

High Grade Trading Daily

Energy and Project Finance

Trade Recommendation:

Description	Maturity	Amount Out. (\$MM)	Ratings	T-Spread

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Daily Commodity Prices

	04/11/2000 Close	04/10/2000 Close	Change	04/12/2000 Opening	Change from Close
WTI (\$/bbl)	24.18	23.90	.28	24.36	.18
Brent (\$/bbl)	20.90	20.55	.35	21.30	.40
Henry Hub (\$/MCF)	2.98	3.00	(.02)	2.97	(.01)

Source: Bloomberg

Commentary:

Enron Corporation [ENE] (Baa1/BBB+) reported record earnings yesterday of \$0.40/share for the first quarter of 2000, beating the consensus earnings estimates of \$0.37/share. Revenues increased 72% to \$13.1 billion while net income increased 34% to \$338 million over the first quarter of 1999. All of ENE's businesses showed solid results in the quarter. Wholesale Energy Operations and Services posted its 17th consecutive quarter of increased IBIT (income before interest, minority interest and taxes) with an increase of 31% to \$419 million on a 43% increase in physical trading volumes (53% increase in gas, 27% increase in power). Physical volumes increased in all commodities in every area in which Enron operates. The Wholesale segment's results were bolstered by EnronOnline, the Enron's Internet-based trading system. EnronOnline has executed 70,000 transactions since it was introduced in late 1999 and accounted for 39% of ENE's total Wholesale transactions and 27% of Wholesale volumes in the first quarter of 2000. Enron Energy Services (EES) more than doubled new contract awards in the first quarter over last year's quarter, adding \$3.7 billion of new energy contracts. First quarter IBIT in this segment, which showed its initial positive results on schedule in 1999's fourth quarter was \$16 million. The Transportation and Distribution business also posted solid results, with an increase in revenues of 25% and in IBIT of nearly 7% over the prior year's quarter. Lastly, ENE's Broadband Services business achieved significant advances in the development of the Enron network. Service contracts totaling \$31 million were completed during the quarter. In bandwidth intermediation, ENE finished the quarter well ahead of its expectations, having delivered or committed to deliver 85% of its 2000 targeted volumes. We view Enron as a market leading participant in the rapidly evolving global energy services arena, and continue to recommend it as a core holding.

Credit Suisse First Boston is acting as financial advisor to Enron Corp. in its transaction with Sierra Pacific Resources.

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