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ENRON REPORTS THIRD QUARTER EARNINGS OF $0.34 PER DILUTED SHARE

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HOUSTON -- Enron Corp. announced today a 26 percent increase in earnings to $0.34 per diluted share for the third quarter of 2000 compared to $0.27 of recurring earnings a year ago. Corresponding net income in the recent quarter increased 31 percent to $292 million. Third quarter revenues grew 154 percent to $30.0 billion.

"Enron delivered very strong earnings growth again this quarter, further demonstrating the leading market positions in each of our major businesses," said Kenneth L. Lay, chairman and CEO of Enron. "Our wholesale and retail energy businesses have achieved record-setting levels of physical deliveries, contract originations and profitability. We operate in some of the largest and fastest growing markets in the world, and we are very optimistic about the continued strong outlook for our company."

PERFORMANCE SUMMARY

Enron's businesses are reported as Wholesale Energy Operations and Services, Retail Energy Services, Transportation and Distribution, and Broadband Services.

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

Income before interest, minority interests and taxes (IBIT) reported by the wholesale group increased 66 percent in the third quarter to $627 million from $378 million a year ago, marking the 19th consecutive period of year over year quarterly earnings growth in this segment.

The Commodity Sales and Services business increased IBIT to $404 million in the third quarter of 2000 compared to $172 million last year, primarily due to significantly increased

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volumes in North America and Europe. Physical deliveries of energy commodities grew to 53.5 trillion British thermal unit equivalents per day (TBtue/d), a 64 percent increase over the third quarter of 1999. Physical volumes increased in every commodity in every major region where Enron operates, including:

Worldwide:

- an 86 percent increase in natural gas volumes to 28.8 TBtue/d;
- a 52 percent increase in power volumes to 173 million megawatt hours;

North America:

- an 82 percent increase in natural gas volumes to 25.2 TBtue/d;
- a 46 percent increase in power volumes to 163 million megawatt hours;

Europe:

- a 124 percent increase in natural gas volumes to 3.6 TBtue/d; and
- a 271 percent increase in power volumes to 10 million megawatt hours.

Financial settlement volumes doubled in the third quarter to 212.2 TBtue/d, reflecting Enron's unparalleled ability to provide customers liquidity services and price risk management products.

During the recent quarter, Enron continued to advance EnronOnline, its widely accepted web-based eCommerce platform. EnronOnline is the only principal-based transaction site available today in the global wholesale energy marketplace. Enron now offers almost 1,200 products online. As of October 11, Enron had executed over 350,000 transactions online, totaling $183 billion of gross value since inception in late 1999.

IBIT from the Assets and Investments business increased to $305 million in the third quarter of 2000 compared to $240 million in the third quarter of 1999. In the recent quarter, earnings benefited from strong investment performance (including net increases in the value of investments and from the securitization of investments) and income from asset operations.

Retail Energy Services: Enron Energy Services reported $30 million of IBIT in the recent quarter compared to a loss of $18 million last year. Revenues increased 172 percent to $1.5 billion during the quarter. Enron Energy Services executed $4.1 billion of new contracts during the third quarter of 2000, demonstrating its lead role in delivering comprehensive energy management solutions in the U. S. and Europe. New contracts included a $1 billion, 10-year

agreement with Starwood Hotels and Resorts and multiple other nationwide contracts and upsell agreements, including Compaq and Simon Properties.

Transportation and Distribution: This group includes Enron Transportation Services, formerly the Gas Pipeline Group, and Portland General Electric. Both businesses continue to provide strong earnings and cash flow, generating third quarter IBIT of $157 million compared to $137 million last year. The sale of Portland General Electric remains on schedule to close early in the first quarter of 2001.

Broadband Services: Enron Broadband reported a $20 million IBIT loss in the third quarter of 2000. Revenues for the quarter were $135 million. Results reflect start-up operating costs partially offset by the increased value of Enron's communication-related investments.

Enron is rapidly deploying a high capacity, flexible global broadband platform for the delivery of innovative bandwidth services. Enron has advanced key physical components of its broadband network, including installation of pooling points in 13 cities in the U.S. and London which enable bandwidth switching and access over 50 networks in common locations. In the third quarter, Enron delivered 1,399 DS-3 months equivalents of broadband capacity, which was a 42 percent increase over the previous quarter. Also during the quarter, Enron advanced implementation of its entertainment-on-demand product, which targets to deliver TV-quality video for mass market viewing of broadband content. Enron is beginning the initial roll-out of Blockbuster's vast movie library in select areas of four U.S. markets.

Corporate and Other reported an IBIT loss of $128 million in the third quarter of 2000 versus a loss of $23 million last year. This group's IBIT this quarter was lower than last year due to long-term employee compensation expenses, reduced earnings from equity investments and increased information technology expenses supporting a range of new business initiatives.

OTHER INFORMATION

Including a net benefit from nonrecurring items, Enron's reported third quarter 1999 net income was $290 million or $0.35 per diluted share. Third quarter 1999 nonrecurring items included an after-tax gain of $345 million, or $0.44 per diluted share, from the sale of Enron's interest in Enron Oil & Gas Company. Also included in last year's reported results was a nonrecurring, after-tax charge of $278 million or $0.36 per diluted share, related to Enron's MTBE asset.

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 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 success in marketing natural gas and power to wholesale customers; the ability to penetrate new retail natural gas and electricity markets, including the energy outsource market, in the United States and Europe; development of Enron's broadband network and customer demand for intermediation and content services; and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.