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To: Distribution

Date: January 17, 2000

From: Paula Rieker

RE: Enron Corp. Fourth Quarter 1999 Earnings Release Draft

Attached is a draft of the earnings release scheduled to be released tomorrow morning, Tuesday, January 18.

Please provide your comments by 2:00 p.m. today.

Please call me at ext. 37209 to discuss, or fax your comments to 713/646-3002.

Thank you in advance for your prompt response.

Paula

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ENRON CORP. CONTINUES STRONG EARNINGS GROWTH: REPORTS FOURTH QUARTER 1999 EARNINGS OF $0.30 PER DILUTED SHARE

FOR IMMEDIATE RELEASE: Tuesday, January 18, 2000

HOUSTON -- Enron Corp. announced today very strong financial and operating results for the full year 1999, including:

- a 30 percent increase in revenues to $41 billion;
- a 37 percent increase in net income to $953 million;
- a 17 percent increase in earnings per diluted share to $1.17;
- a 19 percent increase in marketed volumes to 32 trillion British thermal units per day (TBtue/d); and
- a more than doubling of new retail energy services contracts to $8.5 billion.

The financial results exclude nonrecurring items.

"Our strong results in both the fourth quarter and the full year 1999 reflect excellent performance in all of our operating businesses. Our wholesale business again registered strong profitability and growth in the rapidly expanding, deregulating energy industry worldwide. Our retail business in now profitable. This business has reached critical mass in contracting activity and service capabilities, and profitability is expected to accelerate rapidly," said Kenneth L. Lay, Enron chairman and chief executive officer. "In addition, Enron continues to develop innovative, high-growth new businesses that capitalize on our core skills, as demonstrated by the early success of our new broadband services business. Overall, a great year -- one in which our shareholders received a total return of 58 percent."

Enron also announced a very successful fourth quarter of 1999, generating earnings of $0.30 per diluted share, an increase of 25 percent from $0.24 a year ago. .

FULL YEAR RESULTS

Enron's businesses include Wholesale Energy Operations and Services (including broadband services), Retail Energy Services, and Transportation and Distribution.

Wholesale Energy Operations and Services: Enron's wholesale group consists of two primary lines of business: Commodity Sales and Services (marketing energy commodities and services and managing the associated contract portfolios) and Energy

Assets and Investments (investing in, developing, constructing and operating energy and other assets.)

The wholesale group increased income before interest, minority interests and taxes (IBIT) 36 percent in 1999 to $1.3 billion.

Strong earnings in Commodity Sales and Services were reflected in a 55 percent increase in IBIT to $636 million for 1999. Total deliveries of energy commodities increased 19 percent to 32 TBtue/d, including increases in North America and Europe of 17 percent and 48 percent, respectively. Volume growth reflects expanding, comprehensive supply management contracts for large, regional gas and power utilities. Natural gas volumes increased 22 percent, largely driven by the North American operations. Total power volumes worldwide declined slightly to 391 million megawatt hours due to a single period of unusual activity in the U.S. during the third quarter of 1998. Enron's strong early lead in large, key power markets and the successful launch during 1999 of EnronOnline, Enron's innovative global Internet-based transaction system, are expected to continue contributing significantly to growth in Commodity Sales and Services.

Energy Assets and Investments reported a 19 percent increase in IBIT to $846 million. The earnings reflect a balanced contribution from Enron's growing energy networks worldwide, diverse energy and communications investments, and sales of power plants developed and constructed to meet energy demands worldwide.

In 1999, Enron began commercial operations of ten wholesale power plants totaling over 4,000 megawatts of capacity. Certain of these new facilities complement Enron's power marketing capabilities and provide customers in North America and Europe with valuable power in periods of high demand. Enron's plants also deliver new sources of electricity to developing markets, such as South America and India.

Retail Energy Services: Enron Energy Services offers comprehensive products to reduce energy costs for business customers throughout the U.S. and Europe. Enron Energy Services has built a strong sales and implementation team to capture the lead position in the energy outsource market and now manages over 16,500 facilities worldwide.

During 1999, Enron Energy Services entered into contracts representing $8.5 billion of customers' future expenditures for natural gas, power and energy services,

more than double the $3.8 billion contracted in 1998. The loss before interest and taxes of $68 million for 1999 represents a significant improvement over the $119 million loss for the prior year and reflects the results of the increased delivery of energy commodity services under outsource contracts. Enron Energy Services was profitable in the fourth quarter of 1999 ($7 million of IBIT) and is expected to generate significantly increased profits in 2000 and beyond.

Transportation and Distribution: This group includes Enron's Gas Pipeline Group and Portland General Electric. During 1999, Transportation and Distribution generated $685 million of IBIT versus $635 million last year

The results for 1999 include nonrecurring charges totaling $0.08 per diluted share. The net result included after-tax income of $345 million, or $0.45 per diluted share, reflecting Enron's sale of its ownership in Enron Oil & Gas Company. After-tax charges included $278 million and $131 million, or $0.36 and $0.17 per diluted share, related to Enron's MTBE asset and the cumulative effect of accounting changes, respectively.

Please see attached tables for additional financial information.

This press release 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. Although Enron believes that its

ENRON CORP.
Table 1 - Earnings Summary
(Unaudited: in millions except per share data)

	Quarter Ended December 31, 1999	Quarter Ended December 31, 1998	Year Ended December 31, 1999	Year Ended December 31, 1998
Revenues				
Transportation and Distribution:				
Gas Pipeline Group	$ 181	$ 170	$ 653	$ 653
Portland General	377	327	1,379	1,196
Wholesale Energy Operations and Services	10,774	6,618	37,125	27,725
Retail Energy Services	468	322	1,720	1,072
Exploration and Production (a)	-	230	526	884
Corporate and Other (including intercompany eliminations)	(145)	35	(609)	(270)
Total Revenues	$ 11,655	$ 7,702	$ 40,794	$ 31,260
After tax results				
Net income excluding nonrecurring items	$ 255	$ 171	$ 953	$ 698
Nonrecurring items:				
Gain on sale of EOG stock	-	45	345	45
Charges related to MTBE asset	-	(40)	(278)	(40)
Cumulative effect of accounting changes	-	-	(131)	-
Net Income	$ 255	$ 176	$ 889	$ 703
Earnings (loss) per share (diluted) (b)				
EPS (diluted) excluding nonrecurring items	$ 0.30	$ 0.24	$ 1.17	$ 1.00
Nonrecurring items:				
Gain on sale of EOG stock	-	0.07	0.45	0.07
Charges related to MTBE asset	-	(0.06)	(0.36)	(0.06)
Cumulative effect of accounting changes	-	-	(0.17)	-
EPS (diluted)	$ 0.30	$ 0.25	$ 1.09	$ 1.01
Average shares outstanding (diluted) (b)	779.1	716.4	769.0	695.3

(a) Reflects results of Enron Oil & Gas through August 16, 1999, date of share exchange transaction.
(b) Shares outstanding and EPS amounts have been restated to reflect the two-for-one common stock split that was effective August 13, 1999.

Fourth Quarter 1998

ENRON CORP.
Table 2b - Results by Segment
(Unaudited: In millions, except per share amounts)

	Recurring	Non-Recurring	Total
IBIT:			
Transportation and Distribution:			
Gas Pipeline Group	$ 84	$ -	$ 84
Portland General	84	-	84
Wholesale Energy Operations and Service	201	-	201
Retail Energy Services	(26)	-	(26)
Exploration and Production	31	-	31
Corporate and Other	26	(39)	(13)
IBIT	400	(39)	361
Interest and Related Charges, net	152	-	152
Dividends on Preferred Securities of Subsidiaries	19	-	19
Minority Interests	17	-	17
Income Tax Provision (Benefit)	41	(44)	(3)
Net Income	171	5	176
Preferred Dividends:			
Second preferred stock	4	-	4
Earnings on Common Stock	$ 167	$ 5	$ 172
Average Number of Shares Used:			
Basic			661.8
Diluted	716.4	716.4	716.4
Earnings per Common Share:			
Basic			$ 0.26
Diluted	$ 0.24	$ 0.01	$ 0.25

Note: Shares outstanding and EPS amounts have been restated to reflect the two-for-one common stock split that wa effective August 13, 1999.

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1999 Year

ENRON CORP.
Table 2c - Results by Segment
(Unaudited: In millions, except per share amounts)

	Recurring	Non-Recurring	Total
IBIT:			
Transportation and Distribution:			
Gas Pipeline Group	$ 380	$ -	$ 380
Portland General	305	-	305
Wholesale Energy Operations and Services	1,321	-	1,321
Retail Energy Services	(68)	-	(68)
Exploration and Production (a)	65	-	65
Corporate and Other	(23)	13	(10)
IBIT	1,980	13	1,993
Interest and Related Charges, net	659	-	659
Dividends on Preferred Securities of Subsidiaries	77	-	77
Minority Interests	135	-	135
Income Tax Provision (Benefit)	156	(54)	102
Income before Cumulative Accounting Changes	953	67	1,020
Cumulative Effect of Accounting Changes, net of tax	-	(131)	(131)
Net Income (Loss)	953	(64)	889
Preferred Dividends:			
Second preferred stock	17	-	17
Series A and Series B Preferred Stock (b)	49	-	49
Earnings (Loss) on Common Stock	$ 887	$ (64)	$ 823
Average Number of Shares Used: (c)			
Basic			705.3
Diluted	769.0	769.0	769.0
Earnings (Loss) per Common Share: (c)			
Basic			$ 1.17
Diluted	$ 1.17	$ (0.08)	$ 1.09

(a) Reflects results of Enron Oil & Gas through August 16, 1999, date of share exchange transaction.
(b) The Series A and Series B Preferred Stock are antidilutive and therefore have been excluded from the calculation of diluted earnings per share.
(c) Shares outstanding and EPS amounts have been restated to reflect the two-for-one common stock split that was effective August 13, 1999.

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Transportation and Distribution

ENRON CORP.
Table 3a - Core Business Highlights
(Unaudited)

	Quarter Ended December 31, 1999	Quarter Ended December 31, 1998	Year Ended December 31, 1999	Year Ended December 31, 1998
Gas Pipeline Group				
(In Millions)				
Net Revenues	$ 176	$ 167	$ 626	$ 640
Operating Expenses	74	71	264	276
Depreciation & Amortization	14	20	66	70
Equity in Earnings	8	4	38	32
Other Income, net	1	4	46	25
IBIT	$ 97	$ 84	$ 380	$ 351
Total Volumes Transported (BBtu/d) (a)				
Northern Natural Gas	3,738	4,252	3,817	4,098
Transwestern Pipeline	1,460	1,492	1,462	1,607
Florida Gas Transmission	1,538	1,310	1,493	1,324
Northern Border Pipeline	2,406	1,781	2,405	1,770
Portland General				
(In Millions)				
Revenues	$ 377	$ 327	$ 1,379	$ 1,196
Purchased Power & Fuel	179	129	639	451
Operating Expenses	81	65	304	295
Depreciation & Amortization	44	47	181	183
Other Income, net	32	(2)	50	19
IBIT	$ 105	$ 84	$ 305	$ 286
Retail Customers (end of period, thousands)	719	704	719	704
Electricity Sales (Thousand MWh)				
Residential	2,004	2,052	7,404	7,101
Commercial	1,879	1,725	7,392	6,781
Industrial	1,198	921	4,463	3,562
Total Retail	5,081	4,698	19,259	17,444
Wholesale	3,300	2,237	12,612	10,869
Total Sales	8,381	6,935	31,871	28,313

(a) Reflects 100% of each entity's throughput volumes.

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Wholesale Energy Operations and Services

ENRON CORP.
Table 3b - Core Business Highlights
(Unaudited)

	Quarter Ended December 31,		Year Ended December 31,	
	1999	1998	1999	1998
Wholesale Energy Operations and Services				
(In Millions)				
Commodity Sales and Services	$ 159	$ 107	$ 636	$ 411
Energy Assets and Investments	145	140	846	709
Unallocated Expenses	(37)	(46)	(161)	(152)
IBIT	$ 267	$ 201	$ 1,321	$ 968
Commodity Sales and Services				
Physical Volumes (BBtue/d) (a)				
Gas:				
United States	10,219	7,941	8,982	7,418
Canada	4,406	4,101	4,398	3,486
Europe	1,604	1,605	1,549	1,243
Other	26	4	23	8
	16,255	13,651	14,952	12,155
Transport Volumes	693	510	575	559
Total Gas Volumes	16,948	14,161	15,527	12,714
Oil	5,877	4,923	5,407	2,960
Liquids	947	586	753	610
Electricity (b)	10,134	8,609	10,699	11,024
Total Physical Volumes (BBtue/d) (a)	33,906	28,279	32,386	27,308
Electricity Volumes Marketed (Thousand MWh)				
United States	86,666	78,969	378,930	401,843
Europe & Other	6,564	242	11,576	529
Total	93,230	79,211	390,506	402,372
Financial Settlements (Notional)(BBtue/d)	109,872	79,879	99,337	75,266

(a) Includes third-party transactions of Enron Energy Services.
(b) Represents electricity transaction volumes marketed, converted to BBtue/d.

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