C.,
(Delaware)
Cogen Technologies NJ Venture, (Delaware)
JEDI Camden GP, L.L.C., (Delaware)
Cogen Technologies Camden GP
Limited Partnership, (Delaware)
Camden Cogen, L.P., (Delaware)
JEDI Camden LP, L.L.C., (Delaware)
Cogen Technologies Camden GP
Limited Partnership, (Delaware)
Camden Cogen, L.P., (Delaware)
JEDI Linden NB, L.L.C.,
(Delaware)
JEDI Linden
GP, L.L.C.,
(Delaware)
Cogen Technologies Linden, Ltd, (Delaware)
Cogen Tech- Technologies Linden Venture,
(Delaware)
JEDI Linden, Inc.,
(Delaware)
JEDI Linden GP,
L.L.C., (Delaware)
Cogen Technologies Linden, Ltd, (Delaware)
Cogen Technologies Linden Venture, (Delaware)
JEDI Linden LP, L.L.C.,
(Delaware)
Cogen Technologies Linden, Ltd, (Delaware)
Cogen Technologies Linden Venture, (Delaware)
Eugene Offshore Holdings, LLC, (Delaware)

Enron Capital IV Corp., (Delaware)
 Enron Capital Management III Limited Partnership, (Delaware)
 Joint Energy Development Investments II Limited
 Partnership, (Delaware)
 East Coast Power Holding Company L.L.C., (Delaware)
 East Coast Power L.L.C., (Delaware)
 JEDI Bayonne GP, L.L.C.,
 (Delaware)
 Cogen Technologies NJ Venture, (Delaware)
 JEDI Camden GP, L.L.C., (Delaware)
 Cogen Technologies Camden GP Limited
 Partnership, (Delaware)
 Camden Cogen, L.P., (Delaware)
 JEDI Camden LP, L.L.C., (Delaware)
 Cogen Technologies Camden GP
 Limited Partnership, (Delaware)
 Camden Cogen, L.P., (Delaware)
 JEDI Linden NB, L.L.C.,
 (Delaware)
 JEDI Linden GP,.
 L.L.C., (Delaware)
 Cogen Technologies Linden, Ltd, (Delaware)
 Cogen Technologies Linden Venture, (Delaware)
 JEDI Linden, Inc.,
 (Delaware)

JEDI Linden L.L.C., (Delaware)

 Cogen Technologies Linden, Ltd,
 (Delaware)

 Cogen Technologies Linden Venture, (Delaware)

JEDI Linden LP, L.L.C., (Delaware)

 Cogen Technologies Linden, Ltd, (Delaware)
 Cogen Technologies Linden Venture, (Delaware)
 Eugene Offshore Holdings, LLC, (Delaware)

Enron Capital North America Corp., (Delaware)

 Enron Capital Management III Limited Partnership, (Delaware)
 Joint Energy Development Investments II Limited
 Partnership, (Delaware)
 East Coast Power Holding Company L.L.C., (Delaware)
 East Coast Power L.L.C., (Delaware)
 JEDI Bayonne GP, L.L.C.,
 (Delaware)
 Cogen Technologies NJ Venture,
 (Delaware)
 JEDI Camden GP, L.L.C., (Delaware)
 Cogen Technologies Camden GP
 Limited Partnership, (Delaware)
 Camden Cogen, L.P., (Delaware)
 JEDI Camden LP, L.L.C., (Delaware)
 Cogen Technologies Camden GP
 Limited Partnership, (Delaware)
 Camden Cogen, L.P., (Delaware)
 JEDI Linden NB, L.L.C.,
 (Delaware)
 JEDI Linden GP,
 L.L.C., (Delaware)
 Cogen Technologies Linden, Ltd, (Delaware)
 Cogen Technologies Linden Venture, (Delaware)

JEDI Linden, Inc., (Delaware)

 JEDI Linden GP, L.L.C., (Delaware)
 Cogen Technologies Linden, Ltd, (Delaware)

JEDI Linden LP, L.L.C., (Delaware)

 Cogen Technologies Linden Venture, (Delaware)
 Cogen Technologies Linden, Ltd, (Delaware)
 Cogen Technologies Linden Venture, (Delaware)

 Enron Capital & Trade Global Resources Corp., (Panama)

Enron Capital & Trade Resources Canada Corp., (Alberta)

Enron Capital & Trade Resources - Europe B.V., (The Netherlands)

 Closed Joint Stock Company EnronEnergO, (Russian Federation)

 Enron Capital and Trade Resources - Espana, S.L., (Spain)

 Enron Capital & Trade Resources - Greece B.V., (The Netherlands)

 Enron Capital & Trade Resources - Romania B.V.,
 (The Netherlands)

 Petrom-Enron Gas S.R.L., (Romania)

 Enron Espana, S.L., (Spain)

 Enron Europe Finance B.V., (The Netherlands)

 Enron LPG Italy S.R.L., (Italy)

 Enron Miskolc Power Development Kft., (Hungary)

 Enron Netherlands B.V., (The Netherlands)

Enron Capital & Trade Resources International Corp., (Delaware)

 Enron Capital & Trade Europe Finance LLC,
 (Delaware)

 Enron Capital & Trade Resources International Corp. -

Singapore Branch, N/A
 Enron CASH Company No. 6, L.L.C., (Delaware)
 Enron Europe Finance & Trading Limited, (England)
 Enron Finland Energy Oy, (Finland)
 Enron Nordic Energy - Swedish branch of ECTRIC, N/A
 Enron Nordic Energy - Norwegian branch of ECTRIC, N/A
 Enron Capital & Trade Resources Mexico Holdings B.V., (The Netherlands)
 Enron Energia Industrial de Mexico B.V.,
 (The Netherlands)
 Enron Industrial Energy of Mexico
 Holdings I, L.L.C., (Delaware)
 Enron Energia Industrial de
 Mexico, S. de R.L. de C.V.,
 (Mexico)
 Enron Industrial Energy of Mexico
 Holdings II, L.L.C., (Delaware)
 Enron Energia Industrial de
 Mexico, S. de R.L. de C.V.,
 (Mexico)
 Enron Mexico I B.V., (The Netherlands)
 Enron Mexico II B.V., (The Netherlands)
 Enron Mexico III B.V., (The Netherlands)
 Enron Mexico IV B.V., (The Netherlands)
 Enron Mexico V B.V., (The Netherlands)
 Enron Mexico Holdings XV, L.L.C., (Delaware)
 Enron Mexico V I B.V., (The Netherlands)
 Enron Mexico Risk Management, L.L.C.,
 (Delaware)
 Enron Mexico VII B.V., (The Netherlands)
 Enron Mexico VIII B.V., (The Netherlands)
 Enron Mexico IX B.V., (The Netherlands)
 Enron Mexico X B.V., (The Netherlands)
 Enron Mexico XV B.V., (The Netherlands)
 Desarrolladora de Predios del Centro, S. de
 R.L. de C.V., (Mexico)
 Enron Mexico XVI B.V., (The Netherlands)
 Desarrolladora de Predios del Este, S. de
 R.L. de C.V., (Mexico)
 Enron Mexico Holdings XVI, L.L.C.,
 (Delaware)
 Enron Mexico XVII B.V., (The Netherlands)
 Desarrolladora de Predios del Oeste, S. de
 R.L. de C.V., (Mexico)
 Enron Mexico Holdings XVII, L.L.C.,
 (Delaware)
 Enron Mexico XVIII B.V., (The Netherlands)
 Desarrolladora de Predios del Noreste, S. de
 R.L. de C.V., (Mexico)
 Enron Mexico XIV B.V., (The Netherlands)
 Desarrolladora de Predios del Norte, S. de
 R.L. de C.V., (Mexico)
 Enron Mexico Holdings XIV, L.L.C., (Delaware)
 Enron Mexico Holdings XVIII, L.L.C.,
 (Delaware)
 OEC Mexico, S. de R.L. de C.V., (Mexico)
 OEC Services, S. de R.L. de C.V.,
 (Mexico)
 Enron CASH Company No. 1, (Delaware)
 Enron CASH Company No. 2, (Delaware)
 Enron CASH Company No. 3, (Delaware)
 Enron CASH Company No. 5, (Delaware)
 Enron Compression Services Company, (Delaware)
 ECS Compression Company, L.L.C., (Delaware)
 Enron CPO Holdings, Inc., (Delaware)
 Enron International CPO B.V., (The Netherlands)
 Enron International CPO, L.P., (Delaware)
 Enron Cushing Oil Marketing, Inc., (Delaware)
 Millennium PowerGen Copmany LLC, (Delaware)
 Enron Field Services Corp., (Delaware)
 Enron Finance Corp., (Delaware)
 Enron Hydrocarbons Marketing Corp., (Delaware)
 Enron Reserve Acquisition Corp., (Delaware)
 Enron Generation Company, L.L.C., (Texas)
 Titan Land Development Company, L.L.C., (Delaware)
 Enron Global de Guatemala, S.A., (Guatemala)
 Enron Mexico Corp., (Delaware)
 Enron Mexico Holdings I Ltd., (Cayman Islands)
 Enron Mexico Holdings I L.L.C., (Cayman Islands)
 Enron de Mexico, S. de R.L. de C.V.,
 (Mexico)
 Enron Servicios de
 Mexico S. de R.L. de

C.V., (Mexico)
Enron Mexico Holdings II L.L.C., (Cayman Islands)
Enron Servicios de Mexico S. de R.L.
de C.V., (Mexico)
Enron de Mexico, S. de R.L. de C.V.,
(Mexico)
Enron Mexico Holdings 2 Ltd., (Cayman Islands)
Enron Mexico Holdings III L.L.C., (Delaware)
Enron Mexico Holdings IV L.L.C., (Delaware)
Enron BW Holdings Ltd., (Cayman Islands)
Enron Mexico Holdings 4 Ltd., (Cayman Islands)
Enron Mexico Holdings 5 Ltd., (Cayman Islands)
Enron Mexico Holdings 6 Ltd., (Cayman Islands)
Crestone Gathering Services, L.L.C., (Delaware)
Enron Minority Development Corp., (Delaware)
Cook Inlet Energy Supply, Limited Partnership, Pending
Inupiat Energy Marketing, L.L.C., (Delaware)
Enron MW, L.L.C., (Delaware)
Enovate, L.L.C., (Delaware)
Enron Natural Gas Marketing Corp., (Delaware)
Enron Net Works LLC, (Delaware)
Clickpaper.com, L.L.C., (Delaware)
DealBench L.L.C., (Delaware)
Enron Net Works Investments, L.L.C., (Delaware)
Athens Green Land Development, L.L.C., (Delaware)
Enron Power Investments, Inc., (Texas)
Enron Power Investments Limited, (England)
Enron Power Marketing, Inc., (Delaware)
Enron Re Limited, (Bermuda)
Enron Sacramento Basin, L.L.C., (Delaware)
Enron Sandhill LP, L.L.C., (Delaware)
Enron Services Company of Louisiana, L.L.C., (Delaware)
Enron TDF Ltd., (Cayman Islands)
Enron Thrace Holdings B.V., (The Netherlands)
Enron Thrace Exploration & Production B.V.,
(The Netherlands)
Enron Wholesale Generating Company, L.L.C., (Delaware)
Entrada Energy Ventures, L.L.C., (Delaware)
Crescendo Energy, LLC, (Delaware)
FirstWorld Communications, Inc., (Delaware)
FirstWorld Anaheim, (Delaware)
FirstWorld Engineering, (Delaware)
FirstWorld Orange Coast, (Delaware)
FirstWorld SGV, (Delaware)
FirstWorld SoCal, (Delaware)
Oilfield Business Investments-1, L.L.C., (Delaware)
EnSerCo, L.L.C., (Delaware)
Fort Pierce Repowering Project, LLC, (Delaware)
Fountain Valley Power, L.L.C., (Delaware)
Fulton Power I, L.L.C., (Delaware)
Garden State Paper Company, (Delaware)
Gleason Power I L.L.C., (Delaware)
Gotham Energy, L.L.C., (Delaware)
Hawkeye Land Development Corp., L.L.C., (Delaware)
Boone Development Company, L.L.C., (Delaware)
Buchanan Development Company, L.L.C., (Delaware)
Louisa Development Company, L.L.C., (Delaware)
Underwood Development Company, L.L.C., (Delaware)
HGK Enterprises GP, Inc., (Delaware)
Destec Properties Limited Partnership, (Nevada)
HGK Enterprises LP, Inc., (Delaware)
Destec Properties Limited Partnership, (Nevada)
Humboldt District Energy Facility, L.L.C., (Delaware)
Jertovec Management and Finance Limited, (Cayman Islands)
Elektrana Jertovec 2 d.o.o., (Croatia)
Jertovec Management & Finance B.V., (The Netherlands)
Elektrana Jertovec d.o.o., (Croatia)
JILP-L.P., Inc., (Delaware)
Juniper Energy L.P., (Texas)
Kendall New Century Development, LLC, (Delaware)
Kenobe, Inc., (Delaware)
EnSerCo, L.L.C., (Delaware)
Black Bay, LLC, (Delaware)
EB/GB, L.L.C., (Delaware)
EnSerco, Inc., (Delaware)
EnSerCo Offshore, L.L.C., (Delaware)
Lake Acquisition Company, L.L.C., (Delaware)
Lake Elsinore Advanced Pump Storage, L.L.C., (Delaware)
Lauderdale Land Development Company, L.L.C., (Delaware)
Broward Development Company, L.L.C., (Delaware)
Challenger Development Company, L.L.C., (Delaware)
Dade Development Company, L.L.C., (Delaware)

Endeavour Development Company, L.L.C., (Delaware)
 Midway Development Company, L.L.C., (Delaware)
 Palm Beach Development Company, L.L.C., (Delaware)
 Sawgrass Development Company, L.L.C., (Delaware)
 St. Lucie Development Company, L.L.C., (Delaware)
 Voyager Development Company, L.L.C., (Delaware)
 Louisiana Power Marketing Company, L.L.C., (Delaware)
 Long Beach District Energy Facility, LLC, (Delaware)
 Longview Energy, L.L.C., (Delaware)
 Masada OxyNol LLC, (Delaware)
 Master Land Development Holding Company, L.L.C., (Delaware)
 Badger Land Development Company, L.L.C., (Delaware)
 Wood Development Company, L.L.C., (Delaware)
 Brave Land Development Company, L.L.C., (Delaware)
 Buckeye Land Development Company, L.L.C., (Delaware)
 Hoosier Land Development Company, L.L.C., (Delaware)
 Legacy Land Development Company, L.L.C., (Delaware)
 Liberty Land Development Company, L.L.C., (Delaware)
 Lone Star Land Development Company, L.L.C., (Delaware)
 Newton Development Company Limited Partnership,
 (Delaware)
 Lone Star Land Development GP Company, L.L.C., (Delaware)
 Lone Star Land Development LP Company, L.L.C., (Delaware)
 Lone Star Land Development Company Limited Partnership,
 (Delaware)
 Patriot Land Development Company, L.L.C., (Delaware)
 Position Land Development Company, L.L.C., (Delaware)
 Bollinger Development Company, L.L.C., (Delaware)
 Cape Girardeau Development Company, L.L.C.,
 (Delaware)
 County Line Development Company, L.L.C., (Delaware)
 Stoddard Development Company, L.L.C., (Delaware)
 Tarheel Land Development Company, L.L.C., (Delaware)
 Volunteer Land Development Company, L.L.C., (Delaware)
 Haywood Power I, L.L.C., (Delaware)
 Haywood Power II, L.L.C., (Delaware)
 MEGS, L.L.C., (Delaware)
 New Albany Power I, L.L.C., (Delaware)
 OBI-1 Holdings, L.L.C., (Delaware)
 Pastoria Energy Facility L.L.C., (Delaware)
 Pikes Peak Power, L.L.C., (Delaware)
 Pleasanton Local Reliability Facility, L.L.C., (Delaware)
 Pompano Beach Energy Center, L.L.C., (Delaware)
 Risk Management & Trading Corp., (Delaware)
 Sanata Clara District Energy Facility, (Delaware)
 Santa Maria LLC, (Delaware)
 The Terradyne group LLC, (Delaware)
 TLS Investors, L.L.C., (Delaware)
 Southwest Power, L.L.C., (Delaware)
 Desert Arc I, L.L.C., (Delaware)
 Las Vegas Cogeneration Limited
 Partnership, Desert Arc II, L.L.C.,
 (Delaware)
 Las Vegas Cogeneration Limited
 Partnership, (Delaware)
 Las Vegas Cogeneration II, L.L.C.,
 (Delaware)
 West Fork Land Development Company, L.L.C., (Delaware)
 WRA Services Corp., (Delaware)
 ENRON INTERNATIONAL ASSET MANAGEMENT CORP., (Delaware)
 Enron Hydro Modernization Company, (Delaware)
 Enron International Americas Corp., (Delaware)
 Enron Cuiaba Pipeline Services L.L.C., (Delaware)
 Enron Cuiaba Services L.L.C., (Delaware)
 Enron Electricidad de Nicaragua, S.A., (Nicaragua)
 EI Puerto Rico Operations Inc., (Delaware)
 Enron Panama Management Services L.L.C., (Delaware)
 Enron International North America Asset Management Corp.,
 (Delaware)
 Enron Transredes Services L.L.C., (Delaware)
 Enron International Asia Corp., (Delaware)
 EI Operations Holdings, L.L.C., (Delaware)
 EI Operations MHC Ltd., (Mauritius)
 Enron Indonesia Operations L.L.C., (Delaware)
 EI Guam Operations, L.L.C., (Delaware)
 Enron International Europe Corp., (Delaware)
 Enron JVM Sarlux Corp., (Delaware)
 Enron Global Equity Ltd., (Cayman Islands)
 Enron Pipeline Company-Argentina S.A., (Argentina)
 ENRON INTERNATIONAL HOLDINGS CORP., (Delaware)
 Electricidad Enron de Guatemala, Sociedad Anonima, (Guatemala)
 Enron Global Inc., (Delaware)

Enron Holding Company L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)

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 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)

Enron Global, Inc., (Delaware)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Pipeline Company-Argentina S.A., (Argentina)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)

Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
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 Subic Power Corp., (Philippines)
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 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)

ENRON INTERNATIONAL INC., (Delaware)
 Enron International Development Services, Inc., (Delaware)
 Enron Java Power Corp., (Delaware)
 P.T. East Java Power Corp., (Indonesia)
 Enron Mauritius Services Company Ltd., (Mauritius)
 Enron Pasuruan Power Corp., (Delaware)
 Enron Pipeline Company - Colombia G. P. Inc., (Texas)
 Enron Pipeline Company - Colombia Ltd., (Texas)
 Enron Venezuela Ltd., (Cayman Islands)
 EnerTek Partners, L.P., (N/A)

India Power Ventures Inc., (Delaware)
Verdenergia Enron de Puerto Rico, Inc., (Delaware)
ENRON INTERNATIONAL JOHANNESBURG LTD., (Cayman Islands)
ENRON INTERNATIONAL NORTH SEA LTD., (Cayman Islands)
ENRON INVESTMENT PARTNERS CO., (Delaware)
 Bodyflash.com, Inc., (Delaware)
 Community Call Center L.L.C., (Delaware)
 HEOF Management Corp., (Delaware)
 Houston Economic Opportunity Fund, L.P., (Delaware)
 HEOF Management II Corp., (Delaware)
 American Communication Services, Inc., (Texas)
 Houston Economic Opportunity Fund II, LP., (Delaware)
 Illusions Screen Printing, L.P., (Delaware)
ENRON LATVIA HOLDINGS, (Cayman Islands)
 Enron Latvia Investments Ltd., (Cayman Islands)
 Enron Latvia Development Ltd., (Cayman Islands)
 Enron Latvia Limited, (Latvia)
 Baltic Energy Corporation, (Latvia)
ENRON LAWHILL CAPITAL CORP., (Delaware)
ENRON LIQUID FUELS, INC., (Delaware)
 Clyde River Inc., (Liberia)
ENRON LIQUIDS HOLDING CORP., (Delaware)
 Enron Gas Liquids, Inc., (Delaware)
 Enron Capital & Trade Resources Singapore Pte. Ltd.,
 (Singapore)
 Enron Gas Liquids Europe S.A.R.L., (France)
 Enron Gas Liquids Holding B.V., (The Netherlands)
 Enron Gas Liquids B. V., (The Netherlands)
 Enron Liquid Hydrocarbons Latin America Inc., (Delaware)
 Halton International Limited, (Liberia)
 Enron Gas Liquids Far East, Ltd., (Liberia)
 Mundogas (Storage) Inc., (Liberia)
 Mundo Services Ltd., (Liberia)
 Mundogas Trading Ltd., (Liberia)
 Enron Equipment Company, (Delaware)
 Enron Louisiana Transportation Company, (Delaware)
 Enron Methanol Company, (Delaware)
 Enron Products Pipeline, Inc., (Delaware)
EOTT Energy Corp., (Delaware)
 EOTT Canada Ltd., (Alberta)
 EOTT Energy Canada Limited Partnership, (Delaware)
 EOTT Energy Operating Limited Partnership, (Delaware)
 EOTT Energy Canada Limited Partnership, (Delaware)
 EOTT Energy Pipeline Limited Partnership, (Delaware)
 EOTT Energy Partners, L. P., (Delaware)
 EOTT Energy Finance Corp., (Delaware)
 EOTT Energy Operating Limited Partnership, (Delaware)
 EOTT Energy Pipeline Limited Partnership, (Delaware)
ENRON MAGYAR DEVELOPMENT B.V., (The Netherlands)
 Enron Hungary Power Station Development Kft., (Hungary)
ENRON MANAGEMENT, INC., (Delaware)
 Enron Energia de Merida S.R.L. de C.V., (Mexico)
 Gasoductos Enron de Yucatan, S.R.L. de C.V., (Mexico)
ENRON-MEX SERVICES LTD., (Cayman Islands)
ENRON MINERALS COMPANY, (Delaware)
ENRON MISKOLC POWER DEVELOPMENT KFT., (Hungary)
ENRON NETHERLANDS HOLDING B.V., (The Netherlands)
ENRON OPERATING SERVICES CORP., (Delaware)
ENRON OPERATIONS, L.P., (Delaware)
 Enron Gathering Company, (Delaware)
 Enron Gulf Coast Gathering Limited Partnership, (Delaware)
 Enron Liquid Services Corp., (Delaware)
 Enron Processing Properties, Inc., (Delaware)
 Port Arthur Olefins, L.L.C., (Delaware)
 Enron Permian Gathering Inc., (Delaware)
 Enron Transportation Services Company, (Delaware)
 Enron Pipeline Company - Argentina S.A., (Argentina)
 Compania de Inversiones de Energia S.A., (Argentina)
 Enron de Inversiones de Energia S.C.A.,
 (Argentina)
 NBP Services Corporation, (Delaware)
ENRON (OREGON) SERVICES, INC., (Oregon)
 Enron (California) Municipal Services, Inc., (Oregon)
 Enron Microclimates, Inc., (Oregon)
ENRON BROADBAND SERVICES NETHERLANDS 2 B.V., (The Netherlands)
ENRON OVERTHRUST PIPELINE COMPANY, (Delaware)
ENRON PERU DISTRIBUTION LTD., (Cayman Islands)
ENRON PERU TRANSPORTATION LTD., (Cayman Islands)
ENRON PIPELINE COMPANY, (Delaware)
 Black Marlin Pipeline Company, (Texas)
 Enron Alligator Alley Pipeline Company, (Delaware)
 Enron Asset Management Resources, Inc., (Delaware)

Enron Capital & Trade Resources South America S.A., (Argentina)
 Enron Gulf Coast Gathering Limited Partnership, (Delaware)
 Enron America del Sur S.A., (Argentina)
 Enron Machine and Mechanical Services, Inc., (Cayman Islands)
 Enron Operations Services Corp., (Delaware)
 Enron Pipeline Company-Argentina S.A., (Argentina)
 Enron Pipeline Services Company, (Delaware)
 Enron Preferred Capital Corp., (Delaware)
 Northern Natural Gas Company, (Delaware)
 Transwestern Gathering Company, (Delaware)
 Transwestern Pipeline Company, (Delaware)
 ENRON PONDEROSO MANAGEMENT HOLDINGS, INC., (Delaware)
 Ponderoso Assets, L.P., (Delaware)
 Sundance Assets, L.P., (Delaware)
 ENRON POWER CORP., (Delaware)
 Enron Development Corp., (Delaware)
 Enron International Holdings Corp., (Delaware)
 Enron Global Inc., (Delaware)
 Enron Holding Company L.L.C., (Delaware)
 Enron Dominican Republic Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Enron Dominican Republic Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 ECT Europe, Inc., (Delaware)
 ECT (Germany) Inc., (Delaware)
 Enron Norway Invest Inc., (Delaware)
 Enron Romania B.V., (The Netherlands)
 Slatina JV B.V., (The Netherlands)
 Jertovec Management and Finance Limited, (Cayman Islands)
 Elektrana Jertovec 2 d.o.o., (Croatia)
 Jertovec Management & Finance B.V.,
 (The Netherlands)
 Elektrana Jertovec d.o.o., (Croatia)
 SII Holdings B.V., (The Netherlands)
 Enron Netherlands Generation B.V., (The Netherlands)
 Enron Project Development B.V., (The Netherlands)
 SII Espana B.V., (The Netherlands)
 Enron Energia Catalana de Generacion, S.L.,
 (Spain)
 SII Espana 2 B.V., (The Netherlands)
 SII Espana 3 B.V., (The Netherlands)
 SII Espana 4 B.V., (The Netherlands)
 SII Espana 5 B.V., (The Netherlands)
 SII Holdings 2 B.V., (The Netherlands)
 SII Holdings 3 B.V., (The Netherlands)
 SII Holdings 4 B.V., (The Netherlands)
 SII Holdings 5 B.V., (The Netherlands)
 SII Holdings 6 B.V., (The Netherlands)
 SII Italy 2 B.V., (The Netherlands)
 SII Italy 3 B.V., (The Netherlands)

SII Italy 4 B.V., (The Netherlands)
 SII Italy 5 B.V., (The Netherlands)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron International Holdings Corp., (Delaware)
 Electricidad Enron de Guatemala, Sociedad Anonima,
 (Guatemala)
 Enron Global Inc., (Delaware)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C.,
 (Delaware)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A.,
 (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron International Holdings Corp., (Delaware)
 Electricidad Enron de Guatemala, Sociedad Anonima, (Guatemala)
 Enron Global Inc., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Power Philippines Corp., (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Miss Kitty, L.L.C., (Delaware)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A.,
 (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron Holding Company L.L.C., (Delaware)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Generations
 Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited,
 (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Enron Holding Company L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)

Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Power Philippines Corp., (Philippines)
Batangas Power Corp., (Philippines)
Subic Power Corp., (Philippines)
Miss Kitty, L.L.C., (Delaware)
Puerto Quetzal Power Corp., (Delaware)
Electricidad del Pacifico, S.A.,
(Guatemala)
Tombstone Assets, L.L.C., (Delaware)
Enron Global Power & Pipelines L.L.C., (Delaware)
Enron Dominican Republic Ltd., (Cayman Islands)
Smith/Enron Cogeneration
Limited Partnership,
(Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Dominican Republic Operations Ltd.,
(Cayman Islands)
Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Power Philippines Corp., (Philippines)
Batangas Power Corp., (Philippines)
Subic Power Corp., (Philippines)
Miss Kitty, L.L.C., (Delaware)
Puerto Quetzal Power Corp., (Delaware)
Electricidad del Pacifico, S.A., (Guatemala)
Tombstone Assets, L.L.C., (Delaware)
Enron Holding Company, L.L.C., (Delaware)
Enron Global Power & Pipelines L.L.C.,
(Delaware)
Enron Dominican Republic Ltd.,
(Cayman Islands)
Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Dominican Republic
Operations Ltd.,
(Cayman Islands)
Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Power Philippines Corp., (Philippines)
Batangas Power Corp., (Philippines)
Subic Power Corp., (Philippines)
Miss Kitty, L.L.C., (Delaware)
Puerto Quetzal Power Corp., (Delaware)
Electricidad del Pacifico,
S.A., (Guatemala)
Tombstone Assets, L.L.C., (Delaware)
Enron International Holdings Corp., (Delaware)
Enron Global Inc., (Delaware)
Enron Holding Company L.L.C., (Delaware)
Enron Dominican Republic Ltd., (Cayman Islands)
Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Dominican Republic Operations Ltd.,
(Cayman Islands)
Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)
Enron Global Power & Pipelines LLC, (Delaware)
Enron Dominicana Holding Limited, (Cayman Islands)
Enron Dominicana Limited Partnership,
(Cayman Islands)
Smith/Enron Cogeneration Limited
Partnership, (Turks & Caicos Isles)
Enron Holding Company L.L.C., (Delaware)
Enron Dominican Republic Ltd., (Cayman Islands)
Smith/Enron Cogeneration Limited Partnership,
(Turks & Caicos Isles)
Smith/Enron O&M Limited Partnership,
(Turks & Caicos Isles)

Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Global Power & Pipelines LLC, (Delaware)
 Enron Dominicana Holding Limited, (Cayman Islands)
 Enron Dominicana Limited Partnership,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Enron Europe Limited, (England)
 Bretton Holdings (One) Limited, (England)
 SBI 3 Limited, (England)
 ECT Spain Limited, (England)
 ECT Espana Limited, (England)
 Enron Capital & Trade Resources Limited, (England)
 Enron Engineering Services, (England)
 Enron Europe Operations Limited, (England)
 Enron Gas & Petrochemicals Trading Limited, (England)
 Enron Power Trading B.V., (The Netherlands)
 Enron Europe Power 2 Limited, (England)
 Enron Europe Power 1 Limited, (England)
 Teesside Power Holdings Limited, (England)
 Teesside Power Limited, (England)
 Enron Europe Power 3 Limited, (England)
 Enron Europe Power 1 Limited, (England)
 Teesside Power Holdings Limited, (England)
 Teesside Power Limited, (England)
 Enron Europe Power 4 Limited, (England)
 Enron Europe Power 3 Limited, (England)
 Enron Europe Power 1 Limited, (England)
 Teesside Power Holdings Limited, (England)
 Teesside Power Limited, (England)
 Enron Power Operations Limited, (England)
 Enron Power Operations Teesside, (England)
 Enron Eurasia Limited, (England)
 Enron SB2, (England)
 SBI 3 Limited, (England)
 Enron SB2, (England)
 Teesside Gas Processing Limited, (England)
 Teesside Gas Transportation Limited, (England)
 Teesside Operations (Holdings) 2 Limited, (England)
 Teesside Operations (Holdings) Limited, (England)
 Enron Teesside Operations Limited, (England)
 Teesside Power Limited, (England)
 Trenron Limited, (England)
 Enron Power Operations Teesside, (England)
 Enron Eurasia Limited, (England)
 Wallerscote Power Operations Limited, (Pending).
 Teesside Gas Transportation Limited, (England)
 Enron International Holdings Corp., (Delaware)
 Enron Global , Inc., (Delaware)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Dominican Republic Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Power Philippines Corp. (Philippines)
 Batangas Power Corp., (Philippines)
 Subic Power Corp., (Philippines)
 Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A.,
 (Guatemala)
 Tombstone Assets, L.L.C., (Delaware)
 Enron Reserve Holdings, (Turks & Caicos Isles)
 Enron LNG Development Corp., (Delaware)
 Enron India Natural Gas, Inc., (Delaware)
 Enron Transportation Services Ltd., (Cayman Islands)
 Enron Development Corp. - Colombia Branch, (N/A)
 Centragas - Transportadora de Gas de la Region,
 Central de Enron Development & Cia, S.C.A, (Colombia)

Enron Development Corp. - UK Branch, (N/A)
EEL Company Limited, (England)
 Enron Petrochemicals B.V., (The Netherlands)
 Enron Europe Construction Limited, (England)
 NEPCO UK Limited, (England)
 Enron Europe Liquids Processing, (England)
 Enron Pakistan Operating Company (Private)
 Limited, (Pakistan)
 Enron Europe Power Holdings Limited, (England)
 Enron Europe Power Unlimited, (England)
 Teesside Power Holdings Limited, (England)
 Teesside Power Limited, (England)
 Enron Europe Power 5 Limited, (England)
 Enron Europe Severnside Holdings Limited, (England)
 Enron Europe Severnside (No. 2) Limited, (England)
 Enron Europe Severnside Limited, (England)
Enron Gas Construction Limited, (England)
 Enron Gas Processing (U.K.) Limited, (England)
 Enron Guc Santrallari Isletme Limited Sirketi,
 (Turkey)
 Enron Power (Europe) Limited, (England)
 Bretton Power, (England)
 Enrici Power Marketing Limited, (England)
 Enron Power Construction Limited, (England)
 Enron Gas Processing (Europe) Limited, (England)
 EnronCredit.com Limited, (England)
 Enron Financial Energy Trading L.L.C., (Delaware)
 Enron SB 2, (England)
 IPG Power Limited, (England)
Enron SB Operations & Maintenance Limited, (England)
 Falco UPG, Limited, (England)
 UPG Falco Limited, (England)
 Flotilla Power Limited, (England)
 Flotilla Power (UK) Limited, (England)
 Kent Power Limited, (England)
 Teesside Gas Processing Limited, (England)
 Teesside Gas Transportation Limited, (England)
 Trenron Limited, (England)
 Bretton Power, (England)
 Enron Engineering Services, (England)
 Enron Power Operations Teesside, (England)
Enron SB Operations & Maintenance Limited, (England)
 Wallerscote Operations & Maintenance Ltd., (England)
 Wallerscote Power Operations Limited, (England)
 Enron Power Operations Teesside, (England)
 Teesside Gas Processing Limited, (England)
 Teesside Gas Transportation Limited, (England)
Enron International Holdings Corp., (Delaware)
 Enron Global, Inc., (Delaware)
 Enron Holding Company, L.L.C., (Delaware)
 Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Dominican Republic Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited
 Partnership, (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Enron Power Philippines Corp., (Philippines)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
Enron Global Power & Pipelines L.L.C., (Delaware)
 Enron Dominican Republic Ltd., (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
Enron Dominican Republic Operations Ltd.,
 (Cayman Islands)
 Smith/Enron Cogeneration Limited Partnership,
 (Turks & Caicos Isles)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
Enron Power Philippines Corp., (Philippines)
 Smith/Enron O&M Limited Partnership,
 (Turks & Caicos Isles)
 Subic Power Corp., (Philippines)
Puerto Quetzal Power Corp., (Delaware)
 Electricidad del Pacifico, S.A., (Guatemala)
Tombstone Assets, L.L.C., (Delaware)
Superior Construction Company Cayman Islands Branch,

(Cayman Islands)
Enron Pipeline Construction India Limited Partnership,
(Cayman Islands)
Enron Power Construction (Brazil) Ltda., (Brazil)
Enron Power Corp. - U.S., (Delaware)
Enron Equipment Installation Company, (Delaware)
Enron Equipment Procurement Company, (Delaware)
Enron Export Sales Ltd., (Barbados)
Enron Fuels International, Inc., (Delaware)
Enron Onshore Procurement Company, (Delaware)
Enron Power I (Puerto Rico), Inc., (Delaware)
Enron/CNF Power Construction Partnership, (Delaware)
Enron Power Construction Company, (Delaware)
Enron Power Construction Brazil Ltda., (Brazil)
Enron Power Oil Supply Corp., (Delaware)
Enron Power Philippine Operating Corp., (Delaware)
Superior Construction Company, (Delaware)
HorizEn, L.L.C, (Delaware)
Enron Power Holdings B.V., (The Netherlands)
Enron Power Holdings GmbH, (Germany)
Enron Energie GmbH, (Germany)
Kraftwerk Bitterfeld GmbH, (Germany)
Enron Power Operating Company, (Delaware)
Enron Subic Power Corp., (Philippines)
Enron Trans-Caspian Limited, (Cayman Islands)
ENRON POWER INTERNATIONAL LTD., (Cayman Islands)
ENRON PREFERRED FUNDING, L.P., (Delaware)
ENRON PREFERRED FUNDING II, L.P., (Delaware)
ENRON PROPERTY & SERVICES CORP., (Delaware)
ENRON REALTY ADVISORS, INC., (Delaware)
ENRON RUSSIA DEVELOPMENT, INC., (Delaware)
ENRON S. A. HOLDINGS LTD., (Cayman Islands)
Enron South Africa Ltd., (Cayman Islands)
Enron S. A. Investments Ltd., (Cayman Islands)
ENRON SOUTH AMERICA LLC, (Delaware)
Bijupira-Salema Development Company Ltd , (Cayman Islands)
EI (Brazil) Water Holdings Ltd., (Cayman Islands)
EI (Brazil) Water Investments Ltd., (Cayman Islands)
EI Communications Holdings Ltd., (Cayman Islands)
Enron Communications do Brasil Ltda., (Brazil)
Enron Communications Holdings Ltda., (Brazil)
Enron Argentina Development Ltd., (Cayman Islands)
CORDEX Americas 1997, L.L.C., (Delaware)
Enron Argentina Investments, Inc., (Delaware)
Enron CHESA (Delaware) Limited Liability Company, (Delaware)
Enron CHESA Texas Limited Liability Company, (Texas)
Compania Hidroelectrica Enron S.A., (Argentina)
Enron Argentina Ventures, Inc., (Delaware)
Enron (Brazil) Energy Investments Ltd., (Cayman Islands)
Enron (Brazil) Light Holdings Ltd., (Cayman Islands)
Enron (Brazil) Light Ltd., (Cayman Islands)
Enron (Brazil) Northeast Development Ltd., (Cayman Islands)
Enron (Brazil) Power Holdings 21 Ltd., (Cayman Islands)
Enron (Brazil) Power Investments 21 Ltd.,
(Cayman Islands)
Enron (Brazil) Power Holdings 22 Ltd., (Cayman Islands)
Enron (Brazil) Power Investments 22 Ltd.,
(Cayman Islands)
Enron (Brazil) Power Holdings 23 Ltd., (Cayman Islands)
Enron (Brazil) Power Investments 23 Ltd.,
(Cayman Islands)
Enron (Brazil) Power Holdings 24 Ltd., (Cayman Islands)
Enron (Brazil) Power Investments 24 Ltd.,
(Cayman Islands)
Enron (Brazil) Power Holdings 25 Ltd., (Cayman Islands)
Enron (Brazil) Power Investments 25 Ltd.,
(Cayman Islands)
Enron (Brazil) Power Holdings II Ltd., (Cayman Islands)
Enron (Brazil) Power Investments II Ltd.,
(Cayman Islands)
ESAE - Empresa Sul Americana de Energia Ltda.,
(Brazil)
Enron America do Sul Ltda., (Brazil)
Enron (Brazil) Power Holdings III Ltd., (Cayman Islands)
EBE-Empresa Brasileira de Energia Ltda., (Brazil)
Enron (Brazil) Power Investments III Ltd.,
(Cayman Islands)
EBE - Empresa Brasileira de Energia Ltda., (Brazil)
Enron (Brazil) Power Holdings IV Ltd., (Cayman Islands)
Enron (Brazil) Power Investments IV Ltd., (Cayman Islands)
Enron (Brazil) Power Holdings V Ltd., (Cayman Islands)
Enron (Brazil) Power Investments V Ltd., (Cayman Islands)

Enron Investimentos Energeticos Ltda., (Brazil)
Elektro-Eletricidade e Servicos S/A, (Brazil)
EPC-Empresa Paranaense Comercializadora
Ltda., Elektro-Eletricidade e Servicos S/A,
(Brazil)
Enron (Brazil) Power Holdings VI Ltd., (Cayman Islands)
 Enron Gas do Brasil Ltda., (Brazil)
 Enron (Brazil) Power Investments VI Ltd., (Cayman Islands)
 Enron Gas do Brasil Ltda., (Brazil)
Enron (Brazil) Power Holdings VII Ltd., (Cayman Islands)
Enron (Brazil) Power Investments VII Ltd., (Cayman Islands)
Enron (Brazil) Power Holdings VIII Ltd., (Cayman Islands)
Enron (Brazil) Power Investments VIII Ltd., (Cayman Islands)
Enron (Brazil) Power Holdings IX Ltd., (Cayman Islands)
Enron (Brazil) Power Investments IX Ltd., (Cayman Islands)
 Enron (Brazil) Power Holdings X Ltd., (Cayman Islands)
Enron (Brazil) Power Investments X Ltd., (Cayman Islands)
Enron (Brazil) Power Holdings XI Ltd., (Cayman Islands)
Enron (Brazil) Power Investments XI Ltd., (Cayman Islands)
 ETB-Energia Total do (Brazil) Ltda., (Brazil)
 Elektro-Eletricidade e Servicos S/A, (Brazil)
 ETB-Energia Total do (Brazil) Ltda., (Brazil)
Enron (Brazil) Power Holdings XII Ltd., (Cayman Islands)
 SPE - Sociedade Paulista de Energia Ltda, (Brazil)
 SPE - Sociedade Fluminense de Energia Ltda.,(Brazil)
Enron (Brazil) Power Investments XII Ltd., (Cayman Islands)
 SPE - Sociedade Paulista de Energia Ltda, (Brazil)
 PEP - Plena Energia Participacoes Ltda., (Brazil)
 PEP - Plena Energia Participacoes Ltda., (Brazil)
Enron (Brazil) Power Holdings XIII Ltd., (Cayman Islands)
Enron (Brazil) Power Investments XIII Ltd.,
(Cayman Islands)
Enron (Brazil) Power Holdings XIV Ltd., (Cayman Islands)
 EPP-Energia Pura Participacoes Ltda., (Brazil)
Enron (Brazil) Power Investments XIV Ltd., (Cayman Islands)
 EPP-Energia Pura Participacoes Ltda., (Brazil)
Enron (Brazil) Power Holdings XV Ltd., (Cayman Islands)
 Cone Sul Energia Ltda., (Brazil)
Enron (Brazil) Power Investments XV Ltd., (Cayman Islands)
 Cone Sul Energia Ltda., (Brazil)
Enron (Brazil) Power Holdings XVI Ltd., (Cayman Islands)
 BRASEN-Brasil Energia Ltda., (Brazil)
Enron (Brazil) Power Investments XVI Ltd., (Cayman Islands)
 BRASEN-Brasil Energia Ltda., (Brazil)
Enron (Brazil) Power Holdings XVII Ltd., (Cayman Islands)
 ENERSIL-Energia do Brasil Ltda., (Brazil)
Enron (Brazil) Power Investments XV II Ltd.,
(Cayman Islands)
 ENERSIL-Energia do Brasil Ltda., (Brazil)
Enron (Brazil) Power Holdings XV III Ltd., (Cayman Islands)
 SPGIA-Sao Paulo Energial Ltda., (Brazil)
Enron (Brazil) Services Ltd., (Cayman Islands)
Enron (Brazil) Ltd., (Cayman Islands)
Enron America do Sul Ltda , (Brazil)
Enron America do Sul Ltda.-Salvador Branch, (Brazil)
Enron America do Sul Ltda.-Rio Branch, (Brazil)
Enron Development Belo Horizonte Ltd., (Cayman Islands)
Enron (Brazil) Development C.V., (The Netherlands)
Enron Development (Brazil) Ltd., (Cayman Islands)
Enron Electric Power (Brazil) C.V., (The Netherlands)
Enron do (Brazil) Holdings Ltd., (Cayman Islands)
 EPE-Empresa Produtora de Energia Ltda., (Brazil)
Enron do (Brazil) Investments Ltd., (Cayman Islands)
 EPE-Empresa Produtora de Energia Ltda.,(Brazil)
 EPE Holdings Ltd., (Cayman Islands)
 EPE Generation Holdings Ltd., (Cayman Islands)
 EPE Investments Ltd., (Cayman Islands)
 EPE Generation Holdings Ltd., (Cayman Islands)
 Enron Electric (Bolivia) Ltd., (Cayman Islands)
 Enron Energia del Valle 2 Ltd., (Cayman Islands)
 Enron Electric (Brazil) Holdings Ltd., (Cayman Islands)
Enron Electric (Brazil) Ltd., (Cayman Islands)
Enron Wenchang Investments Ltd., (Cayman Islands)
 Enron Energia de Bolivia Holdings Ltd.,
(Cayman Islands)
Enron Energia de Bolivia Investments Ltd., (Cayman Islands)
 Enron International Argentina Holdings Ltd.,
(Cayman Islands)
Enron Comercializadora de Energia Argentina S.A.,
(Argentina)
Enron International Argentina Investments Ltd.,
(Cayman Islands)

Enron America del Sur S.A., (Argentina)
Enron International Argentina Transmission Ltd.,
(Cayman Islands)
Enron International Argentina Transmission Investment Ltd.,
(Cayman Islands)
Enron International Bahia Ltd., (Cayman Islands)
EBD - Empresa Brasileira Distribudora Ltda., (Brazil)
Enron International Bahia Holdings Ltd., (Cayman Islands)
EBD - Empresa Brasileira Distribudora Ltda., (Brazil)
Enron Servicios de Energia Ltda., (Brazil)
Enron International Bolivia Holdings Ltd., (Cayman Islands)
GasOriente Boliviano S.A., (Bolivia)
Enron International Bolivia Investments Ltd., (Cayman Islands)
GasOriente Boliviano S.A., (Bolivia)
Enron International Latin America Ltd., (Cayman Islands)
Enron International Latin America Investments Ltd.,
(Cayman Islands)
Enron International Rio Investments 1997 Ltd., (Cayman Islands)
Enron Paysandu Holdings Ltd., (Cayman Islands)
Enron Paysandu Development Ltd., (Cayman Islands)
Enron Power Mato Grosso Do Sul Holdings Ltd., (Cayman Islands)
Enron Power Mato Grosso do Sul Ltd., (Cayman Islands)
Enron PSB Marketing Holdings Ltd., (Cayman Islands)
Enron PSB Marketing Holdings II Ltd., (Cayman Islands)
Enron PSB Marketing Investments Ltd., (Cayman Islands)
Enron Puerto Suarez Holdings Ltd., (Cayman Islands)
Enron Puerto Suarez Investments Ltd., (Cayman Islands)
Enron Reserve 7 B.V., (The Netherlands)
Enron (Bolivia) C.V. (The Netherlands)
Gas TransBoliviano S. A., (Bolivia)
Enron Reserve 8 B.V., (The Netherlands)
Enron Caribe C.V., (The Netherlands)
Enron Power I C.V., (The Netherlands)
Enron Power Honduras S. de R.L. de C.V., (Honduras)
Enron Servicios De Energia, S.A., (Bolivia)
Enron South America Turbine LLC, (Delaware)
Enron South America Energy Services Holdings Ltd.,
(Cayman Islands)
Enron South America Energy Services Investments Ltd.,
(Cayman Islands)
Enron Transportadora De Bolivia Ltd., (Cayman Islands)
Enron Transportadora (Bolivia) S.A., (Bolivia)
Enron Transportadora Uruguay Ltd., (Cayman Islands)
Enron Pipeline Uruguay Ltd., (Cayman Islands)
Perez Enron Transportadora Ltd., (Cayman Islands)
Gas Natural Sudamericano Ltd., (Cayman Islands)
International Energy Developments of Peru Corp., (Delaware)
International Energy Investments of Peru Corp., (Delaware)
International Energy Holdings of Peru Corp., (Delaware)
Millenium Energy Ltd., (Cayman Islands)
Rio Energia Holdings Ltd., (Cayman Islands)
Rio Energia Investments Ltd., (Cayman Islands)
Southern (Brazil) Electric Holdings Ltd., (Cayman Islands)
Enron Sao Paulo Investments Ltd., (Cayman Islands)
Enron Electric Sao Paulo C.V., (The Netherlands)
Southern Cone Gas, Ltd., (Cayman Islands)
Enron Reserve III B.V., (The Netherlands)
Enron Wenchang Power C.V., (The Netherlands)
Hainan Meinan Power Company CJV, (China)
Hainan Meinan Power Services Company, Limited,
(China)
Hainan Meinan Power Company CJV, (China)
Enron Wenchang Power C.V., (The Netherlands)
Hainan Meinan Power Company CJV, (China)
Hainan Holdings Ltd., (Cayman Islands)
Enron Reserve III B.V., (The Netherlands)
Enron Wenchang Power C.V., (The Netherlands)
Hainan Meinan Power Company CJV, (China)
Hainan Meinan Power Services Company, Limited,
(China)
Hainan Meinan Power Company CJV, (China)
Enron Wenchang Power C.V., (The Netherlands)
Hainan Meinan Power Company CJV, (China)
Hainan Funding LLC, (Turks & Caicos Isles)
Southwest (Brazil) Electric Holdings Ltd., (Cayman Islands)
Enron Electric Mato Gross do Sul C.V.,
(The Netherlands)
Enron Mato Grosso do Sul Investments Ltd., (Cayman Islands)
Enron Electric Mato Gross do Sul C.V., (The Netherlands)
Enron West Africa Pipeline ltd., (Cayman Islands)
Enron & Partners Limited, (England)
ET Power 1 L.L.C., (Delaware)

ET Power 2 L.L.C., (Delaware)
ET Power 3 L.L.C., (Delaware)
 LFT Power I, LLC, (Delaware)
 LFT Power II, LLC, (Delaware)
 LFT Power III, LLC, (Delaware)
Mesquite Holdings B.V., (The Netherlands)
 Enron Design C.V., (The Netherlands)
 Enron Dutch Investment No. 2, (England)
 Enron Power Holdings C.V., (The Netherlands)
 Trakya Elektrik Uretim ve Ticaret A.S., (Turkey)
 Enron Power Management B.V., (The Netherlands)
 Enron Design C.V., (The Netherlands)
 Enron Proje Yonetimi Limited Sirketi, (Turkey)
 Enron Turkey Energy B.V., (The Netherlands)
 Enron Power Holdings C.V., (The Netherlands)
 Trakya Elektrik Uretim ve Ticaret A.S., (Turkey)
 Enron Power Management B.V.,
 (The Netherlands)
 Enron Design C.V., (The Netherlands)
 Enron Proje Yonetimi Limited Sirketi,
 (Turkey)
 Enron Power Holdings (Turkey) B.V., (The Netherlands)
 Tekarioca Holdings Ltd., (Cayman Islands)
ENRON SPORTS CORP., (Delaware)
 Stadium Partners, L. P., (Texas)
ENRON STORAGE COMPANY, (Delaware)
 Napoleonville Storage Company Limited Partnership, (Texas)
ENRON SUPPLY CORP., (Delaware)
ENRON TAWEELAH POWER COMPANY, (Cayman Islands)
ENRON TRAILBLAZER PIPELINE COMPANY, (Delaware)
 Trailblazer Pipeline Company, (Pending)
ENRON VENTURES CORP., (Delaware)
 Catalytica Combustion Systems, Inc., (Delaware)
 Enron Nuclear Services Corp., (Delaware)
 Enron Vietnam Investments Ltd., (Cayman Islands)
ENRON WASHINGTON, INC., (Delaware)
ENRON VALKYRIE, LLC, (Delaware)
EOC PREFERRED, L.L.C., (Delaware)
EOTT ENERGY PARTNERS, L.P., (Delaware)
ES POWER 1 L.L.C., (Delaware)
 ES Power 3 L.L.C., (Delaware)
 Enron Dutch Holdings B.V., (The Netherlands)
 Sarlux S.R.L., (The Netherlands)
ES POWER 2 L.L.C., (Delaware)
 ES Power 1 L.L.C., (Delaware)
 ES Power 3 L.L.C., (Delaware)
 Enron Dutch Holdings B.V., (The Netherlands)
 Sarlux S.R.L., (Pending).
ES POWER 3 L.L.C., (Delaware)
 Enron Dutch Holdings B.V., (The Netherlands)
 Sarlux S.R.L., (Pending).
GRAND SLAM PARKING, INC., (Delaware)
GRIZZLY I, LLC, (Delaware)
 Timberwolf I, LLC, (Delaware)
GULF COMPANY LTD., (Vermont)
HALF DOME LLC, (Delaware)
HARRIER I LLC, (Delaware)
 Talon I LLC, (Delaware)
HOUSTON ECONOMIC OPPORTUNITY FUND, L.P., (Delaware)
HOUSTON PIPE LINE COMPANY, (Delaware)
 A-S Line, (Delaware)
 Austin Line, (Delaware)
 Big Cowboy Line, (Delaware)
Citrus Corp., (Delaware)
 Citrus Energy Services, Inc., (Delaware)
 Citrus Trading Corp., (Delaware)
 Florida Gas Transmission Company, (Delaware)
 Border Gas, Inc., (Delaware)
Coal Properties Corporation, (Illinois)
Enron Engineering & Construction Company, (Texas)
 Enron Power & Industrial Construction Company,
 (Delaware)
 Enron Engineering Acquisition Corp., (Delaware)
 Enron Advisory Services, Inc., (Delaware)
National Energy Production Corporation, (Delaware)
 NEPCO Services International, Inc., (Delaware)
 Thai Nepco, Ltd., (Thailand)
 Operational Energy Corp., ((California))
 OEC Holding Ltd., (Cayman Islands)
 Enron Gaza Operations Ltd., (Cayman Islands)
Enron Industrial Natural Gas Company, (Delaware)
Maliseet Properties, Inc., (Delaware)

Enron Texoma Gas Company, (Texas)
Houston Pipe Line Marketing Company, (Texas)
HPL Resources Company, (Delaware)
 Overthrust Pipeline Company, N/A
Intratex Gas Company, (Delaware)
 Kingfisher I L.L.C., (Delaware)
 Whitewing Associates LP, (Delaware)
 Blue Herron I LLC, (Delaware)
 HPL Asset Holdings L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A., E.S.P.,
 (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
 European Power Holdings, (England)
 Pelican Bidder LLC, (Delaware)
 Blackbird S.a.r.l., (Luxembourg)
 Enron Poland Investment B.V.,
 (The Netherlands)
 Elektrocieplownia Nowa Sarzyna Sp.
 Z.o.o., (Poland)
 Pelican Bidder Cayman Limited,
 (Cayman Islands)
 European Power Holdings, (England)
 SE Acquisition, L.P., (Delaware)
 Fiber Systems L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A., E.S.P.,
 (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
HPL Asset Holdings L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A., E.S.P.,
 (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
SE Acquisition, L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P.,
 (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A., E.S.P.,
 (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
 SE Raven L.P., (Delaware)
 SE Thunderbird, L.P., (Delaware)

SE Raptor L.P., (Delaware)
 SE Raven L.P., (Delaware)
 SE Thunderbird, L.P., (Delaware)
 SE Acquisition, L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A., E.S.P., (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
 SE Raven L.P., (Delaware)
 SE Thunderbird, L.P., (Delaware)
 Little Looper, L.L.C., (Delaware)
 Little Piper, L.L.C., (Delaware)
 Middle Piper, L.L.C., (Delaware)
 Main Piper, L.P., (Texas)
 Main Piper, L.P., (Texas)
 Meter Acquisition Company LP, LLP, (Delaware)
 MidTexas Pipeline Company (Joint Venture), (Pending)
 Middle Looper, L.L.C., (Delaware)
 Panhandle Gas Company, (Delaware)
 Riverside Farms Company, (Illinois)
 San Marco Pipeline Company, (Colorado)
 Seagull Shoreline System, (Pending)
 South Texas Line, (Pending).
 Transgulf Pipeline Company, (Florida)
 NORTHERN PLAINS NATURAL GAS COMPANY, (Delaware)
 Longhorn Assets, L.L.C., (Delaware)
 NBIL I, L.L.C., (Delaware)
 NBIL II, L.L.C., (Delaware)
 NBIL I, L.L.C., (Delaware)
 Northern Border Intermediate Limited Partnership, (Delaware)
 Black Mesa Holdings, Inc., (Delaware)
 Black Mesa Pipeline Operations, L.L.C., (Delaware)
 NBP Energy Pipelines, L.L.C., (Delaware)
 Northern Border Pipeline Company, (Texas)
 Williams Technologies, Inc., (Oklahoma)
 China Pipeline Holdings Ltd., (Cayman Islands)
 Northern Border Partners, L.P., (Delaware)
 Northern Border Intermediate L.P., (Delaware)
 Northern Border Pipeline Corporation, (Delaware)
 Pan Border Gas Company, (Delaware)
 NOWA SARZYNA HOLDING B.V., (The Netherlands)
 Enron Poland Investment B.V. (The Netherlands)
 Elektrocieplownia Nowa Sarzyna Sp. z o.o., (Pending)
 OMICRON ENTERPRISES, INC., (Delaware)
 Artemis Associates, L.L.C., (Delaware)
 EFS Construction and Services Company, (Delaware)
 EFS Holdings, Inc., (Delaware)
 Affiliated Building Services, Inc. Holding Company,
 (Delaware)
 Affiliated Building Services, Inc., (Delaware)
 Affiliated Building Services Pty. Ltd.,
 (Australia)
 Affiliated Building Services, Investment
 Company, (Delaware)
 EFS Corporate Services, Inc., (Delaware)
 Limbach Facility Services, Inc., (Delaware)
 EFG Holdings, Inc., (Delaware)
 The Linc Corporation, (Pennsylvania)
 The Linc Company, (Pennsylvania)
 The Linc Corporation Investment
 Company, (Pending).
 Harper Mechanical Corporation, (Pending).
 Harper Mechanical Corporation Investment Company,
 (Delaware)
 Limbach Company Holding Company, (Delaware)
 The Linc Corporation Holding Company, (Delaware)
 Limbach Company, (Pennsylvania)
 Limbach Company Investment Company, (Delaware)
 Mechanical Professional Services, Inc., (Pending).
 The Linc Corporation Holding Company, (Delaware)
 Williard, Inc., (Delaware)
 Williard Inc, Investment Company, (Delaware)
 Williard Plumbing Company, L.P., (Delaware)

Enron Facility Services, Inc., (Delaware)
OPTEC, INC., (Oregon)
ORGANIZATIONAL PARTNER, INC., (Delaware)
PEREGRINE I LLC, (Delaware)
 HPL Asset Holdings L.P., (Delaware)
 Whitewing Associates LP, (Delaware)
 Blue Herron I LLC, (Delaware)
 HPL Asset Holdings L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P.,
 (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A.,
 E.S.P., (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
 European Power Holdings, (England)
 Pelican Bidder Cayman Limited,
 (Cayman Islands)
 European Power Holdings, (England)
SE Acquisition, L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P.,
 (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A.,
 E.S.P., (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
HPL Asset Holdings L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P.,
 (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A.,
 E.S.P., (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
SE Acquisition, L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).
 Gases del Caribe S.A., E.S.P., (Pending).
 Gases de la Guajira S.A., E.S.P.,
 (Pending).
 Gas de Risaralda S.A., (Pending).
 Gasnacol S.A., (Pending).
 Gases de la Guajira S.A., E.S.P., (Pending).
 Gases Del Occidente S.A., E.S.P.,
 (Barranquilla)
 Surtigas S.A., E.S.P., (Pending).
 Gasnacol S.A., (Pending).
 Tolgas S.A., (Pending).
 SE Raven L.P., (Delaware)
 SE Thunderbird, L.P., (Delaware)
SE Raptor L.P., (Delaware)
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
SE Acquisition, L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)

ECT Colombia Pipeline Holdings 2 Ltd.
(Cayman Islands)
Promigas S.A., E.S.P., (Pending).
Gases del Caribe S.A., E.S.P., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gas de Risaralda S.A., (Pending).
Gasnacol S.A., (Pending).
Gases de la Guajira S.A., E.S.P., (Pending).
Gases Del Occidente S.A., E.S.P.,
(Barranquilla)
Surtigas S.A., E.S.P., (Pending).
Gasnacol S.A., (Pending).
Tolgas S.A., (Pending).
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
PORTLAND GENERAL ELECTRIC COMPANY, (Oregon)
Portland General Transport Corporation, (Oregon)
121 S.W. Salmon St. Corporation, (Oregon)
Salmon Springs Hospitality Group, Inc., (Oregon)
World Trade Center Northwest Corporation, (Oregon)
PORTLAND GENERAL HOLDINGS, INC., (Oregon)
PGH Leasing, LLC, (Oregon)
Seneca Leasing Partners, L.P., (Delaware)
PGH II, Inc., (Oregon)
Columbia-Pacific Distribution Services Company,
LLC, (Oregon)
Enron Distribution Services Company, LLC, (Delaware)
Peregrine Ventures II, L.P., (Pending)
Portland Energy Solutions Company, LLC, (Oregon)
Portland General Distribution Company, (Oregon)
Columbia-Pacific Distribution Services
Company, LLC, (Oregon)
Enron Distribution Services Company, LLC,
(Delaware)
Portland Energy Solutions Company, LLC,
(Oregon)
Portland General Operations Company, Inc., (Oregon)
Tule Hub Services Company, (Oregon)
Portland General Operations Company, Inc., (Oregon)
PGO Holding Company Ltd., (Cayman Islands)
PGO-Mexico ComUpgrade Ltd., (Cayman Islands)
PGO-Mexico ComUpgrade 1, LLC, (Delaware)
PGO-Mexico ComUpgrade 2, LLC, (Delaware)
PGO-Mexico Ltd., (Cayman Islands)
PGO-Mexico 1 LLC, (Delaware)
PGO-Mexico 2 LLC, (Delaware)
Portland General Property Holdings, Inc., (Oregon)
Tule Hub Services Company, (Oregon)
PORTLAND TRANSITION COMPANY, INC., (Oregon)
PRAIRIE HAWK, INC., (Delaware)
PRONGHORN I LLC, (Delaware)
Porcupine I LLC, (Delaware)
ROADRUNNER I LLC, (Delaware)
Bobcat I LLC, (Delaware)
SEMINOLE CAPITAL LLC, (Delaware)
SENTINEL DOME LLC, (Delaware)
SEQUOIA FINANCIAL ASSETS, LLC, (Delaware)
SHELBY LTD., (Cayman Islands)
SMITH STREET LAND COMPANY, (Delaware)
Enron Renewable Energy Corp., (Delaware)
Enron Solar Energy, Inc., (Delaware)
EREC Nepal Development Ltd., (Cayman Islands)
Enron Wind Corp., (California)
Enron Wind Corp. Holdings B.V., (The Netherlands)
Enron Wind Denmark ApS, (Denmark)
Enron Wind Gunfleet Limited, (England)
Owenreagh Power Partners Ltd., (Cayman Islands)
Owenreagh Cayman Power Partners, LLC,
(Cayman Islands)
Owenreagh Power Partners, (Cayman Islands)
Tacke Sverige AB, (Sweden)
Vindkraftbolaget Utgrunden Aktiebolag,
(Sweden)
Enron Wind Domestic Holding Corp., (California)
Enron Wind Development Corp., (California)
Enron Wind Cabazon Funding LLC, (Delaware)
Cabazon Holdings LLC, (Delaware)
Cabazon Power Partners LLC, (Delaware)
Enron Wind Cabazon LLC, (Delaware)
Cabazon Holdings LLC, (Delaware)
Cabazon Power Partners LLC, (Delaware)

Enron Wind Indian Mesa, (Delaware)
Enron Wind Indian Mesa II LLC, (Delaware)
Indian Mesa Power artners II LP, (Delaware)
Enron Wind Indian Mesa I LLC, (Delaware)
Indian Mesa Power Partners III LP, (Delaware)
Enron Wind Lake Benton LLC, (Delaware)
Lake Benton Power Associates LLC, (Delaware)
Lake Benton Holdings LLC, (Delaware)
Lake Benton Power Partners LLC, (Delaware)
Enron Wind Midwest LLC, (Delaware)
 Enron Wind Lake Benton II LLC, (Delaware)
 Lake Benton Power Partners II LLC, (Delaware)
 Enron Wind Storm Lake I LLC, (Delaware)
 Storm Lake Power Partners I LLC, (Delaware)
 Enron Wind Storm Lake II LLC, (Delaware)
 Storm Lake Power Partners II LLC, (Delaware)
 Storm Lake II Power Associates LLC, (Delaware)
 Storm Lake II Holdings LLC, (Delaware)
Enron Wind Palm Springs LLC, (Delaware)
 Palm Springs Power Partners LLC, (Delaware)
 Enron Wind Southwest Texas I LLC, (Delaware)
 Southset Texas Power Partners I LP, (Delaware)
Enron Wind Texas Panhandle LLC, (Delaware)
Gorman Power Partners I LLC, (Delaware)
Green Power Partners I LLC, (Delaware)
Green Power Partners II LLC, (Delaware)
Indian Mesa Power Partners II LLC, (Delaware)
Indian Mesa Power Partners III LP, (Delaware)
Indian Mesa Power Partners II LP, (Delaware)
Indian Mesa Power Partners I LP, (Delaware)
Kahua Power Partners LLC, (Delaware)
Lake Wilson Power Partners I LLC, (Delaware)
Midwest Power Funding LLC, (Delaware)
Painted Hills Power Partners I LLC, (Delaware)
Rocky Mountain Power Partners LLC, (Delaware)
Rocky Mountain Power Partners II LLC, (Delaware)
 Southwest Texas Power Partners I LP, (Delaware)
Texas Panhandle Power Partners I LP, (Delaware)
Victory Garden Power Partners I LLC, (Delaware)
Zond Cabazon Development Corporation, (Delaware)
Zond Iowa Development Corporation, (Delaware)
Zond Maine Development Corporation, (Delaware)
Zond Palm Springs Development Corporation, (California)
Palm Springs Wind Developers, (California)
Enron Wind Systems, Inc., (California)
 Enron Wind Funding LLC, (Delaware)
 Storm Lake II Power Associates LLC , (Delaware)
 Enron Wind Overseas Development Limited, (England)
Cambrian Wind Energy Limited, (Wales)
 Enron Wind Ireland Limited, (Ireland)
 Mynydd Gorddu Maintenance Limited, (England)
 Parco Eolico Faeto S.R.L., (Italy)
 Zond International Contractors Limited, (England)
Mesa Wind Developers, (California)
Painted Hills Wind Developers, (California)
Sky River LLC, (Delaware)
Sky River Partnership, (California)
Sagebrush Partner Fifteen, Inc., (California)
 Triveni Zond Private Limited, (India)
 Victory Garden LLC, (Delaware)
 Victory Garden Phase IV Partnership,
 Sixteen, Inc., (California)
Zond Mesa-VGIV Corporation, (California)
 Zond Construction Corporation, (California)
 Zond Construction II Corporation, (California)
 Mesa Construction Company, (California)
 Mesa Construction II Company, (California)
Zond Pacific, Inc., (Hawaii)
Zond Windsystems Management Corporation, (California)
Zond-PanAero Windsystems Partners I, (California)
Zond Windsystems Management Corporation II, (California)
Zond-PanAero Windsystems Partners II, (California)
Zond Windsystems Management Corporation III, (California)
Zond Windsystems Partners, Ltd.Series 85-A, (California)
Sagebrush Partner Seventeen, Inc., (California)
Zond Windsystems Management Corporation IV, (California)
Zond Windsystems Partners, Ltd.Series 85-B, (California)
 Sagebrush Partner Eighteen, Inc., (California)
Zond Windsystems Management Corporation V, (California)
Zond Windsystems Partners, Ltd. Series 85-C, (California)
Sagebrush Partner Nineteen, Inc., (California)
Zond Windsystems Operating Corporation, (California)

ZWHC, L.L.C., (California)
 Sagebrush Partners Twenty, Inc., (California)
 Enron Wind Holdings B.V., (The Netherlands)
 Enron Wind Holding GmbH, (Germany)
 Enron Wind GmbH, (Germany)
 Enron Wind Service GmbH, (Germany)
 Enron Wind International Development Corp., (California)
 Enron Wind International Holding Corp., (California)
 Enron Wind Cayman Holding Corp., (Cayman Islands)
 Enron Wind Development Holdings B.V.,
 (The Netherlands)
 Enron Wind Hellas Holdings B.V.,
 (The Netherlands)
 Aeolos S.A., (Greece)
 IWECO Megali Vrissi S.A., (Greece)
 Enron Wind Hellas S.A.-Construction Management
 Services of Wind Power Stations, (Greece)
 Enron Wind Hellas S.A.-Operation Maintenance Services
 of Wind Power Stations, (Greece)
 Mynydd Eleri Limited, (Cayman Islands)
 Zond Cayman Corporation, (Cayman Islands)
 Mynydd Eleri Limited, (Cayman Islands)
 Zond Cayman Corporation, (Cayman Islands)
 Zond Honduras L.L.C., (Cayman Islands)
 Zond Power Partners of Chandras L.L.C.,
 (Cayman Islands)
 Zond Power Partners of Honduras L.L.C.,
 (Cayman Islands)
 Zond Power Partners of Megali Vrissi L.L.C.,
 (Cayman Islands)
 Zond Power Partners of Mynydd Gorddu L.L.C.,
 (Cayman Islands)
 Mynydd Gorddu Investment Company,
 (Cayman Islands)
 Zond Power Partners of Owenreagh L.L.C.,
 (Cayman Islands)
 Enron Wind de Espana, S.L., (Spain)
 Zond Chile S.A., (Chile)
 Zond de Espana Parques Eolicos, S.L., (Spain)
 Zond Honduras L.L.C., (Cayman Islands)
 Zond Power Partners of Chandras L.L.C.,
 (Cayman Islands)
 Zond Power Partners of Honduras L.L.C.,
 (Cayman Islands)
 Zond Power Partners of Megali Vrissi L.L.C.,
 (Cayman Islands)
 Zond Power Partners of Mynydd Gorddu L.L.C.,
 (Cayman Islands)
 Zond Power Partners of Owenreagh L.L.C.,
 (Cayman Islands)
 Owenreagh Power Partners, (Cayman Islands)
 Iweco S.A., (Greece)
 Aeolos S.A., (Greece)
 Iweco Megali Vrissi S.A., (Greece)
 Iweco Megali Vrissi S.A., (Greece)
 X2Y2 Corporation, (California)
 Zond Construction Corporation, (California)
 Zond Construction Corporation II, (California)
 Mesa Construction Company II, (California)
 Zond Construction Corporation III, (California)
 Zond Construction Corporation IV, (California)
 Zond Constructors, Inc., (California)
 Zond Constructors II, Inc., (California)
 Zond Minnesota Construction Company L.L.C., (California)
 Zond Minnesota Construction Company L.L.C., (California)
 Enron Wind Development Corp., (Pending).
 Enron Wind Energy Systems Corp., (California)
 Zond International Sales Corporation, (Barbados)
 Enron Wind Maintenance Corp., (California)
 Zond Victory Garden Phase IV Maintenance Corporation,
 (California)
 SPORTS FINANCING CORP., (Delaware)
 Stadium Facilities, L. P., (Texas)
 TRANSBORDER GAS SERVICES II LTD., (Cayman Islands)
 TRANSBORDER SHIPPING SERVICES LTD., (Cayman Islands)
 WHITEWING ASSOCIATES LP, (Delaware)
 Blue Herron I LLC, (Delaware)
 HPL Asset Holdings L.P., (Delaware)
 Merlin Acquisition L.P., (Delaware)
 ECT Colombia Pipeline Holdings 2 Ltd.,
 (Cayman Islands)
 Promigas S.A., E.S.P., (Pending).

Gases del Caribe S.A., E.S.P., (Pending).
Gases de la Guajira S.A., E.S.P., (Pending).
Gas de Risaralda S.A., (Pending).
Gasnacol S.A., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gases Del Occidente S.A., E.S.P.,
(Barranquilla)
Surtigas S.A., E.S.P., (Pending).
Gasnacol S.A., (Pending).
Tolgas S.A., (Pending).
European Power Holdings, (England)
Pelican Bidder Cayman Limited,
(Cayman Islands)
European Power Holdings, (England)
SE Acquisition, L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.
(Cayman Islands)
Promigas S.A., E.S.P., (Pending).
Gases del Caribe S.A., E.S.P., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gas de Risaralda S.A., (Pending).
Gasnacol S.A., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gases Del Occidente S.A., E.S.P.,
(Barranquilla)
Surtigas S.A., E.S.P., (Pending).
Gasnacol S.A., (Pending).
Tolgas S.A., (Pending).
HPL Asset Holdings L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.
(Cayman Islands)
Promigas S.A., E.S.P., (Pending).
Gases del Caribe S.A., E.S.P., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gas de Risaralda S.A., (Pending).
Gasnacol S.A., (Pending).
Gases de la Guajira S.A., E.S.P., (Pending).
Gases Del Occidente S.A., E.S.P.,
(Barranquilla)
Surtigas S.A., E.S.P., (Pending).
Gasnacol S.A., (Pending).
Tolgas S.A., (Pending).
SE Acquisition, L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.,
(Cayman Islands)
Promigas S.A., E.S.P., (Pending).
Gases del Caribe S.A., E.S.P., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gas de Risaralda S.A., (Pending).
Gasnacol S.A., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gases Del Occidente S.A.,
E.S.P., (Barranquilla)
Surtigas S.A., E.S.P., (Pending).
Gasnacol S.A., (Pending).
Tolgas S.A., (Pending).
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
SE Raptor L.P., (Delaware)
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
SE Acquisition, L.P., (Delaware)
Merlin Acquisition L.P., (Delaware)
ECT Colombia Pipeline Holdings 2 Ltd.,
(Cayman Islands)
Promigas S.A., E.S.P., (Pending).
Gases del Caribe S.A., E.S.P., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).
Gas de Risaralda S.A., (Pending).
Gasnacol S.A., (Pending).
Gases de la Guajira S.A., E.S.P.,
(Pending).

Gases Del Occidente S.A., E.S.P.,
(Barranquilla)
Surtigas S.A., E.S.P., (Pending).
Gasnacol S.A., (Pending).
Tolgas S.A., (Pending).
Purple Martin, LLC, (Delaware)
SE Raven L.P., (Delaware)
SE Thunderbird, L.P., (Delaware)
YELLOWKNIFE INVESTORS, INC., (Delaware)

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated February 23, 2001 included in this Form 10-K, into Enron Corp.'s previously filed Registration Statement File Nos. 33-13397 (Savings Plan), 33-34796 (Savings Plan), 33-52261 (Savings Plan), 33-27893 (1988 Stock Option Plan), 33-52768 (1991 Stock Plan), 33-60821 (1994 Stock Plan), 333-70465 (Debt Securities, Common Stock, Preferred Stock and Depository Shares), 333-48193 (1994 Deferral Plan), 333-82225 (1994 Stock Plan), 333-85001 (1994 Stock Plan), 333-82227 (1991 Stock Plan), 333-84999 (1991 Stock Plan), 333-54448 (1991 Stock Plan), 333-54452 (1994 Stock Plan), 333-54454 (1999 Stock Plan), 333-41776 (Debt Securities, Preferred Stock, Depository Shares), 333-34030 (4.9 Million Shares of Common Stock) and 333-39394 (616,778 Shares of Common Stock).

ARTHUR ANDERSEN LLP

Houston, Texas
March 30, 2001

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated March 26, 2001, on the financial statements of Atlantic Water Trust included in this Form 10-K as Exhibit 99, into Enron Corp.'s previously filed Registration Statement File Nos. 33-13397 (Savings Plan), 33- 34796 (Savings Plan), 33-52261 (Savings Plan), 33-27893 (1988 Stock Option Plan), 33-52768 (1991 Stock Plan), 33-60821 (1994 Stock Plan), 333-70465 (Debt Securities, Common Stock, Preferred Stock and Depository Shares), 333-48193 (1994 Deferral Plan), 333- 82225 (1994 Stock Plan), 333-85001 (1994 Stock Plan), 333-82227 (1991 Stock Plan), 333-84999 (1991 Stock Plan), 333-54448 (1991 Stock Plan), 333-54452 (1994 Stock Plan), 333-54454 (1999 Stock Plan), 333-41776 (Debt Securities, Preferred Stock, Depository Shares), 333-34030 (4.9 Million Shares of Common Stock) and 333- 39394 (616,778 Shares of Common Stock).

ARTHUR ANDERSEN LLP

Houston, Texas
March 26, 2001

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ ROBERT A. BELFER
Robert A. Belfer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 26th day of March, 2001.

/s/ NORMAN P. BLAKE, JR.
Norman P. Blake, Jr.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each

of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 20th day of March, 2001.

/s/ RONNIE C. CHAN
Ronnie C. Chan

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ JOHN H. DUNCAN
John H. Duncan

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), her true and lawful attorney-in-fact and agent, for her and on her behalf and in her name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue

hereof.

IN WITNESS WHEREOF, the undersigned has hereto set her hand this 19th day of March, 2001.

/s/ WENDY L. GRAMM
Wendy L. Gramm

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 21st day of March, 2001.

/s/ KEN L. HARRISON
Ken L. Harrison

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 26th day of March, 2001.

/s/ ROBERT K. JAEDICKE
Robert K. Jaedicke

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the

"Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ KENNETH L. LAY
Kenneth L. Lay

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ CHARLES A. LeMAISTRE
Charles A. LeMaistre

POWER OF ATTORNEY

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each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ JOHN MENDELSON
John Mendelsohn

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has hereto set his hand this 21st day of March, 2001.

/s/ JEROME J. MEYER
Jerome J. Meyer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ PAULO V. FERRAZ PEREIRA
Paulo V. Ferraz Pereira

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has hereto set his hand this 21st day of March, 2001.

/s/ FRANK SAVAGE
Frank Savage

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ JEFFREY K. SKILLING
Jeffrey K. Skilling

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 2000 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place

and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 2001.

/s/ JOHN A. URQUHART
John A. Urquhart

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has hereto set his hand this 21st day of March, 2001.

/s/ JOHN WAKEHAM
John Wakeham

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has hereto set
his hand this 19th day of March, 2001.

/s/ HERBERT S. WINOKUR, JR.
Herbert S. Winokur, Jr.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Atlantic Water Trust:

We have audited the accompanying consolidated balance sheets of Atlantic Water Trust (a Delaware statutory business trust) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income (loss), comprehensive income (loss), cash flows and changes in trust equity for the years ended December 31, 2000 and 1999 and for the period from November 30, 1998 (Date of Inception) to December 31, 1998. These financial statements are the responsibility of Atlantic Water Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atlantic Water Trust and subsidiaries as of December 31, 2000 and 1999 and the results of their operations and cash flows for the years ended December 31, 2000 and 1999, and for the period from November 30, 1998 (Date of Inception) to December 31, 1998, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Houston, Texas
March 26, 2001

ATLANTIC WATER TRUST

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(In millions)

	November 30, 1998 (Date of Inception) to December 31, 1998	Year Ended December 31, 1999 2000	
Operating revenues	\$19.5	\$618.0	\$ 757.3
Operating expenses:			
Operations and maintenance	4.8	224.7	376.2
General and administrative	3.3	125.3	169.3
Depreciation and amortization	3.6	104.8	132.3
Impairment of long-lived assets	-	-	401.8
Restructuring charge	-	34.2	-
Total operating expenses	11.7	489.0	1,079.6
Operating income (loss)	7.8	129.0	(322.3)
Other income (expense):			
Equity in earnings (loss) of unconsolidated affiliates	(0.1)	2.0	5.6
Impairment of investment in unconsolidated affiliate	-	-	(55.0)
Gain on sale of subsidiary common stock	-	31.5	-
Interest income	0.9	33.8	27.9
Interest expense	(2.0)	(86.6)	(133.5)
Gain on sale of asset	-	-	2.5
Income (loss) before minority interest, income taxes and extraordinary loss	6.6	109.7	(474.8)
Minority interest	-	3.9	(164.5)
Income tax expense	2.7	21.5	17.6
Income (loss) before extraordinary loss	3.9	84.3	(327.9)
Extraordinary loss, net of income tax benefit	-	6.8	-
Net income (loss)	\$ 3.9	\$ 77.5	\$ (327.9)

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

ATLANTIC WATER TRUST

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	November 30, 1998 (Date of Inception) to December 31, 1998	Year Ended December 31, 1999	December 31, 2000
Net income (loss)	\$ 3.9	\$ 77.5	\$(327.9)
Other comprehensive loss, net of tax:			
Foreign currency translation adjustment	(11.5)	(26.5)	(72.9)
Unrealized loss on available for sale securities	-	(0.8)	(0.3)
Comprehensive income (loss)	\$ (7.6)	\$ 50.2	\$(401.1)

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

ATLANTIC WATER TRUST
CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	December 31,	
ASSETS	1999	2000
Current assets		
Cash and cash equivalents	\$ 27.2	\$ 30.0
Restricted cash and cash equivalents (Note 4)	464.2	108.0
Trade receivables (net of allowance for doubtful accounts of \$40.7 and \$66.9, respectively)	115.7	128.9
Unbilled receivables	32.5	42.0
Other	76.9	75.2
Total current assets	716.5	384.1
Property, plant and equipment, at cost	2,559.1	2,691.7
Less accumulated depreciation	(90.4)	(228.2)
Property, plant and equipment, net	2,468.7	2,463.5
Investments in unconsolidated affiliates	93.4	60.5
Notes and interest receivable - affiliates	197.1	105.5
Concession intangibles, net	451.3	86.4
Goodwill, net	1,029.6	971.4
Other assets	81.1	135.5
Total Assets	\$5,037.7	\$4,206.9
LIABILITIES AND TRUST EQUITY		
Current liabilities:		
Accounts payable and accruals	\$ 236.0	\$ 275.9
Deferred income	54.6	43.3
Accrued taxes	21.1	9.4
Short-term debt	602.2	298.7
Current maturities of long-term debt	35.0	80.7
Total current liabilities	948.9	708.0
Long-term debt	1,301.9	1,346.1
Long-term debt affiliates	53.3	103.1
Deferred income taxes	443.3	457.8
Other long-term liabilities	31.2	32.5
Total liabilities	2,778.6	2,647.5
Commitments and contingencies (Note 20)		
Minority interest	643.4	413.5
Trust equity:		
Beneficial Interest - Class A	958.0	957.8
Beneficial Interest - Class B	721.7	325.3
Beneficial Interest - Class B Accumulated other comprehensive loss	(64.0)	(137.2)
Total Trust equity	1,615.7	1,145.9
Total Liabilities and Trust Equity	\$5,037.7	\$4,206.9

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

ATLANTIC WATER TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	November 30, 1998 (Date of Inception) to December 31, 1998	Year Ended December 31, 1999	December 31, 2000
Operating Activities:			
Net income (loss)	\$ 3.9	\$ 77.5	\$(327.9)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization	3.6	104.8	132.3
Impairment of long-lived assets and investment in unconsolidated affiliates	-	-	456.8
Accretion and amortization of debt expenses and write-off of deferred financing costs	0.1	12.2	7.3
Deferred income taxes	2.0	6.2	9.5
Equity in (earnings) loss of unconsolidated affiliates	0.1	(2.0)	(5.6)
Minority interest	-	3.9	(164.5)
Gain on sale of Azurix common stock	-	(31.5)	-
Gain on sale of asset	-	-	(2.5)
Changes in operating assets and liabilities:			
(Increase) decrease in trade receivables and other CURRENT ASSETS	(6.2)	7.9	(30.1)
Increase (decrease) in current liabilities, excluding debt	(9.3)	6.1	24.8
Increase in other assets	(0.9)	(19.4)	(15.6)
Increase (decrease) in other long-term liabilities	0.5	(7.4)	2.0
Net cash provided by (used in) operating activities	(6.2)	158.3	86.5
Investing Activities:			
Capital expenditures	(10.3)	(287.3)	(297.1)
Investments in and advances to unconsolidated affiliates	-	(34.5)	(3.2)
Business acquisitions, net of cash required	-	(698.5)	(15.5)
Proceeds from sale of assets	-	-	5.4
Other	-	(56.5)	(53.1)
Net cash used in investing activities	(10.3)	(1,076.8)	(363.5)
Financing Activities:			
Proceeds from long-term borrowings	8.3	1,176.7	599.2
Repayments of long-term borrowings	(12.6)	(254.6)	(573.0)
Net proceeds from (repayments of) short-term borrowings	25.1	80.7	(183.5)
Cash acquired in the issuance of Class B beneficial interest	1.0	-	-
(Deposit to) withdrawal from restricted cash and cash equivalents accounts	-	(407.7)	394.0
Advances from affiliates, net of repayments	-	44.4	47.9
Issuance of subsidiary stock	-	300.5	1.7
Contribution to subsidiary from minority shareholder	-	-	4.3
Net cash provided by financing activities	21.8	940.0	290.6
Effect of exchange rate changes on cash	-	0.4	(10.8)
Change on cash and cash equivalents	5.3	21.9	2.8
Cash and cash equivalents, beginning of period	-	5.3	27.2
Cash and cash equivalents, end of period	\$ 5.3	\$ 27.2	\$ 30.0

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

ATLANTIC WATER TRUST

CONSOLIDATED STATEMENTS OF CHANGES IN TRUST EQUITY
(In millions)

	Beneficial Interest Class A	Beneficial Interest Class B	Beneficial Interest Class B Accumulated Other Comprehensive Loss	Total
Balance at November 30, 1998 (Date of inception)	\$ -	\$ -	\$ -	\$ -
Issuance of Beneficial Interests	1,149.0	905.8	(25.2)	2,029.6
Foreign currency translation adjustment	-	-	(11.5)	(11.5)
Net income	3.3	0.6	-	3.9
Balance at December 31, 1998	1,152.3	906.4	(36.7)	2,022.0
Distributions to Beneficial Interests	(271.4)	(184.5)	-	(455.9)
Foreign currency translation adjustment and unrealized loss on available for sale securities	-	-	(27.3)	(27.3)
Unearned compensation	-	(0.6)	-	(0.6)
Net income	77.1	0.4	-	77.5
Balance at December 31, 1999	958.0	721.7	(64.0)	1,615.7
Distributions to Beneficial Interests	(69.1)	-	-	(69.1)
Foreign currency translation adjustment and unrealized loss on available for sale securities	-	-	(73.2)	(73.2)
Unearned compensation	-	0.4	-	0.4
Net income (loss)	68.9	(396.8)	-	(327.9)
Balance at December 31, 2000	\$ 957.8	\$ 325.3	\$(137.2)	\$1,145.9

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

ATLANTIC WATER TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Atlantic Water Trust is a statutory business trust established on November 30, 1998 ("Date of Inception") under the laws of the State of Delaware pursuant to a trust agreement ("Trust Agreement"). Enron Corp. ("Enron") and Marlin Water Trust ("Marlin") each hold a 50% voting interest in Atlantic Water Trust (see Note 2). Atlantic Water Trust has not conducted any operations, other than those activities incidental to its formation and its ownership of all of the beneficial ownership interest in Bristol Water Trust ("Bristol") and of its subsidiary Azurix Corp., including the sale of a portion of the shares of Azurix Corp. it held during 1999 (see Note 2). Subsequent to such sale, Atlantic Water Trust holds an approximate 67.1% interest in Azurix Corp. Azurix Corp. and its consolidated subsidiaries (collectively "Azurix") are engaged in the business of acquiring, owning, operating and managing water and wastewater assets, providing water and wastewater related services and managing and developing resources in the global water industry. Hereafter, Atlantic Water Trust and its consolidated subsidiaries will be referred to as "Atlantic Water."

Atlantic Water was established on November 30, 1998, and as a result, the 1998 Consolidated Statement of Income, Consolidated Statement of Comprehensive Income (Loss), Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Trust Equity are from the Date of Inception to December 31, 1998. However, substantially all of Atlantic Water's 1998 results of operations, cash flows and capital transactions occurred during the last 15 days of December 1998 (see Note 2).

On March 16, 2001, shareholders of Azurix approved and adopted the Agreement and Plan of Merger by and among Enron, Enron BW Corp., a wholly owned indirect subsidiary of Enron, and Azurix dated as of December 15, 2000. The merger was consummated on March 16, 2001, at which time Enron BW Corp. was merged into Azurix with Azurix being the surviving corporation (see Note 2 and 21).

Consolidation Policy and Use of Estimates

The consolidated financial statements include the accounts of all majority owned subsidiaries and those affiliates over which Atlantic Water has the ability to control and are prepared in accordance with generally accepted accounting principles in the United States. All significant intercompany balances and transactions have been eliminated in consolidation. Atlantic Water uses the equity method of accounting for all investments where it owns less than a majority of the voting stock, and cannot control, but is able to exercise significant influence over the operating and financial policies of the investee.

The preparation of the financial statements in conformity with U.S. 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.

Revenue Recognition

Operating revenues represent income earned in the ordinary course of business, excluding value added tax. Water and wastewater revenue for metered customers is recognized based on actual usage and accrued based on the estimated amount of water sold but not billed as of the balance sheet date. Water and wastewater revenue for non-metered customers, who pay an annual fixed charge based on the ratable value of their property, is recognized uniformly over the year. Revenue for water and wastewater related services is recognized as services are provided. Revenues derived from services provided under fixed-price contracts are recognized on the percentage-of-completion basis.

Derivative Financial Instruments

Atlantic Water utilizes derivative financial instrument

contracts for non-trading purposes to manage exposure to fluctuations in interest rates and foreign currency exchange rates. Hedge accounting is utilized in non-trading activities where there is a high correlation of price movements in the derivative and the contract is designated as a hedge. In instances where the anticipated correlation of price movements no longer exists, hedge accounting is terminated and future changes in the value of the derivative financial instruments are recognized as gains or losses to net income.

Interest rate swaps involve the exchange of amounts based on a fixed interest rate for amounts based on variable interest rates over the life of the contract without an exchange of the notional amount upon which payments are based. The difference to be received or paid is recognized in income over the life of the contracts as adjustments to interest expense.

Currency swap contracts are denominated in one foreign currency and are to be repaid in another currency. These contracts are designated as hedges of firm commitments to pay interest and principal on debt, which would otherwise expose Atlantic Water to foreign currency risk.

The fair values of the swap contracts are not recognized in the financial statements. The income and cash flow impact of financial instruments is reflected as an adjustment of the hedged item. Gains and losses on terminations of interest rate and currency swap contracts are deferred as an adjustment to the carrying amount of the outstanding obligation and amortized as an adjustment to interest expense related to the obligation using the effective interest method over the remaining term of the original contract life of the hedged item. In the event of early extinguishment of the obligation, any realized or unrealized gain or loss from the swap would be recognized in net income at the time of extinguishment. See Note 1 - Recent Accounting Pronouncements.

Income Taxes

Atlantic Water and its wholly owned subsidiary, Bristol, are not taxable entities for U.S. federal income tax purposes, and accordingly, no recognition has been given to income taxes related to their stand-alone activities. Azurix's operations are taxable for U.S. federal and certain foreign income tax purposes. Accordingly, for financial reporting purposes, no recognition has been given to income taxes related to the operations of Atlantic Water other than those recorded by Azurix.

Azurix accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under the asset and liability method of Statement of Financial Accounting Standards No. 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. For U.S. tax purposes, Azurix was a member of Enron's consolidated group through June 8, 1999 and accordingly is included in Enron's consolidated federal income tax return through that date. Members of the consolidated group are charged with the amount of income tax expense (benefit) determined as if they filed separate federal income tax returns. For periods subsequent to June 9, 1999, Azurix will file its own consolidated tax return.

Cash Equivalents

Atlantic Water considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Cost of acquired property, plant and equipment includes an allocation of the purchase price based on the asset's fair market value. Cost of property, plant and equipment placed in service includes direct charges for material, labor and services and indirect charges related to construction, such as engineering, supervision, payroll taxes and employee benefits. Additions, replacements, modifications and enhancements to units of property are capitalized. Major improvements to leasehold properties are amortized over the shorter of the asset life or the life of the respective lease. Repairs, maintenance and minor replacements are

charged to operations and maintenance expense as incurred. Interest capitalized is based on the average value of construction work in progress at Atlantic Water's average borrowing rate during the period. The amount of interest capitalized during 1998, 1999 and 2000 was approximately \$2.3 million, \$8.6 million and \$13.5 million, respectively.

Atlantic Water's infrastructure assets comprise a network of systems of mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines and infrastructure investigations and studies.

The cost of property, plant and equipment, excluding land, is charged to depreciation using the straight-line method over the estimated useful lives of the assets. Depreciation is computed based on estimated useful lives as follows:

	Years
Buildings and operational structures	5 to 80
Infrastructure	5 to 115
Plant machinery and vehicles	3 to 30
Other assets	3 to 15

Atlantic Water's accounting policy for the costs of computer software (all of which is for internal use only) is to capitalize direct costs of materials and services consumed in developing or obtaining software, including payroll and payroll-related costs for employees who are directly associated with and who devote time to the software project. Costs begin to be capitalized once the application development stage has begun. All other costs are expensed as incurred. Atlantic Water amortizes the costs on a straight-line basis over the useful life of the software. Impairment is evaluated based on changes in the expected usefulness of the software.

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," long-lived assets held and used by Atlantic Water are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability, a test is performed comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount, including allocated goodwill, to determine if a write-down to fair value is required.

Goodwill

Goodwill represents the excess of purchase price and related costs over the value assigned to the net assets of businesses acquired (see Note 3) and is presented on the Consolidated Balance Sheets net of accumulated amortization. Goodwill is amortized on a straight-line basis over the estimated useful life, not to exceed 40 years. Accumulated amortization of goodwill at December 31, 1999 and 2000 was \$28.8 million and \$51.9 million, respectively.

Concession Intangibles

Concession intangible assets represent prepaid amounts for the rights as the concession holder and operator of public water and wastewater facilities to provide service and charge a tariff in the service area subject to the concession and is presented on the Consolidated Balance Sheets net of accumulated amortization and accumulated impairments.

The total costs associated with retaining concession rights, including prepaid amounts and amounts payable in the future, are allocated among the service areas awarded by the concession agreement and amortized on a straight-line basis over the life of the concession for each service area commencing when access is attained. Accumulated amortization of concession intangibles at December 31, 1999 and 2000 was \$5.4 million and \$13.4 million, respectively, and accumulated impairments of concession intangible assets at December 31, 2000 was \$357.2 million (see Note 18).

Other Assets

Other assets consist primarily of deferred tax assets, deferred pension assets and deferred charges, such as financing costs and external costs of acquisition activities. Deferred financing charges are amortized to interest expense over the

lives of the related debt issuances using the effective interest method and external acquisition costs are capitalized as a cost of successful acquisitions or expensed during the period in which it is determined that the project is unsuccessful or the pursuit is terminated.

Deferred Income

Atlantic Water bills certain customers in advance of providing water and wastewater services and classifies these amounts as "Deferred income" on the Consolidated Balance Sheets until earned.

Pension Benefits

The pension plans maintained by Atlantic Water's indirect subsidiaries, Wessex, Azurix Buenos Aires and Lurgi Bamag (see Note 13) are of the defined benefit type, and are valued by an independent actuary. Current service costs for the plans are accrued in the period to which they relate. Prior service costs and actuarial gains and losses, if any, relating to amendments to the plans, are recognized on a basis designed to spread the costs over the remaining average service lives of employees.

Atlantic Water's indirect subsidiary, Azurix North America, has defined contribution plans for a number of its employees and makes contributions to a multi-employer pension plan for certain employees. Atlantic Water's contributions to these plans are based on various percentages of compensation, years of service and, in some instances, are based upon the amount of the employees' contributions to the plans (see Note 13).

Foreign Currency Translation

The functional currency for Atlantic Water's foreign operations is the applicable local currency. The translation from the applicable foreign currencies to U.S. dollars is performed for balance sheet accounts using the current exchange rates in effect at the balance sheet date and for revenue and expense accounts, using the weighted average exchange rate during the period or, where known or determinable, at the rate on the date of the transaction for significant items. The resulting translation adjustments are recorded in accumulated other comprehensive loss as a component of trust equity and are included in income only upon the sale or liquidation of the underlying investments.

Environmental Costs

Environmental expenditures that relate to current operations are expensed as incurred. Expenditures providing a future benefit are capitalized as appropriate. Remediation costs that relate to an existing condition caused by past operations are accrued when it is probable that these costs will be incurred and can be reasonably estimated.

Recent Accounting Pronouncements

In 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," which was subsequently amended by Statement of Financial Accounting Standards No. 137 and No. 138. Statement of Financial Accounting Standards No. 133 must be applied to all derivative instruments and certain derivative instruments embedded in hybrid instruments and requires that such instruments be recorded in the balance sheet either as an asset or liability measured at their fair value through earnings, with special accounting allowed for certain qualifying hedges. Atlantic Water adopted Statement of Financial Accounting Standards No. 133 as of January 1, 2001. Due to its adoption, Atlantic Water will recognize an after-tax non-cash gain of approximately \$1.0 million in earnings and an after-tax non-cash loss in "Accumulated other comprehensive loss," a component of trust equity, of approximately \$0.3 million, both from the cumulative effect of a change in accounting principle.

Segment Reporting

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports. Operating segments are defined as components of an enterprise about which separate financial information is

available and evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The operating subsidiaries of Atlantic Water operated in one segment for all periods presented in this report and therefore such disclosures are not applicable.

Reclassifications

Certain reclassifications have been made to the consolidated financial statements for prior years to conform with the current presentation.

NOTE 2 - CAPITAL TRANSACTIONS

All of the following transactions occurred on December 17, 1998. The Class B Beneficial Interest was issued by Atlantic Water to Enron in exchange for Enron's contribution of (i) its entire interest in Enron Water (Holding) L.L.C. ("Enron Water"), the former parent of Azurix, (ii) its rights under a United Kingdom pounds sterling ("U.K. Pounds Sterling" or "GBP") note receivable from an indirect wholly owned subsidiary of Enron Water in the amount of GBP73.0 million and (iii) \$200.0 million in the form of a release of indebtedness in such amount owed to Enron by Enron Water under a \$1.1 billion loan. The Class A Beneficial Interest was issued by Atlantic Water to Marlin for \$1.149 billion. Atlantic Water utilized the proceeds from Marlin to purchase a note receivable from Enron for \$249.0 million (see Note 12) and to repay \$900.0 million of debt to Enron that was held by Enron Water under a \$1.1 billion loan. The proceeds to be received by Atlantic Water from Marlin on December 17, 1998 were also to be disbursed by Atlantic Water on that same date to Enron as described above. In addition, Enron Water was merged into Azurix, with Azurix being the surviving entity.

In connection with Azurix's public offering in 1999, Azurix sold 17.1 million shares and Atlantic Water sold 21.5 million shares of Azurix. The net proceeds to Atlantic Water from the sale of Azurix stock, net of expenses associated with the offering, was \$380.2 million. The net proceeds were used to make a return of capital to Enron and Marlin of \$184.5 million and \$195.7 million, respectively.

On March 16, 2001, shareholders of Azurix approved and adopted the Agreement and Plan of Merger, as a result of the merger, each issued and outstanding share of Azurix common stock, other than those shares held by Atlantic Water, Enron, Enron BW Corp., Azurix and any of their wholly owned subsidiaries, was cancelled and converted into the right to receive \$8.375 per share. On the date of the merger, Enron BW Corp. had \$325.9 million of cash that was used to pay consideration to the public shareholders whose shares were cancelled. As a result of the merger and effective on the merger date, Azurix had three shares of common stock outstanding, of which Atlantic Water holds two, and Azurix common stock ceased to be publicly held. (See Note 21.)

NOTE 3 - BUSINESS ACQUISITIONS

On October 2, 1998, Azurix, through its indirect wholly owned subsidiary Azurix Europe Ltd., acquired over 90% of the outstanding ordinary share capital of Wessex Water Plc. Azurix completed the acquisition of the ordinary share capital of Wessex in November 1998. The cost of the Wessex acquisition, including transaction costs, was \$2.4 billion. The purchase method of accounting was utilized and the results of operations of Wessex have been included in the consolidated financial statements since the date of acquisition.

Azurix entered into an agreement on December 19, 1998 to purchase 49.9% of an entity whose principal asset is the water concession for the city of Cancun, Mexico. This agreement was not binding until specific material conditions were met, and these conditions were met subsequent to December 31, 1998. As a result, the Cancun concession is not reflected in Atlantic Water's 1998 financial statements. The purchase price was \$13.5 million and Azurix agreed to provide up to \$25.0 million in debt financing. The balance of the loans outstanding to the Cancun concession at December 31, 2000 was \$20.1 million. The Cancun concession acquisition closed on March 24, 1999. The results of the Cancun concession acquisition are reflected in the financial statements as of the acquisition closing date utilizing the equity method of accounting.

On May 18, 1999, Azurix acquired 100% of the stock of Canadian-incorporated Philip Utilities Management Corporation for \$107.4 million, including transaction costs. This business subsequently was renamed Azurix North America. Azurix North America is a water and wastewater services company that provides operations and management, engineering, residuals management and underground infrastructure development services for municipal water and wastewater facilities in the U.S. and Canada. Subsequent to its acquisition by Azurix, Azurix North America has expanded through the acquisition of several water and wastewater service companies for an aggregate purchase price of \$17.7 million.

During the second quarter of 1999, Azurix was the successful bidder in a tender for a 30-year concession to operate the water and wastewater systems in two regions of the Province of Buenos Aires, Argentina, previously operated by Administracion General de Obras Sanitarias Buenos Aires. On June 30, 1999, Azurix,

through Azurix Buenos Aires S.A., an indirect wholly owned subsidiary, entered into a concession contract with the provincial government covering the two regions and paid the government \$438.6 million. On July 1, 1999, Azurix assumed operation of the water and wastewater systems and risk of ownership of the concession.

In connection with the funding of this acquisition, Azurix made an equity investment in Azurix Buenos Aires of \$45.0 million, and Azurix Buenos Aires borrowed \$394.0 million under a new credit agreement. This loan was secured by cash and other short-term liquid investments which Azurix deposited into a cash collateral account and pledged as security for the loan (see Note 4). Azurix used \$230.6 million of the proceeds from its initial public offering, \$208.0 million in funds drawn under the senior credit facility of its indirect wholly owned subsidiary, Azurix Europe Ltd., and interest on those funds and other funds of Azurix, to fund the equity investment in Azurix Buenos Aires and the deposit into the cash collateral account. Under the concession contract, a 10% interest in Azurix Buenos Aires was subsequently transferred to the employees of Azurix Buenos Aires.

On September 24, 1999, Azurix acquired 49% of the capital stock of IASA Holdings, S.A. de C.V. for \$22.5 million, excluding transaction costs. IASA Holdings owns 100% of Industrias del Agua, S.A. de C.V., a water and wastewater services company based in Mexico City, Mexico that provides metering, billing, collections, operations and maintenance services for one quarter of the Federal District within Mexico City, a service area with a population of approximately two million people. Industrias del Agua has provided these services since 1993, when it signed a 10-year contract with the Water Commission of the Federal District. In addition to holding an interest in Industrias del Agua, Azurix provides technical services and serves as a technical participant under the Federal District contract. Contemporaneous with its purchase of the common stock of IASA Holdings, Azurix entered into separate agreements that resulted in Azurix having effective control over IASA Holdings. Accordingly, IASA Holdings is consolidated for financial statement purposes.

On September 24, 1999, Azurix acquired from an affiliate of AMX-Acqua Management Inc. 100% of three Brazilian companies, Geoplan-Assessoria, Planejamento e Perfuracoes Ltda., Aguacerta-Sistemas de Abastecimento Ltda. and Aguacerta Saneamento Ltda., which provide water drilling, water supply and wastewater treatment services in Brazil, for \$55.6 million in cash, excluding transaction costs. Azurix has contingent payment obligations to a former owner under certain negotiated formulas that depend on the future performance of the business and has retained a former affiliate as a consultant to its Brazilian operations.

On October 4, 1999, Azurix purchased 13,600 acres of property in Madera County, California, for \$31.5 million, excluding transaction costs, with plans of developing, owning and operating a ground water storage project in the aquifer beneath it.

On October 18, 1999, Azurix acquired Lurgi Bamag GmbH, a water and wastewater engineering services company, for \$30.2 million, excluding transaction costs. Lurgi Bamag and its subsidiaries have offices in Germany, Brazil, Egypt and the United Kingdom.

For each 1999 acquisition that is consolidated in Atlantic Water's financial statements, the purchase method of accounting was utilized, and accordingly, the assets and liabilities have been recorded at their estimated fair values on the date of each acquisition. The excess of the purchase price over the fair values of the net assets acquired for each acquisition has been recorded as goodwill, and is being amortized on a straight-line basis over 40 years. The results of operations of the acquisitions have been included in the consolidated financial statements since the date of each acquisition.

NOTE 4 - RESTRICTED CASH AND CASH EQUIVALENTS

At December 31, 1999, Azurix had restricted cash and cash equivalents of \$407.7 million, on deposit in a cash collateral account that secured a \$394.0 million bank loan to an Azurix subsidiary that was used to fund the Buenos Aires concession acquisition (see Note 3). The amount payable under the loan at December 31, 1999 is included in "Short-term debt" on the Consolidated Balance Sheets (see Note 7). In April 2000, Azurix used the proceeds from this account to repay the loan and related

interest. In addition, at December 31, 1999 and 2000, Azurix had other restricted cash on deposit of \$56.5 million and \$108.0 million, respectively, that primarily secured borrowings under the Azurix Europe credit facility (see Note 7).

NOTE 5 - OTHER CURRENT ASSETS

Other current assets is comprised of the following:

	December 31,	
	1999	2000
	(In millions)	
Prepayments	\$20.0	\$21.5
Other receivables	34.4	23.5
Other	22.5	30.2
	\$76.9	\$75.2

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is comprised of the following:

	December 31,	
	1999	2000
	(In millions)	
Land	\$ 42.7	\$ 41.4
Buildings and operational structures	500.4	595.8
Infrastructure	1,269.7	1,231.7
Plant machinery and vehicles	489.2	650.9
Construction work-in-progress	216.0	84.7
Other assets	41.1	87.2
	2,559.1	2,691.7
Less accumulated depreciation	(90.4)	(228.2)
Property, plant and equipment, net	\$2,468.7	\$2,463.5

Included in accumulated depreciation at December 31, 2000 are accumulated impairments of \$44.6 million which were recorded in 2000 (see Note 18).

NOTE 7 - SHORT-TERM DEBT

As of December 31, 1999 and 2000, Azurix, through Wessex, had committed credit facilities with major commercial banks providing for an aggregate of \$121.1 million and \$224.3 million, respectively, of availability for general corporate purposes. These facilities expire in October 2001 and April 2002. As of December 31, 1999, no amounts were outstanding under these credit facilities. As of December 31, 2000, outstanding borrowings consisted of \$62.8 million under the facilities that expire in 2002. Borrowings are for a period of less than one year but may be refinanced through 2002. Therefore, amounts outstanding at December 31, 2000 were reclassified to long-term debt. The facilities accrue interest at the London interbank offered rate plus 0.275% to 0.35% per annum. Wessex pays an annual commitment fee equal to 0.15% of the unused portion of committed lines of credit.

On May 10, 1999, Azurix Europe entered into a credit facility. At December 31, 1999 and 2000, the maximum capacity of the facility was \$686.4 million and \$635.6 million, respectively. At December 31, 1999 and 2000, \$298.8 million and \$276.7 million, respectively, of the facility capacity could be used to refinance indebtedness of Azurix Europe, \$101.3 million and \$80.8 million, respectively, of such capacity was reserved to provide for the refinancing of outstanding Azurix Europe loan notes. At December 31, 1999, the remaining \$387.6 million of capacity could be used for acquisitions of water and wastewater related assets or businesses. In February 2000, the facility was amended so that as of December 31, 2000, Azurix Europe may borrow \$358.9 million of the facility capacity in a manner allowing for its use by Azurix for general corporate purposes. At December 31, 1999, \$474.8 million was outstanding under the facility. In February 2000, Azurix issued long-term debt (see Note 8) and used a portion of

the proceeds to repay \$386.0 million outstanding under the portion of this facility that had been borrowed for acquisitions. Accordingly, this amount was reclassified to long-term at December 31, 1999. At December 31, 2000, \$156.0 million was outstanding under that portion of the facility that can be used by Azurix for general corporate purposes and \$95.7 million was outstanding under that portion of the facility that can be used to refinance the indebtedness of Azurix Europe. In January 2001, Azurix borrowed \$40.0 million under its credit agreement with Enron (see Note 8) and repaid borrowings that were outstanding at December 31, 2000 under the Azurix Europe credit facility. In March 2001, borrowings outstanding under the Enron credit agreement, including the \$40.0 million borrowed and used to repay borrowings outstanding under the Azurix Europe credit facility, were retired through the issuance of long-term mandatorily redeemable preferred stock (see Note 21). Accordingly, \$40 million of the balance outstanding was reclassified as long-term at December 31, 2000.

The Azurix Europe credit facility bears interest at the London interbank offered rate plus 0.75% or 1.0%, depending on the level of utilization of the borrowing capacity. The weighted average interest rates on the U.S. dollar and U.K. pound sterling borrowings outstanding at December 31, 1999 were 6.9% and 6.8%, respectively, and at December 31, 2000 were 7.5% and 6.8%, respectively. Azurix incurs commitment fees of 0.375% on the unused borrowing capacity of this facility. The facility terminates on May 10, 2002, but contains a clause permitting banks, with two-thirds or more of the commitments, to terminate at an earlier time if, in their reasonable opinion, changes have occurred resulting in a material adverse effect on the borrower's ability to repay the outstanding debt. Therefore, amounts outstanding under this facility are classified as short-term debt, except amounts refinanced subsequent to December 31, 1999 and 2000 through the issuance of long-term debt (see Note 8) and long-term mandatorily redeemable preferred stock (see Note 21). The facility contains restrictive covenants that include limitations on borrowings, maintenance of financial ratios such as interest coverage and debt to equity and contracts to perform or refrain from undertaking certain acts. The facility includes customary events of default, including non-payment, cross-defaults and insolvency and prohibits Azurix Europe from paying dividends.

As of December 31, 1999 and 2000, Azurix, through Wessex, had \$15.8 million and \$6.0 million, respectively, outstanding under credit facilities with major commercial banks on an uncommitted basis. Interest accrues on the uncommitted facilities based on the market rate plus a negotiated margin. The interest rate on the uncommitted bank borrowings outstanding as of December 31, 1999 and 2000 was 5.2% and 5.5%, respectively.

In connection with the funding of the Buenos Aires concession acquisition (see Note 3), Azurix, through its indirect wholly owned subsidiary, Azurix Buenos Aires S.A., entered into a credit agreement and borrowed \$394.0 million in June 1999. The agreement was between Azurix Buenos Aires and Westdeutsche Landesbank Girozentrale, a German bank, as the agent and lender. The loan was secured by cash and other short-term liquid investments in the aggregate amount of \$407.7 million as of December 31, 1999, which Azurix deposited into a cash collateral account, including interest earned on amounts deposited, and pledged as security for the loan (see Note 4). In April 2000, Azurix used proceeds from the cash collateral account to repay the \$394.0 million bank loan and related interest of \$19.7 million (see Note 4).

On September 29, 1999, Azurix entered into a 364-day \$150.0 million unsecured revolving credit facility with a group of banks. The facility, as subsequently amended, was scheduled to mature in September 2000. As of December 31, 1999, \$150.0 million was outstanding under the facility and the borrowings were primarily used to reduce other debt obligations and finance acquisitions. The weighted average interest rate on borrowings outstanding under this facility at December 31, 1999 was 7.7%. Azurix used a portion of the proceeds from the long-term senior notes issued in February 2000 to repay all amounts outstanding under this facility (see Note 8). Accordingly, the borrowings under this facility at December 31, 1999 were reclassified as long-term. Azurix terminated the facility in March 2000.

Azurix, through Azurix Europe, had outstanding U.K. pound sterling denominated loan notes as of December 31, 1999 and 2000 of \$101.3 million and \$80.8 million, respectively. The loan notes were issued to Wessex shareholders in lieu of cash consideration for the ordinary shares purchased in the Wessex acquisition (see Note 3). The loan notes are redeemable, at the option of the holder, semiannually beginning September 30, 1999, with final redemption occurring September 30, 2005. The loan notes may be redeemed at the holders' option within one year, and therefore,

are potential current obligations. At December 31, 1999 and 2000, the loan notes are secured by the Azurix Europe credit facility. As a result of a subjective acceleration clause contained in that facility as discussed above, the loan notes are classified as short-term at December 31, 1999 and 2000. Interest on the loan notes accrues at the London interbank offered rate and is payable semiannually. The interest rates for the period the loan notes were outstanding during 1999 and 2000 was 5.9% and 6.3%, respectively.

At December 31, 1999 and 2000, Azurix, through various subsidiaries, had other short-term borrowings outstanding of \$2.3 million and \$0.2 million, respectively.

NOTE 8 - LONG-TERM DEBT AND LONG-TERM DEBT - AFFILIATES

The components of long-term debt are as follows:

	December 31, 1999	2000
	(In millions)	
Amounts reclassified from short-term debt (see Note 7)	\$ 536.0	\$ 102.8
Azurix Corp. senior notes	-	589.6
Wessex senior unsecured bonds	479.2	444.3
Wessex European Investment Bank credit facilities	223.1	201.7
Capital lease obligations	86.3	61.9
Other	12.3	26.5
	1,336.9	1,426.8
Less current maturities	(35.0)	(80.7)
Total long-term debt	\$1,301.9	\$1,346.1

In February 2000, Azurix issued U.S. dollar and U.K. pound sterling senior notes with a U.S. dollar equivalent face value at December 31, 2000 of \$589.6 million. The senior notes consisted of \$240.0 million and GBP100.0 million, each due in 2007 and bearing an interest rate of 10.375%, and \$200.0 million due in 2010 and bearing an interest rate of 10.75%. Net proceeds after underwriters' discount and other offering costs were \$583.1 million. Of this amount, \$150.0 million was used to pay down the Azurix revolving credit facility, \$386.0 million was used to pay down the Azurix Europe credit facility and \$18.1 million was used to pay down amounts outstanding under the credit agreement with Enron. In addition, \$11.5 million was used to pay accrued interest on the three credit facilities. The remaining proceeds were made available for general corporate purposes. The senior notes were issued under an indenture that contains certain covenants that limit Azurix's ability to incur additional debt, pay dividends or make other distributions, incur liens on its assets, enter into sale/leaseback transactions, enter into transactions with affiliates, or sell assets to, or merge with, another entity.

In March 1999, Azurix, through a wholly owned subsidiary of Wessex, issued U.K. pound sterling denominated senior unsecured bonds with a face value of \$484.5 million and \$448.7 million as of December 31, 1999 and 2000, respectively. The net proceeds were primarily used to refinance all short-term bank borrowings that were outstanding on the date of issue. The bonds mature on March 30, 2009 and bear interest at a rate of 5.875% payable annually.

The European Investment Bank credit facilities consist of four separate loans. The U.S. dollar denominated loan has a floating interest rate based on the London interbank offered rate less 0.25%, is due October 2001 and had an outstanding balance of \$48.5 million and \$44.9 million at December 31, 1999 and 2000, respectively. The weighted average interest rate on the U.S. dollar loan was 5.1% and 6.2% for the years ended December 31, 1999 and 2000, respectively. The Italian lire denominated loan bears interest at 11.6% per annum, is payable in semiannual installments through June 2002 and had an outstanding balance of \$13.1 million and \$7.3 million at December 31, 1999 and 2000, respectively. The other two obligations are U.K. pound sterling denominated and were entered into in 1999. Interest on one of the U.K. pound sterling denominated obligations is based on the London interbank offered rate less 0.13%, is payable in full in December 2005 and had an outstanding balance of \$126.6 million

and \$117.2 million at December 31, 1999 and 2000, respectively. Interest on this loan was 5.9% for the period outstanding in 1999 and 6.0% in 2000. The other U.K. pound sterling denominated obligation bears interest based on the London interbank offered rate less 0.10%, is payable in full in December 2009 and had an outstanding balance of \$34.9 million and \$32.3 million at December 31, 1999 and 2000, respectively. The interest rate on this loan was 5.9% for the period outstanding in 1999 and 6.1% in 2000.

At December 31, 2000, future minimum lease payments under capital leases total \$69.4 million, including \$7.5 million representing interest. At December 31, 2000, \$150.7 million of historical cost and \$26.5 million of related accumulated depreciation are recorded under capital leases and included in property, plant and equipment.

At December 31, 1999 and 2000, Azurix, through various subsidiaries, had other long-term debt outstanding of \$12.3 million and \$26.5 million, respectively.

Each of these financing agreements contains certain restrictive covenants, including among other things, limitations on borrowings, the maintenance of certain financial ratios such as interest coverage, net worth and debt to equity and contracts to perform or refrain from undertaking certain acts. The financing contracts include standard events of default, including non-payment, cross-defaults and insolvency. Azurix is currently in compliance with these covenants.

At December 31, 2000, long-term debt and capital lease obligation maturities over the next five years were \$80.7 million in 2001, \$101.8 million in 2002, \$4.7 million in 2003, \$3.7 million in 2004 and \$120.1 million in 2005.

Azurix has entered into interest rate and currency swap contracts related to certain outstanding debt instruments (see Note 9).

Effective May 1, 1999, Azurix entered into a credit agreement with Enron, which was amended as of January 24, 2000. Under this agreement, Enron loaned funds to Azurix for general, administrative and operating expenses. As of December 31, 1999 and 2000, \$53.3 million and \$103.1 million, respectively, was outstanding under this credit agreement. The credit agreement originally terminated on the earlier of December 15, 2001 or 90 days following the date that Enron does not own or have the power to vote at least one-third of Azurix's capital stock ordinarily entitled to vote for the election of directors and fewer than one-third of Azurix's directors are officers, directors or employees of Enron. The total commitment under the credit agreement would not exceed \$60 million, \$120 million and \$180 million at any time during calendar years 1999, 2000 and 2001, respectively. Advances under the credit agreement bore interest at the federal funds rate plus 1.50%. The effective interest rate on these borrowings in 1999 and 2000 was 6.8% and 8.1%, respectively. In January 2001, Azurix borrowed \$40.0 million under the Enron credit agreement and paid down that portion of the Azurix Europe credit facility that can be used by Azurix for general corporate purposes. Interest expense recorded for 1999 and 2000 was \$2.2 million and \$7.6 million, respectively. In addition, on March 16, 2001, the then outstanding balance of the Enron credit agreement of \$180 million was retired through the issuance to Enron of mandatorily redeemable preferred stock and the credit agreement was terminated. As a result, the balance outstanding at December 31, 2000 under the credit agreement was classified as long-term debt - affiliates and not as current maturities of long-term debt - affiliates.

NOTE 9 - FINANCIAL INSTRUMENTS

Atlantic Water and Azurix use derivative financial instruments in the normal course of their businesses for purposes other than trading. These financial instruments include interest rate, currency swap and forward foreign exchange contracts. At December 31, 2000, Azurix had U.K. pound sterling interest rate swap contracts having a total notional principal amount of \$272.4 million. Interest rate swap contracts relating to notional principal amounts of \$179.4 million and \$93.0 million terminate in 2001 and 2002 through 2009, respectively. At December 31, 2000, Azurix had cross-currency swap contracts to exchange U.S. dollars of \$51.0 million to U.K. pound sterling of GBP30.0 million,

which expires in 2001, and Italian lire of 10.7 billion to U.K. pound sterling of GBP4.9 million, which expires in 2002. At December 31, 2000, Azurix had forward foreign exchange contracts having a total notional principal amount of \$5.5 million which terminate in 2001. In addition, Atlantic Water also has a currency option agreement with Enron whereby Atlantic Water can exchange U.K. pounds sterling up to GBP73.0 million for U.S. dollars at an exchange rate of \$1.71233 to GBP1.00. This agreement expires in 2001.

The carrying amount of cash and cash equivalents, trade accounts receivable (net of an allowance for doubtful accounts), affiliate notes and interest receivable, accounts payable and accruals and short-term debt approximates their fair value due to their short-term nature. The fair value of long-term debt and affiliate long-term debt is based on the quoted market prices for the same or similar issues or on the current rates offered to Azurix for debt of the same remaining maturities. The fair value of currency swap, forward exchange and interest rate swap contracts shown below was determined based on a model which estimates the fair value of these contracts using market rates in effect at each respective date or was based on quoted market prices for similar instruments with similar maturities. Judgment is necessarily required in interpreting market data and the use of different market assumptions or estimation methodologies may affect the estimated fair value amounts. The comparison of estimated fair value and carrying amount are as follows:

	December 31,	
	1999	2000
	(In millions)	
Long-term debt (including current maturities)(1)		
Estimated fair value	\$1,219.8	\$1,136.6
Carrying amount	1,338.1	1,430.9
Long-term debt - affiliates (including current maturities)		
Estimated fair value	54.6	103.5
Carrying amount	53.3	103.1
Derivatives:		
Interest rate swap contracts		
Estimated fair value	7.2	2.7
Carrying amount	-	-
Currency swap contracts(1)		
Estimated fair value	(2.8)	2.9
Carrying amount	(1.2)	(4.1)
Forward exchange contracts		
Estimated fair value	(0.8)	(0.3)
Carrying amount	-	-
Currency option agreement - affiliate		
Estimated fair value	7.1	0.2
Carrying amount	7.1	0.2

(1) The sum of the carrying amount for long-term debt and the currency swaps, as indicated above, equals long-term debt including current maturities (see Note 8).

Atlantic Water and Azurix are exposed to certain risks due to the nature of derivative financial instruments. In the event of non-performance by third parties, the amounts of interest rate, forward exchange and currency swap contracts are potentially subject to credit risk. Third parties to these contracts are major commercial banks with high-quality credit ratings. Accordingly, Atlantic Water does not anticipate non-performance by any of these counterparties on these financial instruments. Atlantic Water is exposed to market risk in the form of foreign exchange rate and interest rate risks. Several variable and fixed rate loans in foreign currencies are hedged through a combination of cross-currency swaps, forward exchange contracts and interest rate swaps.

NOTE 10 - INCOME TAXES

As discussed in Note 1, Atlantic Water and its wholly owned subsidiary, Bristol, are not taxable entities for U.S. federal income tax purposes. The following information relates to

Azurix's activities.

The components of income before minority interest and income taxes are as follows:

	November 30, 1998 (Date of Inception) to December 31, 1998	Year Ended December 31, 1999	Year Ended December 31, 2000
	(In millions)		
United States	\$(2.0)	\$(86.5)	\$(121.6)
United States trust income not subject to tax	0.9	43.7	(1.4)
Foreign	7.7	152.5	(351.8)
	\$ 6.6	\$109.7	\$(474.8)

	November 30, 1998 (Date of Inception) to December 31, 1998	Year Ended December 31, 1999	Year Ended December 31, 2000
	(In millions)		
Current tax expense:			
Federal	\$ -	\$ 0.9	\$ -
State	-	0.3	0.2
Foreign	0.7	14.1	7.9
	0.7	15.3	8.1
Deferred tax expense (benefit):			
Federal	-	(33.1)	(39.3)
State	-	0.1	-
Foreign	2.0	39.2	48.8
	2.0	6.2	9.5
Total income tax expense	\$2.7	\$ 21.5	\$ 17.6

Income tax benefit for the components of other comprehensive loss was \$0.3 million and \$0.1 million for the years ended December 31, 1999 and 2000, respectively.

The differences between taxes computed at the U.S. federal statutory tax rate and Atlantic Water's effective income tax rate are as follows (dollars in millions):

	November 30, 1998 (Date of Inception) to December 31, 1998		Year Ended December 31, 1999		Year Ended December 31, 2000	
	Amount	Percent	Amount	Percent	Amount	Percent
Statutory federal income tax provision	\$2.3	35.0%	\$ 38.4	35.0%	\$(166.2)	(35.0)%
U.S. loss not benefited (valuation allowance reversal)	0.7	10.4	(5.1)	(4.6)	-	-
Trust income not subject to tax	(0.3)	(4.5)	(15.3)	(13.9)	0.5	0.1
Foreign subsidiary company losses not benefited	-	-	-	-	166.9	35.1
Nondeductible goodwill amortization	0.3	4.5	6.3	5.7	7.1	1.5
Consolidated foreign earnings taxes at other than the U.S. rate	(0.3)	(4.5)	(2.5)	(2.3)	(7.1)	(1.5)
Equity income (loss) of foreign investment	-	-	(0.5)	(0.5)	13.6	2.9
Minority interest	-	-	(0.3)	(0.3)	(1.1)	(0.2)
Other	-	-	0.5	0.5	3.9	0.8

Total income tax expense	\$ 2.7	40.9%	\$ 21.5	19.6%	\$ 17.6	3.7%
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The principal components of Azurix's net deferred income tax liability are as follows:

	December 31,	
	1999	2000
	(In millions)	
Deferred income tax assets:		
U.K. Advance Corporation Tax (ACT) carryforward	\$ 67.8	\$ 23.2
U.S. tax loss and start-up expenditure carryforwards	36.3	80.6
Foreign net operating loss carryforwards	13.0	9.7
Tax credits in foreign jurisdictions	2.8	7.4
Basis differences in concession intangibles, property, plant and equipment and Other	7.9	163.4
Valuation allowance	(4.8)	(180.5)
Total deferred tax assets	123.0	103.8
Deferred income tax liabilities:		
Basis differences in property, plant and equipment	(515.1)	(466.8)
Liabilities not recognized for tax purposes and Other	(1.6)	(6.0)
Total deferred tax liabilities	(516.7)	(472.8)
Net deferred tax liabilities	\$(393.7)	\$(369.0)

Atlantic Water's results of operations for the year ended December 31, 2000 included the impairment of the equity method investment of the Mendoza concession company of \$55.0 million and the impairment of long-lived assets at the Buenos Aires concession of \$389.5 million. Due to the significant uncertainty regarding the Argentine investments (see Note 18), no deferred tax benefits were recorded for these impairments. In addition, at December 31, 2000, Azurix determined that a valuation allowance on its prior and current year Argentine deferred tax assets was required, resulting in a fourth quarter 2000 tax expense of \$18.5 million.

Azurix had U.K. Advance Corporation Tax credit carryforwards at December 31, 2000 of approximately \$23.2 million that can be used to offset U.K. taxes payable in future years. At December 31, 2000, the U.K. ACT credit had an indefinite carryforward period. At December 31, 2000, Azurix had foreign subsidiary company loss carryforwards of approximately \$27.6 million. Due to restrictions on the use of such loss carryforwards and uncertainty as to their ultimate usage, the related tax benefits have not been reflected in Atlantic Water's results of operations.

At December 31, 2000, Azurix had carryforwards of U.S. tax losses and start-up expenditures of approximately \$230.2 million that will begin to expire in 2019. During 1998, Azurix recorded a valuation allowance on a deferred tax asset of approximately \$5.1 million related to losses incurred in the United States. During the second quarter of 1999, Azurix determined that the available evidence attributable to the increased level of 1999 business activities (including consideration of the proceeds generated from the initial public offering and available U.S. tax planning strategies) indicated that it is more likely than not that the deferred tax asset associated with the 1998 U.S. losses will be realized. Accordingly, the valuation allowance of approximately \$5.1 million was reversed in the second quarter of 1999. Management has determined that no valuation allowance is necessary for the U.S. losses generated through the year ended December 31, 2000 due to expected future income and available tax planning strategies.

U.S. and foreign income taxes have been provided for earnings of foreign subsidiary and affiliate companies that are expected to be remitted to the U.S. Foreign subsidiaries' and affiliates' cumulative undistributed earnings of approximately \$277.7 million are considered to be indefinitely reinvested outside the United States and, accordingly, no U.S. income taxes have been provided thereon. In the event of a distribution of those earnings in the

form of dividends, Azurix may be subject to both foreign withholding taxes and U.S. income taxes net of allowable foreign tax credits.

NOTE 11 - SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes and interest expense is as follows:

	November 30, 1998 (Date of Inception) to December 31, 1998	Year Ended December 31, 1999	2000
	(In millions)		
Income taxes	\$ -	\$29.6	\$ 7.8
Interest expense (net of amounts capitalized)	9.6	47.7	115.7

Non-cash Transactions

The capital transactions, equity distributions and sale of Azurix stock described in Note 2, and principal repayments on a note receivable from Enron described in Note 12 were non-cash transactions. The related receipts and disbursements were made through a trustee in accordance with the Trust Agreement. During 2000, Azurix acquired assets by entering into capital leases totaling \$5.4 million.

NOTE 12 - RELATED PARTY TRANSACTIONS

On December 17, 1998, Atlantic Water entered into two unsecured loan agreements with Enron whereby Enron will pay to Atlantic Water an aggregate of \$249.0 million in six semi-annual installments beginning in June 1999. Each of the loan agreements accrues interest on the unpaid principal portion at 6.0% per annum. During 1999 and 2000, respectively, Enron funded to the trustee in accordance with the Trust Agreement, \$83.0 million and \$83.0 million in principal payments. These notes receivable are classified as non-current assets as the proceeds are not expected to be available to meet working capital requirements (see Note 17). The balance outstanding at December 31, 1999 and 2000 was \$166.0 million and \$83.0 million, respectively. Interest income of \$0.6 million, \$13.5 million and \$8.5 million was recorded during 1998, 1999 and 2000, respectively.

In accordance with the terms of the Trust Agreement, Atlantic Water incurred general and administrative expenses of \$7.3 million and \$13.8 million related to administrative services provided by Enron during 1999 and 2000, respectively.

Enron and Azurix have entered into an agreement that limits the scope of Azurix's business and provides that Enron and its affiliates may engage in water related businesses, even if those businesses have a competitive impact on Azurix. In general, Enron is permitted to engage in any business whatsoever, including water, wastewater and other businesses competing with Azurix, provided the business is conducted and opportunities are identified and developed through Enron's own personnel and not through those of Azurix. If an opportunity in the water industry is presented to a person who is an officer or director of both Enron and Azurix, the opportunity must first be offered to Azurix, unless water constitutes a minority of the fair market value of the opportunity, as determined by that officer or director in good faith based on information available at the time.

During 1998, 1999 and 2000, Enron provided various services to Azurix. In 1999, Azurix signed agreements with Enron pursuant to which Enron will continue to provide such services which include among other things, information technology, office space, building maintenance, security and other office services as well as employee development, training, maintenance of compensation and other benefits programs and the use of Enron-owned aircraft. Azurix may utilize Enron's regulatory affairs, marketing affairs, treasury and risk assessment and control departments. In addition, Azurix may continue to participate in Enron's corporate insurance program. The agreement provides that Azurix may use the international offices of Enron and its affiliates for projects, subject to mutual agreement with Enron or its affiliates on a

project-by-project basis. The agreement provides that Azurix will reimburse Enron for direct charges related to Enron services and facilities that it utilizes. Azurix is also allocated an amount for overhead charges related to Enron corporate staff and support services which it utilizes. This overhead charge is allocated based upon factors such as employee headcount, payroll and square footage. The agreement is for an indefinite term, but either party may terminate the agreement on 180 days' notice. During 1998, 1999 and 2000, the expense recorded for these services was approximately \$1.5 million, \$6.6 million and \$2.9 million, respectively.

Employees of Azurix are covered by various employee benefit plans of Enron such as medical, dental, life insurance and other benefit plans. These costs are allocated to Azurix based upon Enron's costs of administering and providing the benefit plans. During 1998, 1999 and 2000, the expense recorded under the plan arrangements was approximately \$1.4 million, \$2.3 million and \$1.4 million, respectively.

Management believes the above allocation methods and costs are reasonable.

During 1998 and 1999, Enron advanced to Azurix \$17.7 million and \$53.4 million, respectively, related to office space and other services provided by Enron and the cost of various benefit plans for certain employees, each described above, and to fund Azurix's investment in and advances to its Cancun affiliate. The entire amount of the advances were repaid in June 1999 with the proceeds from Azurix's initial public offering of its common stock.

A former director of a subsidiary of Wessex owns certain assets utilized in the subsidiary's operations. The subsidiary was charged \$0.1 million and \$0.2 million for the use of those assets during 1998 and the period in 1999 while serving as a director, respectively.

Enron has made available letters of credit on behalf of Azurix's subsidiaries in the aggregate amount of approximately \$16 million as of December 31, 1999. Azurix paid, or reimbursed Enron for, the fees associated with these letters of credit. There were no letters of credit made available by Enron on behalf of Azurix as of December 31, 2000.

During 1999 and through March 31, 2000, Enron guaranteed debt and letter of credit obligations of up to \$25 million on behalf of Azurix North America to a bank under terms of the bank credit facilities in exchange for, among other things, the elimination of requirements for various assets to be pledged. As of December 31, 1999, \$16.4 million of letter of credit obligations were outstanding under this credit facility, and thus guaranteed by Enron. While the guarantee was outstanding, Azurix paid a fee to Enron of \$0.3 million per annum.

During 2000, Azurix provided certain services that included arranging, negotiating and structuring water supply arrangements for a project being developed by an Enron subsidiary. Revenues earned and received during 2000 related to these services were \$1.1 million. Under a separate agreement with the Enron subsidiary, Azurix has agreed to provide future water supply and water management services to the project for a period of approximately 25 years. Future services to be provided under this agreement are contingent upon the Enron subsidiary receiving certain government approvals to proceed with its project.

Azurix has long-term debt with affiliates (see Note 8).

NOTE 13 - PENSION AND OTHER POSTRETIREMENT BENEFITS

Azurix has various pension plans through its subsidiaries which include both defined benefit and defined contribution plans.

During 1999, Wessex maintained three defined benefit pension plans that covered substantially all of its employees. On January 1, 2000, these plans were merged into a single plan. The plan assets are held in separate trustee administered funds and consist primarily of equity and debt securities. Wessex's funding policy is to contribute to the plan sufficient to satisfy legal funding requirements. Azurix Buenos Aires maintains a defined benefit plan and Lurgi Bamag maintains a defined benefit plan and a postretirement benefit plan. These plans have no assets because Azurix Buenos Aires and Lurgi Bamag have not previously provided funding. The pension costs for these plans charged to the Consolidated Statements of Income (Loss) have been determined on the advice of independent qualified actuaries and are accrued over the service lives of the employees expected to be eligible to receive such benefits.

The weighted average assumptions used in the actuarial computations for the defined benefit plans of Wessex, Azurix

Buenos Aires and Lurgi Bamag and the postretirement plan of Lurgi Bamag are shown below:

	Pension Benefits		Postretirement Benefits	
	Year Ended December 31, 1999	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 2000
	(In millions)			
Discount rate	5.8%	5.8%	6.0%	6.5%
Expected long-term rate of return on plan assets	6.5	6.8	-	-
Rate of compensation increase	4.3	3.5	3.0	3.0

For the measurement purposes of postretirement benefits, a 4.0% annual rate of increase in healthcare costs was assumed for the years ended December 31, 1999 and 2000.

The following represents the obligations, plan assets and funded status for the defined benefit pension plans and postretirement plan:

	Pension Benefits		Postretirement Benefits	
	Year Ended December 31, 1999	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 2000
	(In millions)			
Change in benefit obligation:				
Benefit obligation at beginning of period	\$246.2	\$289.3	\$ -	\$ 0.7
Obligation acquired from business acquisitions	11.9	-	0.7	-
Service cost	7.8	6.9	-	-
Past service cost	13.9	-	-	-
Interest cost	13.2	16.1	-	-
Plan participants' contributions	3.5	3.8	-	-
Actuarial loss (gain)	8.4	7.4	-	(0.1)
Benefits paid	(7.7)	(12.1)	-	-
Exchange difference	(7.9)	(21.6)	-	-
Benefit obligation at end of period	\$289.3	\$289.8	\$ 0.7	\$ 0.6
Change in plan assets:				
Fair value of plan assets at beginning of period	\$259.2	\$290.2	\$ -	\$ -
Actual return on plan assets	40.4	1.0	-	-
Employer contribution	1.9	15.8	-	-
Plan participants' contributions	3.6	3.8	-	-
Benefits paid	(7.6)	(11.5)	-	-
Exchange difference	(7.3)	(21.6)	-	-
Fair value of plan assets at end of period	\$290.2	\$277.7	\$ -	\$ -
Funded status:				
Fair value of plan assets	\$290.2	\$277.7	\$ -	\$ -
Projected benefit obligation	289.3	289.8	0.7	0.6
Funded status	0.9	(12.1)	(0.7)	(0.6)
Unrecognized past service cost	13.8	11.8	-	-
Unrecognized net actuarial gain (loss)	(22.5)	4.2	-	(0.1)
Prepaid benefit cost (accrued benefit liability)	\$ (7.8)	\$ 3.9	\$(0.7)	\$(0.7)

Net periodic benefit cost includes the following components:

	Pension Benefits		Postretirement Benefits	
	Year Ended December 31, 1999	Year Ended December 31, 2000	Year Ended December 31, 1999	Year Ended December 31, 2000
	(In millions)			
Service cost	\$ 7.8	\$ 6.9	\$ -	\$ -
Interest cost	13.2	16.1	-	-
Amortization of prior service costs	-	0.9	-	-

Expected return on plan assets	(16.3)	(18.9)	-	-
Net periodic benefit cost	\$ 4.7	\$ 5.0	\$ -	\$ -

A 1% change in assumed healthcare cost trend rates would have the following effects for the year ended December 31, 2000:

	1% Increase	1% Decrease
	(In millions)	
Effect on total service and interest cost components	\$ -	\$ -
Effect on post retirement benefit obligation	0.1	0.1

Azurix North America contributes to defined contribution plans for a number of its employees in the U.S. and Canada. Contributions to these plans totaled \$0.4 million during the period in 1999 that Azurix owned Azurix North America and \$0.3 million in 2000. Contributions to the defined contribution plans are based on percentages of compensation varying from 1% to 15% of compensation, and in some instances are based upon the amount of the employees' contributions to the plans. In any event, contributions are limited to \$3,000 per employee per annum.

Azurix North America also contributes to a multi-employer union pension plan for certain union employees. These contributions are based on amounts negotiated between the union and the participating employers. There were no contributions related to the multi-employer plan during 1999 or 2000 because the plan is currently over funded.

NOTE 14 - STOCK PLANS

In February 1999, Azurix established a stock plan that provides for the granting or awarding of stock options and restricted stock to directors, officers and key employees of Azurix and members of the Azurix Board of Directors. Options granted may be either incentive stock options or non-qualified stock options and are granted at not less than the fair market value of the stock on the date of grant. At any particular time, the number of shares of common stock issued under the plan may not exceed 15% of the total number of shares of common stock outstanding. These stock options generally vest over three to five years and will be exercisable for 10 years after the date of grant. On March 16, 2001, all options and unvested restricted stock outstanding under the stock plan were cancelled (see Note 21).

Azurix applies Accounting Principles Board Opinion No. 25, "Accounting For Stock Issued To Employees," and related interpretations in accounting for stock options issued under the plan. Accordingly, no compensation expense has been recognized for the stock options granted. Had compensation cost been recognized based on the fair value of options granted at the grant dates for awards under the plan, Atlantic Water's net income (loss) for the years ended 1999 and 2000 would have been \$62.2 million and \$(325.2) million, respectively.

The fair value of options granted in 1999 and 2000 was estimated on the date of grant using the Black-Scholes option pricing model assuming no expected dividend yield, weighted average expected life of 3.8 years and 4.2 years, respectively, expected volatility of 82.5% and 57.4%, respectively, and a weighted average risk-free interest rate of 5.4% and 6.4%, respectively.

Summarized information for Azurix's stock option plan is as follows:

(Options in Thousands)	1999		2000	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of year	-	-	10,253	\$13.79
Granted	12,374	\$14.31	2,016	7.49

Exercised	-	-	(251)	6.94
Forfeited	(2,121)	16.81	(4,917)	14.42
Options outstanding, end of year	10,253	13.79	7,101	11.82
Weighted average fair value of options granted		8.58		3.85

The following table summarizes information about stock options outstanding at December 31, 2000 (options in thousands):

Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$ 4.00 to \$ 7.63	3,742	9.4 years	\$ 7.17
14.25 to 21.56	3,359	8.1 years	16.99

NOTE 15 - EXTRAORDINARY LOSS

In May 1999, Azurix Europe retired borrowings under its former senior credit facility and terminated the facility prior to its maturity. Unamortized deferred financing fees related to this facility of \$9.8 million (\$6.8 million net of tax benefit) were charged to income as an extraordinary loss.

NOTE 16 - RESTRUCTURING CHARGE

In 1998, Azurix adopted a business strategy focused on growth through acquisitions and development projects around the world. During the fourth quarter of 1998 and the first half of 1999, Azurix initiated a business development effort requiring increased personnel to pursue and support acquisition and privatization activities worldwide. The initiative was based on Azurix's expectations as to the size, number, location and timing of privatization projects that would be awarded in 1999, 2000 and beyond. During the second half of 1999, several large privatization projects were postponed or cancelled. In the fourth quarter of 1999, Azurix reevaluated its cost structure in relation to its business development efforts. As a result, Azurix announced a plan to restructure its operations, which resulted in Azurix recording a one-time, pre-tax expense totaling \$34.2 million in the fourth quarter of 1999. The restructuring plan included reducing personnel, reducing leased office space and eliminating other costs relating to the pursuit of concessions in certain regions.

The restructuring plan was completed in the fourth quarter of 2000 and involved the elimination of 213 employee positions working in the concession acquisition effort. Certain employee contracts allowed Azurix to make payments for up to five years. The restructuring liability of \$5.4 million at December 31, 2000 is related to these long-term severance agreements and \$2.7 million has been classified in "Accounts payable and accruals" and \$2.7 million has been classified in "Other long-term liabilities" on the Consolidated Balance Sheet. There were no adjustments necessary to the restructuring liability during the year ended December 31, 2000.

NOTE 17 - TRUST EQUITY

Beneficial Interest

During 1998, Atlantic Water issued both Class A and Class B Beneficial Interests (see Note 2).

Equity Allocations and Distributions

In accordance with the terms of the Trust Agreement, the holders of the Class A and Class B Beneficial Interests share disproportionately in cash distributions during the life of the Trust, or upon liquidation rather than based upon the respective voting ownership percentages in Atlantic Water. The holder of the Class A Beneficial Interest will receive distributions on a priority basis or pro rata with the Class B Beneficial Interest, based on various factors described in the Trust Agreement.

Atlantic Water is required to make an equity distribution to Marlin semi-annually. Payments of the equity distributions totaled \$75.7 million and \$69.1 million in 1999 and 2000,

respectively.

NOTE 18 - ASSET IMPAIRMENTS

In 1999, Azurix, through its subsidiary Azurix Buenos Aires S.A., was awarded and assumed operations of a water and wastewater concession in the Province of Buenos Aires, Argentina. In addition to the \$438.6 million paid to the provincial government to acquire the concession contract, under the terms of the concession contract, Azurix is required to complete an investment program which it began in 1999. Azurix currently owns 90% of Azurix Buenos Aires.

Azurix believes that the provincial government has violated the terms of the concession contract through such acts as limiting the amount Azurix can charge customers to levels below those specified in the concession contract and failing to complete and deliver infrastructure and other assets, including algae treatment works at Bahia Blanca. Azurix notified the provincial government of these and other violations in 2000. These violations have negatively impacted concession cash flows, ability to raise capital to fund the investment program of the concession and ability to provide services to the concession customers.

Failure by the provincial government to comply with the terms of the concession contract, lack of progress in reaching resolution on these issues, despite oral assurances from provincial officials to reach resolution by year-end 2000, and prominent government officials publicly stating that Azurix should be removed as operator of the concession during the last week of 2000, resulted in Azurix evaluating its investment in the concession and related property, plant and equipment for impairment. Based on this review, in the fourth quarter of 2000, Azurix adjusted the carrying values of the concession intangible and related property, plant and equipment to their fair value by recording an impairment of \$389.5 million (pre-tax and after-tax) which is included in "Impairment of long-lived assets" in the Consolidated Statements of Income (Loss). Fair value was determined based on the present value of expected future cash flows from the concession, discounted using a risk-adjusted rate.

During 2000, there were water supply and quality problems experienced by areas within the concession, which Azurix attributes to failure of the Province to meet the terms of the concession agreement. In addition, there was negative publicity generated from growing political opposition as discussed above. Azurix recorded an additional charge of \$11.0 million (pre-tax and after-tax) in the fourth quarter of 2000 to reflect the impact of these items on accounts receivable collections. This amount is included in "Operations and maintenance" expense in the Consolidated Statements of Income (Loss).

As a result of the review of future cash flows discussed above, Azurix believes that sufficient uncertainty exists regarding the realizability of Argentine tax loss carryforwards such that a valuation allowance was appropriate at December 31, 2000 (see Note 10). This resulted in an additional tax expense of \$18.5 million in the fourth quarter of 2000.

Azurix has a 32.1% equity method investment in Obras Sanitarias Mendoza S.A., which owns a water and wastewater concession in the Province of Mendoza, Argentina. As a result of events related to its investment in the concession in the Province of Buenos Aires, Argentina discussed above, Azurix evaluated the fair value of its investment in the Mendoza concession. Fair value was determined based on the present value of expected future cash flows from the concession, discounted using a risk-adjusted rate. The resulting fair value was less than Azurix's carrying value and this loss in value was determined to be other than a temporary decline. Accordingly, Azurix recorded an impairment of \$55.0 million (pre-tax and after-tax) in the fourth quarter of 2000. This amount is included in "Impairment of investment in unconsolidated affiliate" in the Consolidated Statements of Income (Loss).

During 2000, Azurix decided to sell its investment in its e-business marketplace WaterDesk.comTM. An initial attempt to sell WaterDesk as a public marketplace solution for the water and wastewater industry was terminated in the fourth quarter of 2000. Azurix is currently attempting to sell WaterDesk as a private marketplace or an internal procurement tool for one or several companies to conduct inter-company commerce. Azurix believes the fair market value of WaterDesk used in this latter capacity has a lower value than if it were utilized as a public marketplace solution for the entire water and wastewater industry. As a result, Azurix recorded in the fourth quarter of 2000, a \$12.3 million pre-tax impairment of its long-lived assets that comprise WaterDesk. This amount is included in "Impairment of long-lived assets" in the Consolidated Statements of Income (Loss).

NOTE 19 - RESTRICTED NET ASSETS OF SUBSIDIARIES

Certain subsidiaries of Atlantic Water have governmental and regulatory restrictions or approvals required in order to pay dividends or to make intercompany loans and advances to it. The amount of restricted net assets of Atlantic Water subsidiaries at December 31, 1999 and 2000 is approximately \$1.6 billion.

NOTE 20 - COMMITMENTS AND CONTINGENCIES

Commitments

Azurix leases office space from Enron (see Note 12). Azurix has no contractual obligation under these office lease agreements but pays to Enron the amount determined in the lease or the contract rate applied to square footage occupied. Azurix incurred rent expense to Enron for office space totaling \$0.3 million, \$1.7 million and \$1.8 million in 1998, 1999 and 2000, respectively.

Azurix leases property under various operating leases. Rental expense related to these leases for the years ended December 31, 1998, 1999 and 2000 were \$0.2 million, \$2.1 million and \$7.4 million, respectively. Future minimum operating lease payments as of December 31, 2000, in the aggregate and for each of the five succeeding fiscal years, are as follows:

(In millions)

2001	\$ 4.7
2002	4.0
2003	3.1
2004	1.7
2005	0.3
2006 and beyond	0.2
Total minimum lease payments	\$14.0

Azurix, through Wessex and Azurix Buenos Aires, as owner of government regulated water and wastewater concessions, is required to undertake a significant capital investment program to meet statutory water quality and environmental standards. It is currently estimated that the capital expenditure programs at Wessex and Azurix Buenos Aires, along with the capital expenditure commitments of other Azurix subsidiaries, will require expenditures over the next five years of approximately \$1.4 billion.

The former parent of Lurgi Bamag had guaranteed reimbursement obligations for approximately \$27 million of letters of credit issued on behalf of Lurgi Bamag. Azurix has agreed to indemnify the former parent of any payments under that guarantee.

Azurix has contingent payment obligations to former owners of acquired entities under certain negotiated formulas. Currently, Azurix cannot assess the likelihood that payments under these obligations will occur.

Litigation

Azurix is involved in various claims and lawsuits, the significant items of which are discussed below. Although no assurances can be given, Azurix believes, after considering appropriate reserves that have been established and except where noted below, that the ultimate resolution of such items will not have a material adverse effect on its financial position or results of operations.

As previously reported in Azurix's Annual Report on Form 10-K for the year ended December 31, 1999 and other filings, on November 1, 1999, Synagro filed a lawsuit against Azurix styled Synagro Technologies, Inc. v. Azurix Corp., in the 270th Judicial District Court of Harris County, Texas. The lawsuit relates to various agreements between the parties regarding potential business transactions and the possible acquisition by Azurix of two subsidiaries of Waste Management, Inc., commonly called BioGro. On May 9, 2000, Synagro filed its First Amended Petition in the District Court seeking (i) damages in excess of \$57 million resulting from the alleged breach by Azurix to purchase up to \$23 million of Synagro convertible preferred stock and (ii) unspecified damages resulting from Azurix's alleged breach of confidentiality and standstill agreements. On August 4, 2000, Azurix filed its First Amended Answer and Counterclaim (i) denying all of the material allegations contained in Synagro's First Amended Petition and (ii) seeking damages in excess of \$175

million for misrepresentations by Synagro that induced Azurix to agree to restrictions on its ability to purchase BioGro and to enter into negotiations with Synagro and Synagro's interference with Azurix's acquisition of BioGro. Azurix intends to continue to vigorously defend itself against Synagro's claims and to continue to pursue its claims for damages resulting from Synagro's conduct regarding BioGro. The parties have agreed to a trial date in September 2001. Although no assurances can be given, Azurix believes that the ultimate resolution of this litigation will not have a material adverse effect on its financial position or results of operations.

On October 6, 2000, a lawsuit was filed in the United States District Court for the Southern District of Texas, Houston Division, by Irving Rosenzweig, on behalf of himself and others similarly situated, against Azurix Corp., Enron Corp. and certain of their officers and directors. The suit is a purported class action filed on behalf of those persons who purchased the common stock of Azurix during the period from June 9, 1999, the date of Azurix's initial public offering, through and including August 8, 2000. The suit generally alleges that the defendants violated Sections 11, 12(a) and 15 of the Securities Act of 1933, Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5. The plaintiff contends that the defendants issued and disseminated materially false and misleading information to the plaintiff and the investing public in connection with Azurix's initial public offering and during the class period. The plaintiff seeks rescissory and/or compensatory damages, interest and costs, including attorneys and experts fees. The plaintiff also seeks extraordinary and/or injunctive relief, including attaching, impounding, imposing a constructive trust upon or otherwise restricting the proceeds of defendants' trading activities or their other assets so as to assure that plaintiffs have an effective remedy. Several similar actions have been filed in the United States District Court for the Southern District of Texas and have been consolidated. These lawsuits are subject to the Private Securities Litigations Reform Act of 1995 and in each case the plaintiff seeks to have the action certified as a class action with plaintiff as the class representative. Azurix intends to deny the allegations in each complaint and defend these cases vigorously. At this early stage of the litigation, it is not possible to estimate potential damages, if any. If liability were established, an unfavorable judgment or settlement could have a material adverse effect on Azurix's financial position and results of operations.

On October 27, 2000, a lawsuit was filed in the Court of Chancery in the State of Delaware, New Castle County, by Thomas Turberg against Azurix Corp., Enron Corp., and certain of their officers and directors. The suit is a purported class action filed on behalf of Azurix's public shareholders for the purpose of enjoining a transaction proposed by Enron for taking Azurix private at a price of \$7.00 for each of Azurix's publicly held shares. The letter from Enron making this proposal and the related press release issued by Azurix were filed with the Securities and Exchange Commission on October 27, 2000, as exhibits to Azurix's Current Report on Form 8-K. The suit generally alleged that the buy-out price of \$7.00 per share was unconscionable and unfair and grossly inadequate and that the defendants have breached their duties of loyalty and care with respect to Azurix's public shareholders. The plaintiff sought a judgment (i) enjoining the acquisition under the terms proposed in the letter; (ii) to the extent the transaction is consummated prior to a final judgment, rescinding the transaction or awarding rescissory damages to the class; (iii) directing that the defendants account to the plaintiff and the class for all damages caused to them and account for all profits and any special benefits obtained by the defendants as a result of their alleged unlawful conduct; (iv) awarding to the plaintiff the costs and disbursements of the lawsuit, including a reasonable allowance for attorney fees and expenses; and (v) granting such other and further relief as the court deems appropriate. Six similar actions were subsequently filed in the Court of Chancery in the State of Delaware, New Castle County and all Delaware actions have been consolidated into a single action. In addition, a similar action was filed in the 55th Judicial District Court of Harris County, Texas. Certain of the actions filed in the Delaware court have added Atlantic Water as a defendant. On December 13, 2000, the parties to the litigation executed a Memorandum of Understanding that settled both the Delaware and Texas actions in principle. Under the proposed settlement, the defendants acknowledged that the prosecution of the litigation

was a material factor in causing Enron to increase the merger consideration from \$7.00 to \$8.375 per share. The proposed settlement provides that the defendants will not oppose plaintiffs' application for attorneys' fees and expenses up to \$2.25 million, which Enron has agreed to pay. The proposed settlement is subject to the execution of definitive settlement documents, confirmatory discovery, and court approval.

Issues regarding water quality or quantity have arisen in various areas served by Azurix Buenos Aires. Azurix believes these episodes for the most part are due to failures by the Province to deliver infrastructure that it committed to deliver under the concession contract. In a few instances, customers of Azurix Buenos Aires have filed claims for damages due to allegedly inadequate water quality. Although to date these claims have not been for material amounts, other claims regarding quality or quantity may be filed in the future, the amount of which Azurix cannot predict. Azurix would defend any such claims vigorously, if made, and would seek to have the Province of Buenos Aires brought in as a defendant and reimbursement from the Province for any liability, if assessed. Because no material claims have been asserted to date, Azurix is not in a position to assess the likelihood of assertion or of Azurix Buenos Aires prevailing on those claims.

Regulation

Azurix is subject to extensive federal, foreign, state and local environmental laws and regulations. Azurix anticipates future changes in, or decisions affecting, regulatory regimes that will serve to expand or tighten regulatory controls. Some of these changes or decisions could have a material adverse effect on its financial position and results of operations.

Most of Azurix's revenues are subject to governmental regulation of the rates that it charges to its customers. On November 25, 1999, the U.K. water regulator, the Director General of Water Services, announced price limits for U.K. water companies for the period April 1, 2000 through March 31, 2005. Wessex was notified of a determination of a 12.0% price cut effective April 2, 2000, before adjustment for inflation. The announcement included level prices through March 2003 with annual price increases effective April 1, 2003 of 3.8% and April 1, 2004 of 4.7%, before adjustment for inflation. Wessex's regulated operating revenues represented approximately 53% of Azurix's total operating revenues for the year ended December 31, 2000. The outcome of the periodic review is expected to reduce Wessex's regulated operating revenues from 1999-2000 to 2000-2001 by 12.0%, before adjustment for inflation (or by approximately 10% after adjustments for inflation and other factors), and thus materially reduce Azurix's cash flow and earnings. However, Azurix does not expect this will have a material adverse effect on its financial position.

Wessex currently has a virtual monopoly over water supply and wastewater services within its service region, with the exception of the areas around and including the cities of Bristol and Bournemouth and a small area of rural Wiltshire, where three other companies provide only water and Wessex provides wastewater services. This may change in the future, however, as the U.K. Government and the Director are seeking to increase competition in the water sector.

At the end of 2000, the U.K. government published new proposals. The key features include, among other things, that the Director would have the primary duty to protect consumer interests, which can include promoting competition, that competition would be reviewed in light of industry proposals on restructuring, increased level of fines, that companies would be required to provide consumers with comparative performance data and licenses for abstracting water would be reformed, including placing time limits on licenses, allowing civil actions for damages caused by abstraction and ending compensation for removal of a license after 2012. The final contents of this legislation and the timing of its enactment are uncertain, but it is unlikely to take effect prior to 2002.

In connection with Wessex's most recent periodic review of price limits, the Director has estimated that the cost of the capital expenditures that Wessex will be required to make during the period 2000 to 2004, will be approximately GBP764 (\$1,143) million. The determination assumed an after-tax cost of capital for Wessex of 4.75%.

Azurix believes that the provincial government of Buenos Aires has failed to permit Azurix Buenos Aires to charge rates in accordance with the tariff set by the concession contract and to deliver infrastructure and other assets as required by the

concession contract, thereby affecting its ability to raise capital and to serve its customers. Negotiations with the province thus far have failed to result in resolution of disputed items, despite oral assurances from provincial officials to Azurix Buenos Aires management that various matters would be resolved by the end of 2000, including allowing Azurix to charge rates at levels consistent with the concession contract. In addition, during the last week of December 2000, some prominent officials in the Province publicly advocated canceling the concession. Azurix does not believe the Province has grounds for cancellation without compensation and is vigorously challenging the Province's actions and will continue to do so; however, the lack of resolution on rates by December 31, 2000, and a shift in the political environment during the last week of 2000 caused Azurix to revise its expectation of future cash flows from this concession, including collection rates from customers, and to evaluate the recoverability of related tax assets. Accordingly, Azurix has written down the carrying value of the concession intangible and related property, plant and equipment to its fair value. In addition it has recorded an increase in bad debt expense and recorded a valuation allowance against its Argentine tax loss carryforwards (see Note 17).

On February 15, 2001, the Province and Azurix Buenos Aires entered into a Memorandum of Understanding regarding a variety of issues between them. The Memorandum of Understanding, among other things, established an investment program for 2001 at a lower level than previously required and established a framework for negotiating issues associated with tariff levels and the remaining capital program. There is no assurance, however, that these negotiations will result in a resolution satisfactory to Azurix or the Province.

NOTE 21 - SUBSEQUENT EVENTS

On March 16, 2001, shareholders of Azurix approved and adopted the Agreement and Plan of Merger by and among Enron, Enron BW Corp., a wholly owned indirect subsidiary of Enron, and Azurix dated as of December 15, 2000. The merger was consummated on March 16, 2001, at which time Enron BW Corp. was merged into Azurix with Azurix being the surviving corporation.

Under the Agreement and Plan of Merger, each issued and outstanding share of Azurix common stock, other than those shares held by Atlantic Water, Enron, Enron BW Corp., Azurix and any of their wholly owned subsidiaries, was cancelled and converted into the right to receive \$8.375 per share. On the date of the merger, Enron BW Corp. had \$325.9 million of cash that was used to pay consideration to the public shareholders whose shares were cancelled. As a result of the merger and effective on the merger date, Azurix had three shares of common stock outstanding, of which Atlantic Water holds two, and Azurix common stock ceased to be publicly held.

Pursuant to the terms of the Agreement and Plan of Merger, on March 16, 2001, all Azurix stock options and unvested restricted stock outstanding were cancelled. Holders of the options received a cash payment, less applicable withholding taxes, for both vested and unvested options, based on the excess of \$8.375 over the exercise price per share. Holders of unvested restricted stock received a cash payment of \$8.375 per share, less applicable withholding taxes. These payments resulted in Azurix recognizing a pre-tax charge of approximately \$4.3 million in the first quarter of 2001.

In addition, under the Agreement and Plan of Merger, Azurix retired \$180 million of borrowings outstanding on March 16, 2001 under the Enron credit agreement through the issuance to Enron of 11% cumulative mandatorily redeemable preferred stock with an initial liquidation preference of \$180 million. The preferred stock may not be redeemed by Azurix prior to the date that all of its senior notes due 2007 and 2010 have been redeemed. The preferred stock must be redeemed on or before the second anniversary of the date that the senior notes are no longer outstanding. Dividends will accrue, but will not be paid until all of its senior notes have been redeemed.