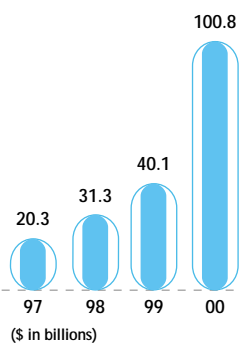


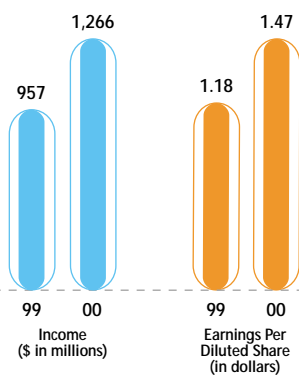
FINANCIAL HIGHLIGHTS

(Unaudited; in millions, except per share data)

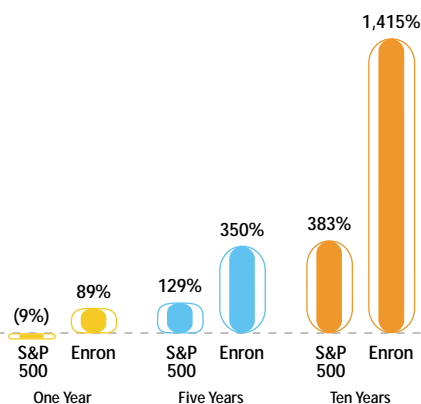
	2000	1999	1998	1997	1996
Revenues	\$ 100,789	\$ 40,112	\$ 31,260	\$ 20,273	\$ 13,289
Net income:					
Operating results	\$ 1,266	957	698	515	493
Items impacting comparability	(287)	(64)	5	(410)	91
Total	\$ 979	893	703	105	584
Earnings per diluted common share:					
Operating results	\$ 1.47	1.18	1.00	0.87	0.91
Items impacting comparability	(0.35)	(0.08)	0.01	(0.71)	0.17
Total	\$ 1.12	1.10	1.01	0.16	1.08
Dividends paid per common share	\$ 0.50	0.50	0.48	0.46	0.43
Total assets	\$ 65,503	33,381	29,350	22,552	16,137
Cash from operating activities (excluding working capital)	\$ 3,010	2,228	1,873	276	742
Capital expenditures and equity investments	\$ 3,314	3,085	3,564	2,092	1,483
NYSE price range					
High	\$ 90 ¹ / ₁₆	44 ⁷ / ₁₆	29 ³ / ₁₆	22 ⁷ / ₁₆	23 ³ / ₄
Low	41 ³ / ₁₆	28 ³ / ₄	19 ¹ / ₁₆	17 ¹ / ₂	17 ⁵ / ₁₆
Close December 31	83 ¹ / ₈	44 ³ / ₈	28 ¹⁷ / ₃₂	20 ²⁵ / ₃₂	21 ¹ / ₁₆



REVENUES



OPERATING RESULTS



CUMULATIVE TOTAL RETURN
(through December 31, 2000)

TO OUR SHAREHOLDERS

Enron's performance in 2000 was a success by any measure, as we continued to

outdistance the competition

and solidify our leadership in each of our major businesses. In our largest business, wholesale services, we experienced an enormous increase of 59 percent in physical energy deliveries. Our retail energy business achieved its highest level ever of total contract value. Our newest business, broadband services, significantly accelerated transaction activity, and our oldest business, the interstate pipelines, registered increased earnings. The company's net income reached a record \$1.3 billion in 2000.



Enron has built unique and strong businesses that have tremendous opportunities for growth. These businesses — wholesale services, retail energy services, broadband services and transportation services — can be significantly expanded within their very large existing markets and extended to new markets with enormous growth potential. At a minimum, we see our market opportunities company-wide tripling over the next five years.

Enron is laser-focused on earnings per share, and we expect to continue strong earnings performance. We will leverage our extensive business networks, market knowledge and logistical expertise to produce high-value bundled products for an increasing number of global customers.

Competitive Advantages

Our targeted markets are very large and are undergoing fundamental changes. Energy deregulation and liberalization continue, and customers are driving demand for reliable delivery of energy at predictable prices. Many markets are experiencing tighter supply, higher prices and increased volatility, and there is increasing interdependence within regions and across commodities. Similarly, the broadband industry faces issues of overcapacity and capital constraint even as demand increases for

faster, flexible and more reliable connectivity. Enron is in a unique position to provide the products and services needed in these environments. Our size, experience and skills give us enormous competitive advantages. We have:

- Robust networks of strategic assets that we own or have contractual access to, which give us greater flexibility and speed to reliably deliver widespread logistical solutions.
- Unparalleled liquidity and market-making abilities that result in price and service advantages.
- Risk management skills that enable us to offer reliable prices as well as reliable delivery.
- Innovative technology such as EnronOnline to deliver products and services easily at the lowest possible cost.

These capabilities enable us to provide high-value products and services other wholesale service providers cannot. We can take the physical components and repackage them to suit the specific needs of customers. We treat term, price and delivery as variables that are blended into a single, comprehensive solution. Our technology and fulfillment systems ensure execution. In current market environments, these abilities make Enron the right company with the right model at the right time.

The Astonishing Success of EnronOnline

In late 1999 we extended our successful business model to a web-based system, EnronOnline. EnronOnline has broadened our market reach, accelerated our business activity and enabled us to scale our business beyond our own expectations. By the end of 2000, EnronOnline had executed 548,000 transactions with a notional value of \$336 billion, and it is now the world's largest web-based eCommerce system.

With EnronOnline, we are reaching a greater number of customers more quickly and at a lower cost than ever. It's a great new business generator, attracting users who are drawn by the site's ease of use, transparent, firm prices and the fact that they are transacting directly with Enron. In 2000 our total physical volumes increased significantly as a direct result of EnronOnline.

wholesale services income before interest, minority interests and taxes (IBIT) increased 72 percent to \$2.3 billion. Over the past five years, as physical volumes have increased, wholesale IBIT has grown at a compounded average annual rate of 48 percent, and we have had 20 consecutive quarters of year-over-year growth. We have established core wholesale businesses in both natural gas and power in North America and Europe, where we are market leaders.

In North America, we deliver almost double the amount of natural gas and electricity than the second tier of competitors. Our network of 2,500 delivery points provides price advantages, flexibility and speed-to-market in both natural gas and power. Natural gas, our most developed business, has seen substantial volume growth throughout the United States and Canada. In 2000 our physical natural gas volumes were up 77 percent to 24.7 billion cubic feet per day (Bcf/d). Physical power volumes were up 52 percent to 579 million megawatt-hours (MWh).

We are building a similar, large network in Europe. In 2000 we marketed 3.6 Bcf/d of natural gas and 53 million MWh in this market, a vast increase over 1999. As markets open, we tenaciously pursue the difficult, early deals that break ground for subsequent business. We are the only pan-European



left page:
Jeffrey K. Skilling
President and CEO

right page:
Kenneth L. Lay
Chairman



EnronOnline has enabled us to scale quickly, soundly and economically. Since its introduction, EnronOnline has expanded to include more than 1,200 of our products. It also has streamlined our back-office processes, making our entire operation more efficient. It has reduced our overall transaction costs by 75 percent and increased the productivity of our commercial team by five-fold on average. We are not sitting still with this important new business tool — in September 2000 we released EnronOnline 2.0, which added even more customer functionality and customization features and attracted more customers.

Enron Wholesale Services

The wholesale services business delivered record physical volumes of 51.7 trillion British thermal units equivalent per day (TBtue/d) in 2000, compared to 32.4 TBtue/d in 1999. As a result,

player, and we are optimizing our advantage to conduct cross-border transactions.

We are extending Enron's proven business approach to other markets, and integrating EnronOnline into all our businesses as an accelerator. Our growth rates are rising in areas such as metals, forest products, weather derivatives and coal. We expect these businesses to contribute to earnings even more significantly in 2001.

Enron Energy Services

Our retail unit is a tremendous business that experienced a break-out year in 2000. We signed contracts with a total value of \$16.1 billion of customers' future energy expenditures, almost double the \$8.5 billion signed in 1999. We recorded increasing positive earnings in all four quarters in 2000, and the business generated \$103 million of recurring IBIT. Energy and facilities management outsourcing is

now a proven concept, and we've established a profitable deal flow, which includes extensions of contracts by many existing customers. Price volatility in energy markets has drawn fresh attention to our capabilities, increasing demand for our services. No other provider has the skill, experience, depth and versatility to offer both energy commodity and price risk management services, as well as energy asset management and capital solutions. In 2001 we expect to close approximately \$30 billion in new total contract value, including business from our newest market, Europe.

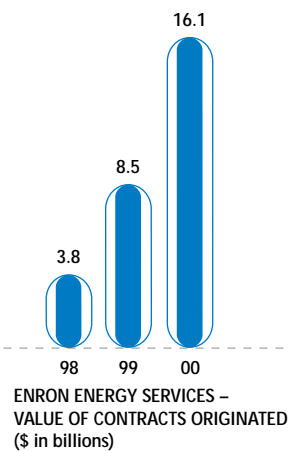
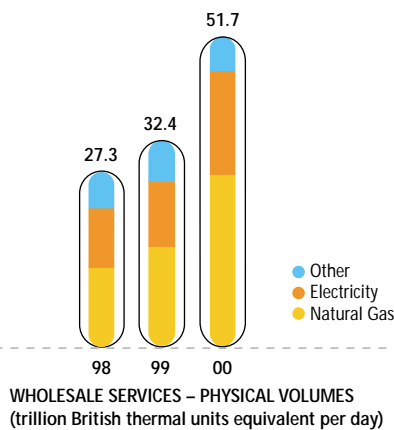
Enron Broadband Services

We have created a new market for bandwidth intermediation with Enron Broadband Services. In 2000 we completed 321 transactions with 45 coun-

businesses and offer viewers at home an additional convenient way to choose and receive entertainment. Enron provides the wholesale logistical services that bridge the gap between content providers and last-mile distributors. Full-length movies-on-demand service has been successfully tested in four U.S. metropolitan markets.

Enron Transportation Services

The new name for our gas pipeline group accurately reflects a cultural shift to add more innovative customer services to our efficient pipeline operation. To serve our customers more effectively, we are increasingly incorporating the web into those relationships. Customers can go online to schedule nominations and handle inquiries, and they can transact for available capacity on EnronOnline. The pipelines



terparties. We are expanding our broadband intermediation capabilities to include a broad range of network services, such as dark fiber, circuits, Internet Protocol service and data storage. Our opportunities are increasing commensurately.

Part of the value we bring to the broadband field is network connectivity — providing the switches, the network intelligence and the intermediation skills to enable the efficient exchange of capacity between independent networks. We operate 25 pooling points to connect independent third-parties — 18 in the United States, six in Europe and one in Japan. At least 10 more are scheduled to be completed in 2001.

Enron also has developed a compelling commercial model to deliver premium content-on-demand services via the Enron Intelligent Network. Content providers want to extend their established

continued to provide strong earnings and cash flow in 2000. Demand for natural gas is at a high in the United States, and we're adding capacity to take advantage of expansion opportunities in all markets. New capacity is supported by long-term contracts.

Strong Returns

Enron is increasing earnings per share and continuing our strong returns to shareholders. Recurring earnings per share have increased steadily since 1997 and were up 25 percent in 2000. The company's total return to shareholders was 89 percent in 2000, compared with a negative 9 percent returned by the S&P 500. The 10-year return to Enron shareholders was 1,415 percent compared with 383 percent for the S&P 500.

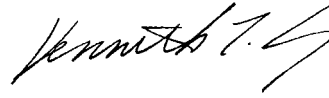
Enron hardly resembles the company we were in the early days. During our 15-year history, we have stretched ourselves beyond our own expectations.

We have metamorphosed from an asset-based pipeline and power generating company to a marketing and logistics company whose biggest assets are its well-established business approach and its innovative people.

Our performance and capabilities cannot be compared to a traditional energy peer group. Our results put us in the top tier of the world's corporations. We have a proven business concept that is eminently scalable in our existing businesses and adaptable enough to extend to new markets.

As energy markets continue their transformation, and non-energy markets develop, we are poised to capture a good share of the enormous opportunities they represent. We believe wholesale gas and power in North America, Europe and Japan

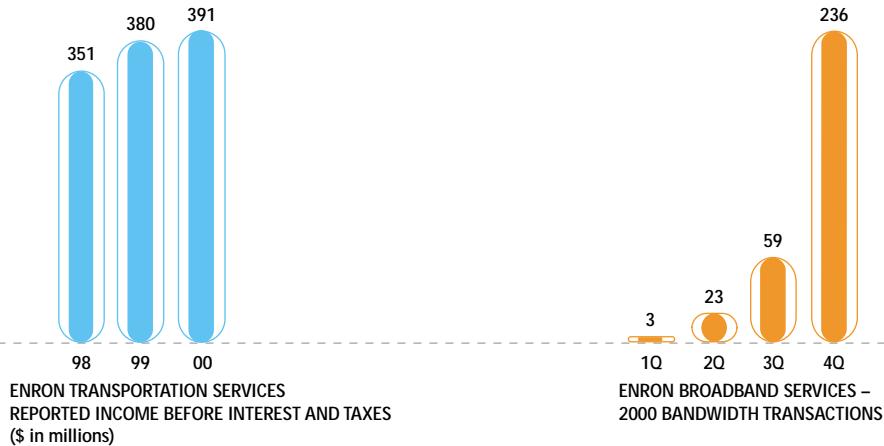
EnronOnline will accelerate their growth. We plan to leverage all of these competitive advantages to create significant value for our shareholders.



Kenneth L. Lay
Chairman



Jeffrey K. Skilling
President and
Chief Executive Officer



will grow from a \$660 billion market today to a \$1.7 trillion market over the next several years. Retail energy services in the United States and Europe have the potential to grow from \$180 billion today to \$765 billion in the not-so-distant future. Broadband's prospective global growth is huge — it should increase from just \$17 billion today to \$1.4 trillion within five years.

Taken together, these markets present a \$3.9 trillion opportunity for Enron, and we have just scratched the surface. Add to that the other big markets we are pursuing — forest products, metals, steel, coal and air-emissions credits — and the opportunity rises by \$830 billion to reach nearly \$4.7 trillion.

Our talented people, global presence, financial strength and massive market knowledge have created our sustainable and unique businesses.