

# Morning Meeting Note

## The Investext Group

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CREDIT SUISSE FIRST BOSTON CORPORATION

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STRONG BUY

Target Price: 84.00 (US\$)

Enron Corp. (ENE)

Mgmt Depth, Trends Positive & P/E of 16.4x '02, Strong Buy

Summary

ENE fell a further 8% yesterday mostly related to speculation of negative issues surrounding the departure of Mr. Jeff Skilling as CEO. A "Wall Street Journal" story quoting Mr. Skilling's departure as related to the recent share price decline added to concerns.

Our previous analyses, the clarity of ENE's 2Q 10Q and intensive meetings with ENE management continue to show no truth to any of the speculations, which caused the share price decline.

Further comments and discussions show that business trends are good and ENE is in position to meet or exceed the 20% eps growth rate model we have estimated.

Enumeration of specific goals relative to International asset sales that will be additive to earnings and returns, Wholesale and Energy Services volume and margin improvement and the "best liquidity" position ever for the company add to its attraction, in our opinion.

Our estimates of \$1.80 for '01 and \$2.25 in '02 appear conservative. With ENE trading at 16.4x our '02 estimate we regard the shares as capable of a short term rebound to \$45-\$50 per share - a P/E in line with the longer-term visible growth rate.

Our rating for ENE remains Strong Buy. Our target price of \$84 consists of \$47 for Wholesale, \$30 for Energy Services and \$7 for pipelines and other. (Please see report dated July 12, '01).

Price	Target		Mkt. Value	52-Week		
16 Aug 01	(12 Months)	Div	Yield(%)	(\$m) Price Range		
36.85(\$)	84.00(\$)	0.50	1.4%	27,493.97	90.00 - 42.15	
	Annual	Prev.	Abs.	Rel.	EBIDAX	EV/
	EPS(\$)	EPS	P/E(x)	P/E(%)	(\$m)	EBIDAX(x)
12/02E	2.25		16.4			
12/01E	1.80		20.5			
12/00A	1.47		25.1			
	Q1	Q2	Q3	Q4		
2002E						
2001E	0.47	0.45	0.42	0.56		
2000A	0.45	0.34	0.34	0.41		
ROGIC(12/00A %)		8.1%				

Net debt(12/00A \$m) 10,836  
Net debt/Total cap.(12/00A %) 45.4  
Book value/share(12/00A) 13.41  
Number of Shares(m) 746.11  
1On 08/13/01 the S&P500 index closed at 1191.29.  
2Economic profit trend.

Enron is a diversified worldwide energy company, headquartered in Houston, Texas. Enron's assets range from a nationwide transmission system to power plants and pipelines all over the world.

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