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ENRON CONTINUES STRONG EARNINGS GROWTH;
REPORTS FOURTH QUARTER 1999 EARNINGS OF $0.31 PER DILUTED SHARE

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

- a 28 percent increase in revenues to $40 billion;
- a 37 percent increase in net income to $957 million;
- an 18 percent increase in earnings per diluted share to $1.18;
- a 19 percent increase in marketed volumes to 32 trillion British thermal unit equivalents per day (TBtue/d); and
- a more than doubling of new retail energy services contracts to $8.5 billion.

The above 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 is 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 $0.31 per diluted share, an increase of 29 percent from $0.24 a year ago.

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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 53 percent increase in IBIT to $628 million for 1999. Total deliveries of energy commodities increased 19 percent to 32 TBtue/d, including significant increases in both North America and Europe. 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 392 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, newly deregulated power markets and the successful launch during 1999 of EnronOnline, Enron's innovative global Internet-based transaction system, are expected to contribute significantly to continuing growth in Commodity Sales and Services.

Energy Assets and Investments reported a 20 percent increase in IBIT to $850 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 eleven wholesale power plants totaling over 4,300 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 strong sales and implementation teams 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, reporting IBIT of $7 million, 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 $637 million last year.

The Gas Pipeline Group reported IBIT of $380 million for the full year 1999, compared to $351 million in 1998. Total volumes transported increased by 4 percent to over 9 billion cubic feet per day. During the year, Northern Natural Gas settled a major rate case, which extends firm contracts with a majority of its customers. Florida Gas Transmission Company experienced record deliveries on its system and is processing two large expansions, which will add new capacity of approximately 600 million cubic feet per day and bring total capacity to 2.1 billion cubic feet per day.

During the fourth quarter of 1999, Enron entered into an agreement to sell Portland General Electric. The transaction is expected to close in late 2000.

FOURTH QUARTER RESULTS

Enron earned $0.31 per diluted share in the fourth quarter of 1999, an increase of 29 percent from $0.24 last year. Revenues increased over 40 percent to $11 billion. Earnings for the fourth quarter of 1999 were led by:

- a 31 percent increase in wholesale IBIT as marketed volumes increased 21 percent to 34 TBtue/d; and
- $7 million IBIT from Enron Energy Services, compared to a loss of $26 million in the fourth quarter a year ago. In addition, Enron Energy Services originated new contracts of $2.6 billion in the most recent quarter, including its first European outsource contract.

OTHER INFORMATION

For the full year 1999, Enron reported $1.10 of earnings per diluted share compared to $1.01 in 1998, after nonrecurring items.

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 table 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 expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include political developments in foreign countries, the ability to penetrate new retail natural gas and electricity markets, including the energy outsource market, in the United States and Europe, the timing and extent of changes in prices for crude oil, natural gas, electricity and interest rates, the timing and success of Enron's efforts to develop international power, pipeline and other infrastructure projects, and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.