

October 12, 1999

# ENRON CORPORATION

3Q of \$0.27/Share In-Line with Expectations

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Robertson Stephens Enron Corporation				ENE	Robertson Stephens \$39.06			
Energy Technologies & Services					10/12/99			
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Change in	Yes/No	Was	Is	FY Dec	1999E	2000E	2001E	
...Rating:	No		BUY	EPS: 1Q	\$0.34	\$0.30		
...EPS 1998A:	No		\$1.01	2Q	\$0.27	\$0.32		
...EPS 1999E:	No		\$1.17	3Q	\$0.27	\$0.35		
...EPS 2000E:	No		\$1.35	4Q	\$0.29	\$0.38		
...EPS 2001E:	Yes		\$1.55	Year	\$1.17	\$1.35	\$1.55	
52-Week Range:			25-45	P/E	33.4	29.0	25.1	
Shrs Out (MM):			781.1	Cal Year	\$1.17	\$1.35	\$1.55	
Market Cap (\$MM):			\$30,512	Cal P/E	33.4	29.0	25.1	
Average Daily Volume (000):			1,790.4	Revs(\$M)	1999E	2000E	2001E	
12/98 Book Value/Share:			\$9.02	1Q	\$7,632	\$8,871		
1998 ROE:			11.1%	2Q	\$9,672	\$11,911		
1998 IBIT Margin			5.1%	3Q	\$11,835	\$13,108		
Tot. dbt / cap as of 12/98:			24.8%	4Q	\$9,973	\$13,622		
12/98 Net Cash/Share			\$0.14	Year	\$39,112	\$47,511	\$54,708	
Dividend/Yield:			1.3%	EqtyMkt/Rev	0.8	0.6	0.6	
3 Year Sec Growth Rate:			15%					

### Key Points:

- Enron reported 3Q earnings of \$0.27 per share versus our estimate of \$0.28. Net income of \$223 million was dead-on with our estimate of \$220 million, and revenues of \$11.8 billion slightly outran our estimate of \$11.4 billion. All in all, in our view, another solid quarter, and nothing in the numbers or management's comments would suggest anything awry in Enron's current business model relative to the markets that it serves. We maintain our "Buy" rating on this stock.
- We agree with what we believe is Enron's view of the domestic power market: rapidly opening to competition, likely to remain highly volatile in the near-term due to capacity and transmission constraints, very likely to be overbuilt at some point in the future, and exposed to potential increases in the price of natural gas. We believe the key to success in the new power market is flexibility, and we view Enron, with its investments in real options throughout the energy value chain, as being among the most nimble and adaptable of the new energy providers.
- We are establishing quarterly earnings estimates for the year 2000 (\$0.30, \$0.32, \$0.35, \$0.38) that ramp smoothly to our full year estimate of \$1.35/share; for the year 2001, we are setting a point estimate of \$1.55/share. The key elements to that projection are a 14.9% increase in IBIT from Wholesale Energy Operations and Services to \$1.64 billion and IBIT from Retail Energy Services of \$124 million (see model for full details).

### ***3Q Recap***

The company's press release speaks for itself. On the conference call, the following additional information came out:

- Retail Energy Services- Produced its best quarter yet. Still on track for cash and earnings positive results in 4Q. Signed contracts covering \$2.5 billion of energy expenditures in 3Q 1999 versus \$850 million in 3Q 1998. Expect to beat the forecast of \$8 billion in contract signings for full year. Contracts that are coming in are weighted toward full outsourcing agreements with high service content, which puts them at the high end of the 6-10% margin range expected in this business.
- Domestic power- Tight, volatile market in 3Q. Trading volumes down, again reflecting contraction in activity generally this year versus last. Company's peaking plants in Midwest were able to take advantage of tight markets and were very profitable in 3Q. Three plants with a total of 1,500 MW of additional peaking capacity are under development or in construction (TN, IN, IL). Another 3,500 MW of peaking capacity is in early stage development.
- European power- Trading activity continues to rise, with 9,100 transactions in 3Q, a threefold increase over last year's 3Q. UK market is tight, in part because UK has halted construction of new gas-fired plants (anything to keep the coal miners happy). Enron would like to build capacity, but is stuck until the gas ban is lifted. Continental market is in oversupply, and Enron looking for selective acquisitions.
- Other international energy- Good momentum, as projects coming on-line added to 3Q results and additional projects in construction are expected to contribute in coming quarters. Will reinvest proceeds from Enron Oil and Gas (EOG) deal in energy projects. EOG assets in India and China will be folded into Wholesale Energy Operations and Services, adding \$10 million/quarter to IBIT.
- Telecommunications- Very optimistic about the trading potential in bandwidth. Expect to see first transactions in 1Q or 2Q next year. Want to minimize own capital investment in fiber, which company believes will be in oversupply. Want to build position in proprietary software and will invest \$300-400 million/year.
- Forecast-Company is in planning process for year 2000; should have additional guidance on numbers at end of this process (early November?).

### ***The Company and Investment Thesis***

Enron is an integrated global energy company. Its operations span the production of natural gas and oil; the transmission and distribution of natural gas; the generation, transmission, and distribution of electricity; wholesale trading of energy in all forms; and retail sales of energy and of services associated with retail energy use. Approximately 80% of Enron's revenues derive from its domestic businesses; its international operations are principally in Europe, South America, and Asia. In 1998, the company reported revenues of \$31.3 billion and net income of approximately \$700 million.

We view Enron as the premier, large-cap play on the deregulation and restructuring of the electric utility industry in the U.S. and Europe. In our view, the opportunities created by this restructuring are substantial (see our April 12, 1999 report *Rejoice Re: Juice Redux*). In addition, Enron has established itself as a leading force in other international power markets, where privatization is allowing new entry.

### ***Investment Risks***

Among the risks faced by Enron are risks associated with the company's construction of new power plants and other energy projects: the cost to construct, time to complete, and operating characteristics of the projects once complete all represent potential sources of risk. Enron's strategy has been to build merchant peaking plants, thus exposing the company to the risks (and high potential rewards) of power sold to meet short-term and relatively unpredictable requirements. As the largest marketer of power, Enron faces trading risks. Enron hedges these risks to a significant extent. However, the electricity market is exceptionally volatile: A Federal Energy Regulatory Commission report noted that during June 25 and 26, 1998, spot prices for electricity in the Midwest rose from \$25 per megawatt hour to as much as \$2,600 per megawatt hour and reached as high as \$7,500 per megawatt hour at one point. Finally, Enron faces exposure to political risk in its international operations.

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*Unless otherwise noted, prices are intraday, Tuesday, October 12, 1999.*

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### **Hugh F. Holman**

Hugh Holman joined Robertson Stephens in 1998 as a senior equity analyst covering the environmental sector and the deregulation of the electric utility industry. Prior to joining the firm, he ran his own consulting firm, Environmental Capital Associates, Inc. Hugh has seven years of experience on Wall Street as an equity analyst, principally with Alex. Brown. Prior to joining Alex. Brown in 1989, Hugh was a management consultant with Putnam, Hayes & Bartlett. He also worked for the U.S. Environmental Protection Agency, where he was the lead policy analyst for the Agency's hazardous and solid waste programs. In 1994, *The Wall Street Journal* recognized him as an All-Star pollution control analyst. He received his BA degree from Dartmouth College and his MBA from Stanford University.

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**ASSUMPTIONS FOR ENRON EARNINGS MODEL**

10/12/99 FY=December	1998					1999					2000					2001E
	1997	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E	
<b>ENRON OIL &amp; GAS</b>																
Wellhead Delivery Volume Year Over Year % Change	6.8%	6.7%	4.4%	15.4%	15.8%	10.7%	11.2%	6.1%	5.0%	5.0%	6.7%					
Natural Gas as % of Total Deliveries	86.2%	86.4%	85.5%	83.6%	84.4%	85.0%	86.5%	85.2%	85.0%	85.0%	85.4%					
Crude Oil/Condensate as % of Total Deliveries	11.6%	12.8%	12.7%	13.6%	12.7%	13.0%	13.3%	13.1%	13.0%	13.0%	12.7%					
Natural Gas Liquids as % of Total Deliveries	2.3%	2.2%	2.0%	2.0%	1.9%	2.0%	1.6%	2.0%	2.0%	2.0%	1.8%					
Price of Natural Gas (\$ per Mcf)	2.07	1.86	1.87	1.67	1.73	1.78	1.53	1.82	1.55	1.55	1.61					
Price of Crude Oil/Condensate (\$ per Mcf)	19.30	14.64	13.01	12.13	11.31	12.66	10.76	15.41	11.25	11.25	12.17					
Price of Natural Gas Liquid (\$ per Mcf)	10.85	8.48	-	-	6.77	6.70	7.34	7.35	7.35	7.35	7.35					
Margin Assumptions as % of Revenues																
Corporate Hedging Activities	-1.0%	3.0%	0.0%	0.0%	4.4%	2.4%	14.5%	2.1%	2.5%	2.5%	3.7%					
Operating Expenses	27.1%	28.0%	28.5%	27.1%	28.4%	27.8%	39.0%	33.2%	29.5%	29.0%	32.4%					
Oil & Gas Exploration Expenses	13.2%	17.0%	14.5%	17.1%	13.2%	15.4%	15.7%	10.7%	15.0%	15.0%	14.0%					
Depreciation, Depletion & Amortization	35.9%	36.0%	40.8%	42.2%	42.2%	40.0%	51.6%	47.6%	44.0%	43.0%	46.3%					
Other Income, net	-0.3%	-0.5%	0.0%	-1.0%	-1.0%	-0.6%	-0.6%	0.0%	0.0%	0.0%	-0.1%					
<b>TRANSPORTATION &amp; DISTRIBUTION</b>																
<b>Gas Pipeline Group</b>																
Gross Margin as % of Total Revenue	58.2%	62.1%	52.3%	53.9%	57.6%	56.7%	55.9%	45.6%		57.5%	69.5%	60.0%	50.0%	52.0%	57.0%	55.0%
Year Over Year Volume % Change																
Northern Natural Gas	-4.7%	-6.9%	-5.0%	-6.7%	-5.7%	-6.1%	1.5%	-8.4%	-7.1%	-3.0%	-2.3%	18.0%	4.0%	4.0%	8.0%	10.1%
Additional Volume from Expansion Projects (Bbtu)												88	90	90	90	90
Transwestern Pipeline	5.6%	33.3%	15.7%	7.6%	0.7%	13.6%	-8.2%	-16.9%	0.4%	7.0%	-4.9%	5.0%	5.0%	5.0%	5.0%	6.0%
Additional Volume from Expansion Projects (Bbtu)												-	-	-	-	-
Florida Gas Transmission	3.5%	-4.3%	-7.8%	-1.0%	7.1%	0.0%	4.9%	16.4%	13.5%	2.0%	7.6%	2.0%	2.0%	2.0%	2.0%	3.0%
Additional Volume from Expansion Projects (Bbtu)												-	-	-	-	-
Northern Border Pipeline	-0.1%	-0.9%	-2.7%	-1.0%	-2.1%	-1.7%	35.1%	38.4%	39.7%	0.0%	38.1%	12.0%	12.0%	12.0%	12.0%	5.0%
Additional Volume from Expansion Projects (Bbtu)												700	350	-	-	-
Transportation Rate (\$ per Bbtu)																
Northern Natural Gas	0.31	0.37	0.28	0.30	0.33	0.32	0.34	0.27		0.30	0.23	0.32	0.30	0.30	0.32	0.31
Transwestern Pipeline	0.28	0.23	0.24	0.25	0.27	0.28	0.25	0.27		0.28	0.20	0.28	0.28	0.28	0.28	0.28
Florida Gas Transmission	0.63	0.71	0.65	0.56	0.64	0.63	0.68	0.54		0.60	0.46	0.68	0.58	0.58	0.63	0.62
Northern Border Pipeline	0.27	0.29	0.31	0.31	0.31	0.30	0.33	0.34		0.31	0.24	0.32	0.31	0.31	0.32	0.32
Margin Assumptions																
Operating Expenses	27.1%	22.3%	26.0%	25.5%	24.5%	24.5%	18.8%	23.9%		24.0%	29.2%	19.0%	25.0%	24.0%	24.0%	22.6%
Depreciation and Amortization	6.0%	5.2%	6.5%	6.4%	6.9%	6.2%	5.2%	6.3%		6.0%	7.8%	5.0%	6.0%	6.0%	6.0%	5.7%
Equity in Earnings	3.5%	3.6%	3.4%	3.0%	1.4%	2.8%	2.5%	2.9%		3.0%	4.4%	2.5%	3.0%	3.0%	3.0%	2.9%
Other Income, net	3.3%	2.6%	4.2%	0.7%	1.4%	2.2%	4.6%	8.1%		2.5%	5.9%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Portland General</b>																
Retail Customers Year Over Year % Change	2.5%	2.4%	2.5%	2.5%	2.8%	2.8%	2.9%	2.4%	2.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%
Residential Customers as % of Total	38.4%	44.9%	35.9%	35.4%	43.7%	40.7%	45.2%	36.4%	31.6%	45.0%	39.9%	45.0%	35.0%	35.0%	45.0%	40.3%
Commercial Customers as % of Total	38.3%	35.8%	38.0%	44.3%	36.7%	38.9%	35.1%	39.3%	42.9%	35.0%	37.9%	35.0%	40.0%	40.0%	35.0%	40.0%
Industrial Customers as % of Total	23.3%	19.3%	26.1%	20.4%	19.6%	20.4%	19.7%	24.4%	25.5%	20.0%	22.2%	20.0%	25.0%	25.0%	20.0%	20.0%
Annual kWh per Retail Customer	26.5	26.9	24.5	23.5	26.7	24.8	29.3	25.0	25.5	28.0	26.9	29.5	26.0	26.0	29.0	27.6
Wholesale Customers as % of Total	60.0%	43.6%	36.0%	39.5%	32.3%	38.4%	20.5%	40.7%	51.9%	25.0%	36.4%	25.0%	30.0%	30.0%	25.0%	27.5%
Average Billed Revenue (cents/kWh)																
Residential	5.60	5.91	6.40	6.45	5.75	6.07	5.73	6.08		6.00	4.45	5.50	5.50	5.50	5.50	5.40
Commercial	5.08	5.07	5.15	5.20	4.94	5.09	4.27	4.92		5.10	3.57	4.80	4.80	4.80	4.80	4.60
Industrial	3.38	3.43	3.18	4.34	3.86	3.69	3.49	3.63		3.70	2.71	3.50	3.50	3.50	3.50	3.30
Wholesale	1.85	1.82	1.72	2.61	2.59	2.15	1.88	2.03		2.50	1.60	2.45	2.45	2.45	2.45	2.40
Margin Assumptions																
Purchased Power & Fuel	47.4%	38.8%	34.9%	37.1%	39.4%	37.7%	33.4%	40.2%	59.2%	33.0%	42.9%	36.0%	33.0%	34.0%	36.0%	34.8%
Operating Expenses	20.8%	23.8%	29.0%	27.1%	19.9%	24.7%	23.4%	26.7%	18.2%	23.0%	22.4%	24.0%	26.0%	25.0%	24.0%	25.0%
Depreciation & Amortization	11.9%	13.8%	16.7%	16.8%	14.4%	15.3%	15.4%	16.2%	10.6%	15.0%	14.0%	15.0%	16.0%	16.0%	15.0%	15.5%
Other Income, net	0.2%	0.9%	3.7%	2.9%	-0.6%	1.6%	3.0%	2.0%	0.7%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%

**ASSUMPTIONS FOR ENRON EARNINGS MODEL**

10/12/99 FY=December	1997	1998					1999					2000					2001E
		Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	2001E
<b>WHOLESALE ENERGY OPERATIONS</b>																	
Total IBIT Year Over Year % Change	40.3%	49.1%	85.4%	60.1%	9.2%	48.0%	28.5%	47.7%	36.5%	34.7%	36.9%	-19.7%	2.5%	4.5%	50.8%	7.6%	15.1%
Energy Assets IBIT Year Over Year % Change	114.8%	184.9%	69.7%	-15.8%	-17.6%	25.5%	-9.9%	26.0%	50.0%	5.0%	17.8%	15.0%	-30.0%	10.0%	60.0%	13.8%	4.1%
Unallocated Expenses	(160)	(31)	(40)	(35)	(46)	(152)	(40)	(50)	(34)	(48)	(172)	(50)	(50)	(50)	(50)	(200)	(200)
IBIT as a Percentage of Revenues	3.6%	5.3%	4.2%	2.7%	3.0%	3.5%	4.9%	4.1%	3.4%	3.1%	3.8%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Physical Volumes Year Over Year % Change																	
Gas:																	
United States	9.4%	-15.5%	-8.6%	5.8%	7.7%	-3.1%	24.9%	20.0%	10.6%	5.0%	15.1%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Canada	61.0%	36.5%	55.2%	55.4%	66.4%	54.0%	37.5%	35.8%	29.9%	40.0%	35.8%	15.0%	15.0%	15.0%	15.0%	15.0%	10.0%
Europe	128.4%	144.6%	85.7%	57.2%	87.9%	88.3%	59.3%	12.8%	36.5%	60.0%	42.1%	55.0%	55.0%	55.0%	55.0%	55.0%	20.0%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transport Volumes	-15.4%	117.4%	-8.2%	41.0%	4.5%	21.5%	23.6%	-18.6%	-16.5%	20.0%	-0.8%	10.0%	10.0%	10.0%	10.0%	10.0%	5.0%
Oil	115.6%	164.9%	458.1%	279.5%	415.0%	329.0%	110.9%	218.4%	53.0%	150.0%	133.1%	22.0%	22.0%	22.0%	22.0%	22.0%	10.0%
Liquids	-16.8%	-47.6%	-49.1%	-24.0%	-23.7%	-38.2%	-11.3%	37.1%	11.5%	-35.0%	0.6%	-35.0%	-35.0%	-35.0%	-35.0%	-35.0%	10.0%
Electricity	218.9%	123.4%	125.7%	125.2%	64.5%	109.7%	16.1%	12.4%	-29.8%	20.0%	4.7%	20.0%	15.0%	15.0%	20.0%	17.5%	15.0%
Dollars IBIT per Bbtu	38	63	10	49	41	41	84	26	58	44	53	45	50	50	45	48	50
<b>ENRON COMMUNICATIONS</b>																	
Revenue Year Over Year Change																	
IBIT as a Percentage of Segment Revenues																	0.0%
<b>RETAIL ENERGY SERVICES</b>																	
Year Over Year Change in Revenues	33.1%	-8.9%	8.5%	210.1%	63.1%	57.0%	89.7%	120.8%	35.5%	80.0%	71.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
IBIT as a Percentage of Revenues	-15.7%	-13.8%	-27.9%	-5.8%	-8.0%	-11.1%	-8.4%	-7.6%	-3.3%	-1.5%	-4.6%	2.0%	2.0%	2.2%	2.2%	2.1%	3.0%

**ENRON CORPORATION.--QUARTERLY SALES & EARNINGS MODEL** (in millions, except per share data)

10/12/99 FY=December	1998						1999					2000					2001E
	1997	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E	YearE	
<b>Revenues, Net of Intercompany</b>																	
Core Businesses																	
Exploration and Production	789	231	176	220	190	750	203	204	119	-	725	-	-	-	-	-	-
Transportation and Distribution																	
Gas Pipeline Group	656	188	141	150	167	637	182	128	162	173	623	216	151	162	193	722	756
Portland General	746	320	271	280	327	1,196	299	296	407	308	1,310	305	275	276	307	1,163	1,231
Wholesale Energy Operations and Services	17,344	4,872	5,774	10,341	6,484	27,220	6,595	8,694	11,062	8,733	35,084	7,556	10,736	11,617	12,011	41,919	48,246
Corporate and Other	55	(135)	41	(71)	211	385	(17)	10	(457)	65	(399)	63	63	63	63	253	253
<b>Revenues - Core Businesses</b>	<b>19,590</b>	<b>5,476</b>	<b>6,403</b>	<b>10,920</b>	<b>7,379</b>	<b>30,188</b>	<b>7,262</b>	<b>9,332</b>	<b>11,293</b>	<b>9,279</b>	<b>37,166</b>	<b>8,140</b>	<b>11,225</b>	<b>12,119</b>	<b>12,574</b>	<b>44,057</b>	<b>50,485</b>
Azurix	-	-	-	-	-	-	-	-	-	112	450	101	101	101	101	404	97
Enron Communications	-	-	-	-	-	-	-	-	-	-	-	75	75	75	75	300	-
Retail Energy Services	683	206	154	400	323	1,072	370	340	542	581	1,833	555	510	813	872	2,750	4,125
<b>Total Revenues</b>	<b>20,273</b>	<b>5,682</b>	<b>6,557</b>	<b>11,320</b>	<b>7,702</b>	<b>31,260</b>	<b>7,632</b>	<b>9,672</b>	<b>11,835</b>	<b>9,973</b>	<b>39,112</b>	<b>8,871</b>	<b>11,911</b>	<b>13,108</b>	<b>13,622</b>	<b>47,511</b>	<b>54,708</b>
<b>IBIT (Loss)</b>																	
Core Businesses																	
Exploration and Production	183	43	29	25	31	128	12	20	33	-	78	-	-	-	-	-	-
Transportation and Distribution																	
Gas Pipeline Group	364	126	72	69	84	351	126	72	85	99	382	148	77	86	110	420	433
Portland General	114	79	62	61	84	286	92	56	52	89	289	76	69	69	77	291	302
Wholesale Energy Operations and Services	654	249	241	277	201	968	320	356	378	271	1,325	257	365	395	408	1,425	1,640
Corporate and Other	(31)	1	(16)	(4)	26	7	14	(9)	(23)	-	(18)	-	-	-	-	-	-
<b>IBIT from Core Businesses</b>	<b>1,284</b>	<b>498</b>	<b>388</b>	<b>428</b>	<b>426</b>	<b>1,740</b>	<b>564</b>	<b>495</b>	<b>525</b>	<b>459</b>	<b>2,043</b>	<b>481</b>	<b>511</b>	<b>550</b>	<b>595</b>	<b>2,136</b>	<b>2,375</b>
Azurix	-	-	-	-	-	-	-	-	-	6	25	6	6	6	6	24	35
Enron Communications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail Energy Services																	
Results	(107)	(27)	(43)	(23)	(26)	(119)	(31)	(26)	(18)	(9)	(84)	11	10	18	19	58	124
Gain on Sale of 7% Interest	61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Recurring Items	(673)	-	-	-	(39)	(39)	-	-	13	-	13	-	-	-	-	-	-
<b>Total IBIT</b>	<b>565</b>	<b>471</b>	<b>345</b>	<b>405</b>	<b>361</b>	<b>1,582</b>	<b>533</b>	<b>469</b>	<b>520</b>	<b>457</b>	<b>1,979</b>	<b>498</b>	<b>527</b>	<b>574</b>	<b>620</b>	<b>2,218</b>	<b>2,533</b>
Interest and Related Charges, net	401	133	131	134	152	550	175	175	187	140	677	155	170	180	190	695	750
Dividends on Company-Obligated Preferred Securities	69	19	20	19	19	77	19	19	19	20	77	20	20	20	20	80	80
Minority Interests	(80)	(25)	(19)	(16)	(17)	(77)	(33)	(23)	(38)	(25)	(119)	(30)	(30)	(30)	(30)	(120)	(110)
Income Before Taxes	15	294	175	236	173	878	306	252	276	272	1,106	293	307	344	380	1,323	1,593
Income Tax Provision (Benefit)	(90)	80	30	68	(3)	175	53	30	(14)	41	110	47	49	55	61	212	255
<i>Tax Rate</i>	<i>-600.0%</i>	<i>27.2%</i>	<i>17.1%</i>	<i>28.8%</i>	<i>-1.7%</i>	<i>19.9%</i>	<i>17.3%</i>	<i>11.9%</i>	<i>-5.1%</i>	<i>15.0%</i>	<i>9.9%</i>	<i>16.0%</i>	<i>16.0%</i>	<i>16.0%</i>	<i>16.0%</i>	<i>16.0%</i>	<i>16.0%</i>
Net Income (Loss)	105	214	145	168	176	703	253	222	290	231	996	246	258	289	319	1,111	1,338
Non-recurring Effect of Accounting Changes							(131)										
Preferred Stock Dividend	17	4	5	4	4	17	4	19	19	4	46	4	4	4	4	16	17
<b>Earning (Loss) on Common Stock</b>	<b>88</b>	<b>210</b>	<b>140</b>	<b>164</b>	<b>172</b>	<b>686</b>	<b>118</b>	<b>203</b>	<b>271</b>	<b>227</b>	<b>819</b>	<b>242</b>	<b>254</b>	<b>285</b>	<b>315</b>	<b>1,095</b>	<b>1,321</b>
<b>Earnings (loss) per share (diluted)</b>																	
Basic	0.16	0.35	0.22	0.25	0.26	1.07											
Diluted																	
Core Businesses	0.99	0.36	0.25	0.26	0.27	1.13	0.37	0.30	0.29								
Retail Energy Services																	
Results	(0.12)	(0.03)	(0.04)	(0.03)	(0.03)	(0.12)	(0.03)	(0.03)	(0.02)								
Gain on Sale of 7% Interest	0.11	-	-	-	-	-											
Before Non-recurring Items							0.34	0.27	0.27	0.29	1.17	0.30	0.32	0.35	0.38	1.35	1.55
Non-recurring Items	(0.82)	-	-	-	0.01	0.01	(0.18)	0.08	0.08								
Reported	0.16	0.33	0.21	0.24	0.24	1.01	0.16	0.26	0.35	0.29	1.06	0.30	0.32	0.35	0.38	1.35	1.55
<b>Average shares outstanding (diluted)</b>	<b>590.0</b>	<b>659.6</b>	<b>692.6</b>	<b>712.6</b>	<b>716.0</b>	<b>696.0</b>	<b>744.0</b>	<b>771.0</b>	<b>781.1</b>	<b>788.0</b>	<b>771.0</b>	<b>795.0</b>	<b>805.0</b>	<b>815.0</b>	<b>835.0</b>	<b>812.5</b>	<b>850.0</b>

Sources: Company reports and Robertson Stephens estimates.

**ENRON CORPORATION.--QUARTERLY SALES & EARNINGS MODEL** (in millions, except per share data)

10/12/99 FY=December	1998					1999					2000					2001E	
	1997	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E		YearE
<b>Depreciation, Depletion and Amortization</b>																	
Core Businesses																	
Exploration and Production	278	72	73	84	86	315	82	89	-	171	-	-	-	-	-	-	-
Transportation and Distribution																	
Gas Pipeline Group	69	16	17	17	20	70	17	17	18	52	22	16	17	20	74	78	78
Portland General	91	44	45	47	47	183	46	48	46	140	47	42	42	47	178	188	188
Wholesale Energy Operations	133	39	38	52	66	195	57	70	44	171	60	86	93	96	335	386	386
Corporate and Other	22	6	8	7	12	33	7	4	4	15	3	3	3	3	14	14	14
Retail Energy Services	7	5	9	8	9	31	6	9	20	35	19	18	28	31	96	144	144
<b>Total</b>	<b>600</b>	<b>182</b>	<b>190</b>	<b>215</b>	<b>240</b>	<b>827</b>	<b>215</b>	<b>236</b>	<b>132</b>	<b>583</b>	<b>152</b>	<b>165</b>	<b>184</b>	<b>197</b>	<b>698</b>	<b>810</b>	<b>810</b>
<b>PERCENT OF SEGMENT REVENUES</b>																	
<b>Depreciation</b>																	
Exploration and Production	35.2%	31.2%	41.5%	38.2%	45.3%	42.0%	40.4%	43.6%		23.6%							
Transportation and Distribution																	
Gas Pipeline Group	10.5%	8.5%	12.1%	11.3%	12.0%	11.0%	9.3%	13.3%	10.5%	8.4%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%	10.3%
Portland General	12.2%	13.8%	16.6%	16.8%	14.4%	15.3%	15.4%	16.2%	15.0%	10.7%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%	15.3%
Wholesale Energy Operations	0.8%	0.8%	0.7%	0.5%	1.0%	0.7%	0.9%	0.8%	0.5%	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Corporate and Other	40.0%	-4.4%	19.5%	-9.9%	5.7%	8.6%	-41.2%	40.0%	5.7%	-3.7%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Retail Energy Services	1.0%	2.4%	5.8%	2.0%	2.8%	2.9%	1.6%	2.6%	3.5%	1.9%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
<b>Total</b>	<b>3.0%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>1.9%</b>	<b>3.1%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>1.3%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>
<b>PERCENT OF TOTAL REVENUES</b>																	
<b>Segment Revenues</b>																	
Exploration and Production	3.9%	4.1%	2.7%	1.9%	2.5%	2.4%	2.7%	2.1%	1.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transportation and Distribution																	
Gas Pipeline Group	3.2%	3.3%	2.2%	1.3%	2.2%	2.0%	2.4%	1.3%	1.4%	1.7%	1.6%	2.4%	1.3%	1.2%	1.4%	1.5%	1.4%
Portland General	3.7%	5.6%	4.1%	2.5%	4.2%	3.8%	3.9%	3.1%	3.4%	3.1%	3.3%	3.4%	2.3%	2.1%	2.3%	2.4%	2.2%
Wholesale Energy Operations and Services	85.6%	85.7%	88.1%	91.4%	84.2%	87.1%	86.4%	89.9%	93.5%	87.6%	89.7%	85.2%	90.1%	88.6%	88.2%	88.2%	88.2%
Corporate and Other	0.3%	-2.4%	0.6%	-0.6%	2.7%	1.2%	-0.2%	0.1%	-3.9%	0.7%	-1.0%	0.7%	0.5%	0.5%	0.5%	0.5%	0.5%
<b>Revenues - Core Businesses</b>	<b>96.6%</b>	<b>96.4%</b>	<b>97.7%</b>	<b>96.5%</b>	<b>95.8%</b>	<b>96.6%</b>	<b>95.2%</b>	<b>96.5%</b>	<b>95.4%</b>	<b>93.0%</b>	<b>95.0%</b>	<b>91.8%</b>	<b>94.2%</b>	<b>92.5%</b>	<b>92.3%</b>	<b>92.7%</b>	<b>92.3%</b>
Retail Energy Services	3.4%	3.6%	2.3%	3.5%	4.2%	3.4%	4.8%	3.5%	4.6%	5.8%	4.7%	6.3%	4.3%	6.2%	6.4%	5.8%	7.5%
<b>Segment IBIT</b>																	
Exploration and Production	0.9%	0.8%	0.4%	0.2%	0.4%	0.4%	0.2%	0.2%	0.3%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Transportation and Distribution																	
Gas Pipeline Group	1.8%	2.2%	1.1%	0.6%	1.1%	1.1%	1.7%	0.7%	0.7%	1.0%	1.0%	1.7%	0.6%	0.7%	0.8%	0.9%	0.8%
Portland General	0.6%	1.4%	0.9%	0.5%	1.1%	0.9%	1.2%	0.6%	0.4%	0.9%	0.7%	0.9%	0.6%	0.5%	0.6%	0.6%	0.6%
Wholesale Energy Operations and Services	3.2%	4.4%	3.7%	2.4%	2.6%	3.1%	4.2%	3.7%	3.2%	2.7%	3.4%	2.9%	3.1%	3.0%	3.0%	3.0%	3.0%
Corporate and Other	-0.2%	0.0%	-0.2%	0.0%	0.3%	0.0%	0.2%	-0.1%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
IBIT from Core Businesses	6.3%	8.8%	5.9%	3.8%	5.5%	5.6%	7.4%	5.1%	4.4%	4.6%	5.2%	5.4%	4.3%	4.2%	4.4%	4.5%	4.3%
Retail Energy Services																	
Results	-0.5%	-0.5%	-0.7%	-0.2%	-0.3%	-0.4%	-0.4%	-0.3%	-0.2%	-0.1%	-0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
<b>Total IBIT</b>	<b>2.8%</b>	<b>8.3%</b>	<b>5.3%</b>	<b>3.6%</b>	<b>4.7%</b>	<b>5.1%</b>	<b>7.0%</b>	<b>4.8%</b>	<b>4.4%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>5.6%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>4.6%</b>
<b>YEAR OVER YEAR CHANGE</b>																	
Revenues - Core Businesses	53.3%	7%	106%	92%	30%	54%	33%	46%	3%	26%	23%	12%	20%	7%	36%	19%	15%
Total Revenues	52.6%	6%	102%	95%	31%	54%	34%	48%	5%	29%	25%	16%	23%	11%	37%	21%	15%
IBIT from Core Businesses	21.1%	46%	54%	27%	20%	36%	13%	28%	23%	8%	17%	-15%	3%	5%	30%	5%	11%
Total IBIT	-54.4%	10%	-163%	30%	-3%	180%	13%	36%	28%	27%	25%	-7%	12%	10%	36%	12%	14%
Net Income, Before Preferred Dividends and Non-recurring	-82.0%	-4%	-135%	25%	4%	570%	18%	53%	73%	31%	42%	-3%	16%	0%	38%	12%	20%

Sources: Company reports and Robertson Stephens estimates.



**TRANSMISSION AND DISTRIBUTION GROUP--QUARTERLY MODEL** (in millions)

10/12/99 FY=December	1997	1998				Year	1999				YearE	2000				YearE
		Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)		Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)		Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E	
<b>GAS PIPELINE GROUP</b>																
<b>Total Revenue of Constituents</b>	<b>1,143</b>	<b>309</b>	<b>262</b>	<b>267</b>	<b>290</b>	<b>1,128</b>	<b>324</b>	<b>272</b>		<b>301</b>	<b>897</b>	<b>360</b>	<b>302</b>	<b>312</b>	<b>338</b>	<b>1,312</b>
<b>Gross Margin</b>	<b>665</b>	<b>192</b>	<b>137</b>	<b>144</b>	<b>167</b>	<b>640</b>	<b>181</b>	<b>124</b>	<b>145</b>	<b>173</b>	<b>623</b>	<b>216</b>	<b>151</b>	<b>162</b>	<b>193</b>	<b>722</b>
<i>As a percentage of total constituents revenue</i>	58.2%	62.1%	52.3%	53.9%	57.6%	56.7%	55.9%	45.6%		57.5%	69.5%	60.0%	50.0%	52.0%	57.0%	55.0%
Operating Expenses	310	69	68	68	71	276	61	65	64	72	262	68	72	75	81	297
Depreciation and Amortization	69	16	17	17	20	70	17	17	18	18	70	18	18	19	20	75
Equity in Earnings	40	11	9	8	4	32	8	8	14	9	39	9	9	9	10	38
Other Income, net	38	8	11	2	4	25	15	22	8	8	53	9	8	8	8	33
<b>IBIT excluding non-recurring assets</b>	<b>364</b>	<b>126</b>	<b>72</b>	<b>69</b>	<b>84</b>	<b>351</b>	<b>126</b>	<b>72</b>	<b>85</b>	<b>99</b>	<b>382</b>	<b>148</b>	<b>77</b>	<b>86</b>	<b>110</b>	<b>420</b>
Non-recurring Item:																
Gain on sales of liquids assets	102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IBIT</b>	<b>466</b>	<b>126</b>	<b>72</b>	<b>69</b>	<b>84</b>	<b>351</b>	<b>126</b>	<b>72</b>	<b>85</b>	<b>99</b>	<b>382</b>	<b>148</b>	<b>77</b>	<b>86</b>	<b>110</b>	<b>420</b>
<b>Percent of Revenues</b>																
Operating Expenses	27.1%	22.3%	26.0%	25.5%	24.5%	24.5%	18.8%	23.9%		24.0%	29.2%	19.0%	24.0%	24.0%	24.0%	22.6%
Depreciation and Amortization	6.0%	5.2%	6.5%	6.4%	6.9%	6.2%	5.2%	6.3%		6.0%	7.8%	5.0%	6.0%	6.0%	6.0%	5.7%
Equity in Earnings	3.5%	3.6%	3.4%	3.0%	1.4%	2.8%	2.5%	2.9%		3.0%	4.4%	2.5%	3.0%	3.0%	3.0%	2.9%
Other Income, net	3.3%	2.6%	4.2%	0.7%	1.4%	2.2%	4.6%	8.1%		2.5%	5.9%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>IBIT excluding non-recurring assets</b>	<b>31.8%</b>	<b>40.8%</b>	<b>27.5%</b>	<b>25.8%</b>	<b>29.0%</b>	<b>31.1%</b>	<b>38.9%</b>	<b>26.5%</b>		<b>33.0%</b>	<b>42.6%</b>	<b>41.0%</b>	<b>25.5%</b>	<b>27.5%</b>	<b>32.5%</b>	<b>32.0%</b>
<b>IBIT</b>	<b>40.8%</b>	<b>40.8%</b>	<b>27.5%</b>	<b>25.8%</b>	<b>29.0%</b>	<b>31.1%</b>	<b>38.9%</b>	<b>26.5%</b>		<b>33.0%</b>	<b>42.6%</b>	<b>41.0%</b>	<b>25.5%</b>	<b>27.5%</b>	<b>32.5%</b>	<b>32.0%</b>
<b>Year Over Year Change</b>																
Net Revenues	-7.5%	-6.8%	-1.4%	0.7%	-5.6%	-3.8%	-5.7%	-9.5%	0.7%	3.8%	-2.6%	19.3%	21.7%	11.9%	11.2%	15.8%
Operating Expenses	-1.9%	-5.5%	-10.5%	-11.7%	-15.5%	-11.0%	-11.6%	-4.4%	-5.9%	1.9%	-4.9%	12.1%	11.5%	17.0%	12.2%	13.1%
Depreciation and Amortization	4.5%	-11.1%	6.3%	6.3%	5.3%	1.4%	6.3%	0.0%	5.9%	-9.6%	0.1%	5.8%	6.6%	4.0%	12.2%	7.2%
Equity in Earnings	14.3%	10.0%	12.5%	-27.3%	-63.6%	-20.0%	-27.3%	-11.1%	75.0%	126.1%	22.0%	12.4%	13.2%	-33.2%	12.2%	-3.8%
Other Income, net	-13.6%	-20.0%	-38.9%	-80.0%	-34.2%	-34.2%	87.5%	100.0%	300.0%	88.4%	110.1%	-40.0%	-65.7%	-2.5%	12.2%	-37.6%
<b>IBIT excluding non-recurring assets</b>	<b>-12.5%</b>	<b>-6.7%</b>	<b>-1.4%</b>	<b>-2.8%</b>	<b>-1.2%</b>	<b>-3.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>23.2%</b>	<b>18.4%</b>	<b>9.0%</b>	<b>17.1%</b>	<b>6.9%</b>	<b>0.9%</b>	<b>10.5%</b>	<b>9.9%</b>
Non-recurring Item:																
Gain on sales of liquids assets	13.3%															
<b>IBIT</b>	<b>-11.1%</b>	<b>-46.8%</b>	<b>-1.4%</b>	<b>-2.8%</b>	<b>-1.2%</b>	<b>-24.7%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>23.2%</b>	<b>18.4%</b>	<b>9.0%</b>	<b>17.1%</b>	<b>6.9%</b>	<b>0.9%</b>	<b>10.5%</b>	<b>9.9%</b>

Sources: Company reports and Robertson Stephens estimates.

**TRANSMISSION AND DISTRIBUTION GROUP--QUARTERLY MODEL** (in millions)

10/12/99 FY=December	1998						1999					2000				
	1997	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E	YearE
<b>NORTHERN NATURAL GAS</b>																
Total Revenues	508	150	98	105	127	480	140	87		118	345	160	104	103	136	502
Net Margin	440	133	86	93	121	432										
Volumes transported (Bbtu/d)	4,364	4,476	3,879	3,792	4,252	4,098	4,544	3,553	3,523	4,214	3,959	5,362	3,695	3,664	4,551	4,318
Year over Year Percent Change	-4.7%	-6.9%	-5.0%	-6.7%	-5.7%	-6.1%	1.5%	-8.4%	-7.1%	-3.0%	-2.3%	18.0%	4.0%	4.0%	8.0%	10.1%
Additional Volume from Expansion Projects										88	44	90	90	90	90	90
Total Volume Transported	4,364	4,476	3,879	3,792	4,252	4,098	4,544	3,553	3,523	4,302	4,002	5,452	3,785	3,754	4,641	4,408
Average Transportation Rate (per MMBtu)	0.31	0.37	0.28	0.30	0.33	0.32	0.34	0.27	0.30	0.23	0.23	0.32	0.30	0.30	0.32	0.31
<b>TRANSWESTERN PIPELINE</b>																
Total Revenues	148	35	37	37	36	145	35	35		41	111	41	38	42	43	165
Net Margin	148	35	37	37	36	145										
Volumes transported (Bbtu/d)	1,416	1,668	1,707	1,564	1,492	1,608	1,531	1,419	1,571	1,596	1,529	1,608	1,490	1,650	1,676	1,606
Year over Year Percent Change	5.6%	33.3%	15.7%	7.6%	0.7%	13.6%	-8.2%	-16.9%	0.4%	7.0%	-4.9%	5.0%	5.0%	5.0%	5.0%	5.0%
Additional Volume from Expansion Projects										-	-	-	-	-	-	-
Total Volume Transported	1,416	1,668	1,707	1,564	1,492	1,608	1,531	1,419	1,571	1,596	1,529	1,608	1,490	1,650	1,676	1,606
Average Transportation Rate (per MMBtu)	0.28	0.23	0.24	0.25	0.27	0.28	0.25	0.27	0.28	0.20	0.20	0.28	0.28	0.28	0.28	0.28
<b>FLORIDA GAS TRANSMISSION</b>																
Total Revenues	308	76	78	76	76	306	75	76		73	224	78	83	90	78	332
Net Margin	283	72	74	72	73	291										
Volumes transported (Bbtu/d)	1,341	1,168	1,328	1,471	1,303	1,341	1,225	1,546	1,670	1,329	1,443	1,250	1,577	1,703	1,356	1,471
Year over Year Percent Change	3.5%	-4.3%	-7.8%	-1.0%	7.1%	0.0%	4.9%	16.4%	13.5%	2.0%	7.6%	2.0%	2.0%	2.0%	2.0%	2.0%
Additional Volume from Expansion Projects										-	-	-	-	-	-	-
Total Volume Transported	1,341	1,168	1,328	1,471	1,303	1,341	1,225	1,546	1,670	1,329	1,443	1,250	1,577	1,703	1,356	1,471
Average Transportation Rate (per MMBtu)	0.63	0.71	0.65	0.56	0.64	0.63	0.68	0.54	0.60	0.46	0.46	0.68	0.58	0.58	0.63	0.62
<b>NORTHERN BORDER PIPELINE</b>																
Total Revenues	179	48	49	49	51	197	74	74		70	218	81	76	76	81	315
Net Margin	179	48	49	49	51	197										
Volumes transported (Bbtu/d)	1,800	1,839	1,737	1,723	1,781	1,770	2,485	2,404	2,407	1,781	2,269	2,783	2,692	2,696	2,779	2,738
Year over Year Percent Change	-0.1%	-0.9%	-2.7%	-1.0%	-2.1%	-1.7%	35.1%	38.4%	39.7%	0.0%	38.1%	12.0%	12.0%	12.0%	12.0%	12.0%
Additional Volume from Expansion Projects										700	350	-	-	-	-	-
Total Volume Transported	1,800	1,839	1,737	1,723	1,781	1,770	2,485	2,404	2,407	2,481	2,444	2,783	2,692	2,696	2,779	2,738
Rate per 100 Dekatherm Miles	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037	0.037
Calculated Average Transportation Rate (per MMBtu)	0.27	0.29	0.31	0.31	0.31	0.30	0.33	0.34	0.31	0.24	0.24	0.32	0.31	0.31	0.32	0.32

Sources: Company reports and Robertson Stephens estimates.

**TRANSMISSION AND DISTRIBUTION GROUP--QUARTERLY MODEL** (in millions)

10/12/99 FY=December	1998					1999					2000					
	1997	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E	YearE
<b>PORTLAND GENERAL</b>																
<b>Revenues</b>																
Residential	390	110	108	93	121	432	134	98		137	369	133	92	92	134	451
Commercial	353	84	82	94	85	345	89	86		91	266	90	91	92	91	364
Industrial	144	31	28	36	36	131	36	39		38	113	38	42	42	38	159
Accrued (Collected) Revenues	10	5	2	(27)	13	(7)	10	6		-	16	-	-	-	-	-
Retail Revenues	897	230	220	196	255	901	269	230		265	764	261	225	226	263	974
Wholesale	495	65	41	70	58	234	25	62		42	129	44	50	50	44	188
Other	29	25	8	14	14	61	5	5		-	10	-	-	-	-	-
<b>Total Revenues</b>	<b>1,421</b>	<b>320</b>	<b>269</b>	<b>280</b>	<b>327</b>	<b>1,196</b>	<b>299</b>	<b>296</b>	<b>407</b>	<b>308</b>	<b>1,310</b>	<b>305</b>	<b>275</b>	<b>276</b>	<b>307</b>	<b>1,163</b>
Purchased Power & Fuel	674	124	94	104	129	451	100	119	241	101	561	110	91	94	111	405
Operating Expenses	295	76	78	76	65	295	70	79	74	71	294	73	71	69	74	287
Depreciation & Amortization	169	44	45	47	47	183	46	48	43	46	183	46	44	44	46	180
Other Income, net	3	3	10	8	(2)	19	9	6	3	-	18	-	-	-	-	-
<b>IBIT</b>	<b>286</b>	<b>79</b>	<b>62</b>	<b>61</b>	<b>84</b>	<b>286</b>	<b>92</b>	<b>56</b>	<b>52</b>	<b>89</b>	<b>289</b>	<b>76</b>	<b>69</b>	<b>69</b>	<b>77</b>	<b>291</b>
<b>Percent of Revenues</b>																
Purchased Power & Fuel	47.4%	38.8%	34.9%	37.1%	39.4%	37.7%	33.4%	40.2%	59.2%	33.0%	42.9%	36.0%	33.0%	34.0%	36.0%	34.8%
Operating Expenses	20.8%	23.8%	29.0%	27.1%	19.9%	24.7%	23.4%	26.7%	18.2%	23.0%	22.4%	24.0%	26.0%	25.0%	24.0%	24.7%
Depreciation & Amortization	11.9%	13.8%	16.7%	16.8%	14.4%	15.3%	15.4%	16.2%	10.6%	15.0%	14.0%	15.0%	16.0%	16.0%	15.0%	15.5%
Other Income, net	0.2%	0.9%	3.7%	2.9%	-0.6%	1.6%	3.0%	2.0%	0.7%	0.0%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>IBIT</b>	<b>20.1%</b>	<b>24.7%</b>	<b>23.0%</b>	<b>21.8%</b>	<b>25.7%</b>	<b>23.9%</b>	<b>30.8%</b>	<b>18.9%</b>	<b>12.8%</b>	<b>29.0%</b>	<b>22.1%</b>	<b>25.0%</b>	<b>25.0%</b>	<b>25.0%</b>	<b>25.0%</b>	<b>25.0%</b>
<b>Year Over Year Change</b>																
Revenues	28.1%	-13.0%	-12.4%	-27.5%	-9.2%	-15.8%	-6.6%	10.0%	45.4%	-6.0%	9.5%	2.0%	-7.2%	-32.2%	-0.1%	-11.2%
Purchased Power & Fuel	113.3%	-21.0%	-26.6%	-52.9%	-23.2%	-33.1%	-19.4%	26.6%	131.7%	-21.3%	24.5%	9.8%	-23.8%	-61.1%	8.9%	-27.9%
Operating Expenses	-2.0%	13.4%	5.4%	10.1%	-23.5%	0.0%	-7.9%	1.3%	-2.6%	8.8%	-0.4%	4.6%	-9.6%	-6.8%	4.2%	-2.2%
Depreciation & Amortization	9.0%	12.8%	15.4%	4.4%	2.2%	8.3%	4.5%	6.7%	-8.5%	-1.9%	0.1%	-0.5%	-8.4%	2.6%	-0.1%	-1.8%
<b>IBIT</b>	<b>-16.6%</b>	<b>-24.8%</b>	<b>-7.5%</b>	<b>19.6%</b>	<b>33.3%</b>	<b>0.0%</b>	<b>16.5%</b>	<b>-9.7%</b>	<b>-14.8%</b>	<b>6.2%</b>	<b>1.1%</b>	<b>-17.1%</b>	<b>22.6%</b>	<b>32.6%</b>	<b>-13.9%</b>	<b>0.5%</b>
<b>Retail Customers (end of period, thousands)</b>	<b>685</b>	<b>688</b>	<b>694</b>	<b>698</b>	<b>704</b>	<b>704</b>	<b>708</b>	<b>711</b>	<b>714</b>	<b>725</b>	<b>725</b>	<b>729</b>	<b>732</b>	<b>735</b>	<b>747</b>	<b>747</b>
Year over Year percent Change	2.5%	2.4%	2.5%	2.5%	2.8%	2.8%	2.9%	2.4%	2.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Electricity Sales (thousand MWh)</b>																
Residential	6,983	2,076	1,524	1,449	2,052	7,101	2,342	1,618	1,440	2,284	7,684	2,420	1,666	1,673	2,437	8,196
Percent of Total Retail	38.4%	44.9%	35.9%	35.4%	43.7%	40.7%	45.2%	36.4%	31.6%	45.0%	39.9%	45.0%	35.0%	35.0%	45.0%	40.3%
Commercial	6,952	1,654	1,613	1,815	1,725	6,781	1,816	1,746	1,951	1,777	7,290	1,882	1,904	1,912	1,895	7,594
Percent of Total Retail	38.3%	35.8%	38.0%	44.3%	36.7%	38.9%	35.1%	39.3%	42.9%	35.0%	37.9%	35.0%	40.0%	40.0%	35.0%	37.3%
Industrial	4,235	891	1,106	834	921	3,562	1,020	1,083	1,162	1,015	4,280	1,076	1,190	1,195	1,083	4,544
Percent of Total Retail	23.3%	19.3%	26.1%	20.4%	19.6%	20.4%	19.7%	24.4%	25.5%	20.0%	22.2%	20.0%	25.0%	25.0%	20.0%	22.3%
<b>Total Retail</b>	<b>18,170</b>	<b>4,621</b>	<b>4,243</b>	<b>4,098</b>	<b>4,698</b>	<b>17,444</b>	<b>5,178</b>	<b>4,447</b>	<b>4,553</b>	<b>5,076</b>	<b>19,254</b>	<b>5,378</b>	<b>4,760</b>	<b>4,780</b>	<b>5,415</b>	<b>20,333</b>
Annualized kWh's Per Retail Customer	26.5	26.9	24.5	23.5	26.7	24.8	29.3	25.0	25.5	28.0	26.9	29.5	26.0	26.0	29.0	27.6
Wholesale	26,825	3,575	2,382	2,675	2,237	10,869	1,338	3,053	4,921	1,692	11,004	1,793	2,040	2,049	1,805	7,686
Percent of Total Sales	60.0%	43.6%	36.0%	39.5%	32.3%	38.4%	20.5%	40.7%	51.9%	25.0%	36.4%	25.0%	30.0%	30.0%	25.0%	27.4%
<b>Total Sales</b>	<b>44,725</b>	<b>8,196</b>	<b>6,625</b>	<b>6,773</b>	<b>6,935</b>	<b>28,313</b>	<b>6,516</b>	<b>7,500</b>	<b>9,474</b>	<b>6,768</b>	<b>30,258</b>	<b>7,171</b>	<b>6,800</b>	<b>6,829</b>	<b>7,220</b>	<b>28,020</b>
<b>Average Billed Revenue (cents/KWh)</b>																
Residential	5.60	5.91	6.40	6.45	5.75	6.07	5.73	6.08		6.00	4.45	5.50	5.50	5.50	5.50	5.50
Commercial	5.08	5.07	5.15	5.20	4.94	5.09	4.27	4.92		5.10	3.57	4.80	4.80	4.80	4.80	4.80
Industrial	3.38	3.43	3.18	4.34	3.86	3.69	3.49	3.63		3.70	2.71	3.50	3.50	3.50	3.50	3.50
Total Retail	4.88	5.13	5.17	5.47	5.08	5.21	4.75	5.03								
Wholesale	1.85	1.82	1.72	2.61	2.59	2.15	1.88	2.03		2.50	1.60	2.45	2.45	2.45	2.45	2.45

Sources: Company reports and Robertson Stephens estimates.

**TRANSMISSION AND DISTRIBUTION GROUP--QUARTERLY MODEL** (in millions)

10/12/99 FY=December	1997	1998				Year	1999				YearE	2000				YearE
		Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)		Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)E		Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E	
Total Sales	3.09	3.68	3.89	4.34	4.27	4.03	4.40	3.81								

Sources: Company reports and Robertson Stephens estimates.

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2001E
1,374
756
55.0%
316
82
41
34
<hr/>
433
-
<hr/>
433
23.0%
6.0%
3.0%
2.5%
31.5%
31.5%
4.7%
6.4%
9.7%
9.7%
4.7%
3.0%
3.0%

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2001E
504
4,318
0.0%
-
4,318
0.32
174
1,702
6.0%
-
1,702
0.28
354
1,516
3.0%
-
1,516
0.64
341
2,922
5.0%
-
2,922
0.32

2001E
477
407
146
-
1,030
201
-
<b>1,231</b>
431
308
191
-
<b>302</b>
35.0%
25.0%
15.5%
0.0%
24.5%
5.8%
6.4%
7.1%
6.0%
3.7%
762
2.0%
8,837
40.0%
8,837
40.0%
4,419
20.0%
<b>22,093</b>
29.0
<b>8,380</b>
27.5%
<b>30,472</b>
5.40
4.60
3.30
2.40

Sources: Company reports and Robertson Stephens estimates.

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2001E



## WHOLESALE ENERGY OPERATIONS AND SERVICES (in millions)

\*\*Model is hardwired off of year over year IBIT.

10/12/99 FY=December	1998					1999					2000					
	1997	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE
<b>Total Revenues</b>	<b>18,022</b>	<b>4,738</b>	<b>5,774</b>	<b>10,341</b>	<b>6,618</b>	<b>27,725</b>	<b>6,595</b>	<b>8,694</b>	<b>11,062</b>	<b>8,733</b>	<b>35,084</b>	<b>7,556</b>	<b>10,736</b>	<b>11,617</b>	<b>12,011</b>	<b>41,919</b>
<i>Year over Year Change</i>	57.9%	0.5%	107.3%	108.7%	30.6%	53.8%	39.2%	50.6%	7.0%	32.0%	26.5%	14.6%	23.5%	5.0%	37.5%	19.5%
<b>IBIT</b>																
Commodity Sales and Services	249	129	23	152	107	411	224	81	172	162	639	140	178	171	197	686
<i>Percent of Revenues</i>	-28.4%	2.7%	0.4%	1.5%	1.6%	1.5%	3.4%	0.9%	1.6%	1.5%	1.8%	1.9%	1.7%	1.5%	1.6%	1.7%
Energy Assets and Investments	565	151	258	160	140	709	136	325	240	157	858	166	238	274	261	939
<i>Percent of Revenues</i>	3.1%	3.2%	4.5%	1.5%	2.1%	2.6%	2.1%	3.7%	2.2%	1.8%	2.4%	2.2%	2.2%	2.4%	2.2%	2.2%
<i>Year Over Year Percent Change</i>	114.8%	184.9%	69.7%	-15.8%	-17.6%	25.5%	-9.9%	26.0%	50.0%	5.0%	17.8%	15.0%	-30.0%	10.0%	60.0%	13.8%
Unallocated Expenses	(160)	(31)	(40)	(35)	(46)	(152)	(40)	(50)	(34)	(48)	(172)	(50)	(50)	(50)	(50)	(200)
<i>Percent of Revenues</i>	-0.9%	-0.7%	-0.7%	-0.3%	-0.7%	-0.5%	-0.6%	-0.6%	-0.3%	-0.5%	-0.5%	-0.7%	-0.5%	-0.4%	-0.4%	-0.5%
<b>TOTAL IBIT ALL SEGMENTS</b>	<b>654</b>	<b>249</b>	<b>241</b>	<b>277</b>	<b>201</b>	<b>968</b>	<b>320</b>	<b>356</b>	<b>378</b>	<b>271</b>	<b>1,325</b>	<b>257</b>	<b>365</b>	<b>395</b>	<b>408</b>	<b>1,425</b>
<i>Percent of Revenues</i>	3.6%	5.3%	4.2%	2.7%	3.0%	3.5%	4.9%	4.1%	3.4%	3.1%	3.8%	3.4%	3.4%	3.4%	3.4%	3.4%
<i>Year Over Year Percent Change</i>	40.3%	49.1%	85.4%	60.1%	9.2%	48.0%	28.5%	47.7%	36.5%	34.7%	36.9%	-19.7%	2.5%	4.5%	50.8%	7.6%
<b>Commodity Sales and Services</b>																
Physical Volumes (Bbtue/d)																
Gas:																
United States	7,654	7,276	6,696	7,749	7,941	7,418	9,088	8,038	8,573	8,338	8,541	9,770	8,641	9,216	8,963	9,182
Canada	2,263	2,876	3,295	3,656	4,101	3,486	3,954	4,475	4,748	5,741	4,734	4,547	5,146	5,460	6,603	5,444
Europe	660	1,125	1,062	1,176	1,605	1,243	1,792	1,198	1,605	2,568	1,767	2,778	1,857	2,488	3,980	2,739
Other	-	1	5	17	4	8	7	26	35	4	8	7	26	35	4	8
Total	10,577	11,278	11,058	12,598	13,651	12,155	14,841	13,737	14,961	16,651	15,050	17,101	15,670	17,199	19,550	17,372
Transport Volumes	460	450	630	643	510	559	556	513	537	612	555	612	564	591	673	610
Total Gas Volumes	11,037	11,728	11,688	13,241	14,161	12,714	15,397	14,250	15,498	17,263	15,604	17,713	16,234	17,790	20,224	17,982
Oil	690	1,756	2,534	2,596	4,923	2,960	3,704	8,068	3,972	12,308	6,899	4,519	9,843	4,846	15,015	8,417
Liquids	987	654	550	652	586	610	580	754	727	381	613	377	490	473	248	399
Electricity	5,256	8,262	9,463	17,684	8,609	11,024	9,594	10,638	12,406	10,331	11,539	11,513	12,234	14,267	12,397	13,559
Total Physical Volumes (Bbtue/d)	17,970	22,400	24,235	34,173	28,279	27,308	29,275	33,710	32,603	40,283	34,656	34,122	38,801	37,375	47,883	40,357
<i>Dollars IBIT per (Bbtue)</i>	38	63	10	49	41	41	84	26	58	44	53	45	50	50	45	48
Electricity Volumes Marketed (Thousand MWh)																
United States	191,746	74,272	86,075	162,527	78,969	401,843	85,962	94,966	111,336							
Europe and Other	100	82	40	165	242	529	384	1,837	2,795							
Total	191,846	74,354	86,115	162,692	79,211	402,372	86,346	96,803	114,131							
Financial Settlements (Notional)(Bbtue/d)	49,082	69,918	67,411	83,653	79,211	75,266	94,974	82,699	109,351							
<b>Year Over Year Change</b>																
Physical Volumes (Bbtue/d)																
Gas:																
United States	9.4%	-15.5%	-8.6%	5.8%	7.7%	-3.1%	24.9%	20.0%	10.6%	5.0%	15.1%	7.5%	7.5%	7.5%	7.5%	7.5%
Canada	61.0%	36.5%	55.2%	55.4%	66.4%	54.0%	37.5%	35.8%	29.9%	40.0%	35.8%	15.0%	15.0%	15.0%	15.0%	15.0%
Europe	128.4%	144.6%	85.7%	57.2%	87.9%	88.3%	59.3%	12.8%	36.5%	60.0%	42.1%	55.0%	55.0%	55.0%	55.0%	55.0%
Other											0.0%					0.0%
Total	21.7%	0.9%	10.3%	20.9%	27.7%	14.9%	31.6%	24.2%	18.8%	22.0%	24.1%	15.2%	14.1%	15.0%	17.4%	15.4%
Transport Volumes	-15.4%	117.4%	-8.2%	41.0%	4.5%	21.5%	23.6%	-18.6%	-16.5%	20.0%	-0.8%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Gas Volumes	19.5%	3.0%	9.1%	21.7%	26.7%	15.2%	31.3%	21.9%	17.0%	21.9%	23.0%	15.0%	13.9%	14.8%	17.1%	15.2%
Oil	115.6%	164.9%	458.1%	279.5%	415.0%	329.0%	110.9%	218.4%	53.0%	150.0%	133.1%	22.0%	22.0%	22.0%	22.0%	22.0%
Liquids	-16.8%	-47.6%	-49.1%	-24.0%	-23.7%	-38.2%	-11.3%	37.1%	11.5%	-35.0%	0.6%	-35.0%	-35.0%	-35.0%	-35.0%	-35.0%
Electricity	218.9%	123.4%	125.7%	125.2%	64.5%	109.7%	16.1%	12.4%	-29.8%	20.0%	4.7%	20.0%	15.0%	15.0%	20.0%	17.5%
Total Physical Volumes (Bbtue/d)	45.0%	31.8%	47.4%	68.6%	56.0%	52.0%	30.7%	39.1%	-4.6%	42.4%	26.9%	16.6%	15.1%	14.6%	18.9%	16.4%

Sources: Company reports and Robertson Stephens estimates.

2001E
48,246
15.1%
823
1.5%
1,018
3.0%
4.1%
(200)
-0.4%
<b>1,640</b>
3.4%
15.1%
9,871
5,988
3,286
8
19,153
640
19,794
9,259
439
15,592
45,083
50
7.5%
10.0%
20.0%
10.3%
5.0%
10.1%
10.0%
10.0%
15.0%
11.7%

**RETAIL ENERGY SERVICES--QUARTERLY SALES & EARNINGS MODEL** *(in millions)*

10/12/99 FY=December	1998					1999					2000					
	1997	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	YearE	Q1 (Mar)E	Q2 (Jun)E	Q3 (Sep)E	Q4 (Dec)E	YearE
<b>Revenues</b>																
Retail Energy Services	683	195	154	400	323	1,072	370	340	542	581	1,833	555	510	813	872	2,750
<b>IBIT (Loss)</b>																
Retail Energy Services	(107)	(27)	(43)	(23)	(26)	(119)	(31)	(26)	(18)	(9)	(84)	11	10	18	19	58
<b>IBIT as a Percentage of Segment Revenues</b>																
Retail Energy Services	-15.7%	-13.8%	-27.9%	-5.8%	-8.0%	-11.1%	-8.4%	-7.6%	-3.3%	-1.5%	-4.6%	2.0%	2.0%	2.2%	2.2%	2.1%
<b>Year Over Year Change</b>																
Retail Energy Services	33.1%	-8.9%	8.5%	210.1%	63.1%	57.0%	89.7%	120.8%	35.5%	80.0%	71.0%	50.0%	50.0%	50.0%	50.0%	50.0%

Sources: Company reports and Robertson Stephens estimates.