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News Release

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ENRON REPORTS RECURRING ANNUAL EARNINGS OF $1.47 PER DILUTED SHARE IN 2000 AND FOURTH QUARTER EARNINGS OF $0.41

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HOUSTON -- Enron Corp. announced today record financial and operating results for the full year 2000, including:

- a 25 percent increase in earnings per diluted share to $1.47;
- a 32 percent increase in net income to $1.3 billion;
- a 59 percent increase in marketed energy volumes to 52 trillion British thermal unit equivalents per day (TBtue/d); and
- an almost doubling of new retail energy services contracts to $16.1 billion.

"Our strong results reflect breakout performances in all of our operations," said Kenneth L. Lay, Enron's chairman and CEO. "Our wholesale services, retail energy and broadband businesses further expanded their leading market positions, as reflected in record levels of physical deliveries, contract originations and profitability. Our shareholders had another excellent year in 2000, as Enron's stock returned 89 percent, significantly in excess of any major investment index."

Enron also announced a very successful fourth quarter of 2000, generating recurring earnings of $0.41 per diluted share, an increase of 32 percent from $0.31 a year ago.

The above financial results exclude nonrecurring after-tax charges of $287 million primarily related to Enron's portion of asset impairments recorded by Azurix Corp.

FULL YEAR PERFORMANCE SUMMARY

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

Wholesale Services: Income before interest, minority interests and taxes (IBIT) of the wholesale group increased 72 percent in 2000 to $2.3 billion. Enron's wholesale group consists of two 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).

Commodity Sales and Services: The 160 percent increase to $1.6 billion in Commodity Sales and Services IBIT for 2000 reflects Enron's broad-based success in building energy franchises across North America and Europe. For the full year, Enron's North American natural gas business led the group's increase both in volume levels and profitability.

In 2000, Enron completed its first full year of deploying EnronOnline, which quickly became the world's largest web-based Ecommerce site. During the year, Enron executed 548,000 transactions online with 3,000 customers, totaling $336 billion of gross value. In addition to expanding the market reach of 1,200 wholesale commodity products, EnronOnline's internal features have enabled very significant expansion in scale, efficiency, information and liquidity. These sustainable competitive advantages contributed to both the expansion of Enron's existing wholesale businesses as well as the growth of new businesses.

Physical volumes in 2000 increased for gas and power in every major region where Enron operates, including:

Total Wholesale:

- a 59 percent total increase in wholesale volumes to 51.7 TBtue/d;
- an 82 percent increase in natural gas volumes to 28.3 TBtue/d; and
- a 62 percent increase in power volumes to 633 million megawatt hours.

North America:

- a 77 percent increase in natural gas volumes to 24.7 TBtue/d; and
- a 52 percent increase in power volumes to 579 million megawatt hours.

Europe and Other:

- a 131 percent increase in natural gas volumes to 3.6 TBtue/d; and
- a 372 percent increase in power volumes to 55 million megawatt hours.

Assets and Investments: The Wholesale Assets and Investments business reported $889 million IBIT compared to $850 million last year. The earnings reflect contributions from Enron's asset operations comparable to 1999 levels. Relative to last year, Enron experienced an increase in the total value of its merchant investments and lower gains from sales of energy assets.

Retail Energy Services: Enron Energy Services offers comprehensive products to reduce energy costs for business customers in North America and Europe. Enron Energy Services reported $103 million of recurring IBIT during 2000 compared to a loss of $68 million in 1999. Revenues increased 155 percent to $4.6 billion in 2000. Enron Energy Services executed $16.1 billion of new contracts during 2000, representing customers' future expenditures for natural gas, power and energy services, which is almost double the $8.5 billion contracting level in 1999. Enron continues as the leader in the energy outsource market and now manages almost 30,000 facilities worldwide. Major long-term energy management agreements announced during 2000 include new contracts with Chase, IBM, Quebecor, Starwood Hotels and Sonoco and expanded contracts with Compaq and Simon Properties.

Transportation and Distribution: This group includes Enron's Transportation Services Group and Portland General Electric. Both businesses continue to provide strong earnings and cash flow, generating 2000 IBIT of $732 million compared to $685 million last year. Each of Enron's major natural gas pipelines produced strong financial results in 2000.

Broadband: Enron Broadband Services reported a $60 million IBIT loss for 2000. Results reflect startup costs to build this new business. Other positive developments included the sale of excess dark fiber to balance capacity in key regions, increases in the value of Enron's broadband investments and successful monetization of a portion of Enron's broadband delivery platform.

Enron's low cost, flexible and scalable broadband network is substantially complete. Compared to an initial target of 13 for the year, 25 pooling points in the U.S. and Europe were completed in 2000, creating the first broadband network with wide connectivity potential. Enron significantly advanced its broadband intermediation activities during the year, executing over 320 transactions, and exceeded its annual target with 5,209 DS-3 month equivalents of capacity delivered. Also during 2000, Enron completed initial rollout in select areas of four U.S. markets of its content-on-demand product, which delivers TV-quality video for mass market viewing of premium broadband content.

Corporate and Other: Corporate and Other reported an IBIT loss of $289 million for 2000, related to reduced earnings from Enron's equity investment in Azurix Corp. and increased information technology, employee compensation and corporate-wide expenses.

FOURTH QUARTER RESULTS

Enron earned $0.41 per diluted share in the fourth quarter of 2000, an increase of 32 percent from $0.31 last year. Results for the fourth quarter of 2000 were led by:

- a threefold increase in the Wholesale Services' IBIT to $777 million;
  - Commodity Sales and Services IBIT was $538 million compared to $151 million last year, driven by the very strong North American natural gas business. In addition, the value of new businesses, such as pulp and paper, contributed to the earnings growth. Physical volumes increased 90 percent from last year to 65 TBtue/d, led by significant increases across all regions of North America and Europe.
  - Assets and Investments IBIT increased to $309 million during the quarter from $149 million last year, primarily due to the increased value of Enron's merchant energy investments and monetization of certain European energy operations.
- an almost fivefold increase in Retail Energy Services IBIT to $33 million compared to $7 million a year ago;
  - Enron Energy Services signed total contracts of $4.5 billion during the quarter, a 73 percent increase over the prior year.

In addition, Enron Broadband Services reported a $32 million IBIT loss. These results include costs associated with building this new business, partially offset by the monetization of a portion of Enron's broadband delivery platform.

- Enron Broadband Services delivered 2,393 DS-3 month equivalents of capacity, representing a 71 percent increase over the third quarter of 2000. In addition, transaction levels also significantly increased to 236 transactions in the fourth quarter, compared to 59 transactions in the third quarter of 2000.

Corporate and Other reported an IBIT loss of $134 million, primarily related to increased expenses associated with corporate-wide growth.

The above financial results exclude nonrecurring items.

RESULTS INCLUDING NONRECURRING ITEMS

For the full year 2000, Enron reported $1.12 of earnings per diluted share compared to $1.10 in 1999, after nonrecurring items. In the fourth quarter of 2000, Enron reported $0.05 earnings per diluted share after such items versus $0.31 in 1999.

Enron's 2000 results included net nonrecurring charges of $0.35 per diluted share recorded in the fourth quarter. These items included $39 million of after-tax income, or $0.05 per diluted share, reflecting the issuance of stock by The New Power Company partially offset by certain costs of Enron's retail energy business. A nonrecurring after-tax charge of $326 million, or $0.40 per diluted share, principally reflects Enron's portion of impairments recorded by Azurix Corp. related to assets in Argentina.

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

OTHER INFORMATION

A live audio webcast of a conference call with Enron management regarding 2000 and fourth quarter performance will be conducted today at 10:00 a.m. EST and may be accessed through the Investor Relations page at www.enron.com.

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