

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement, made and entered into on this 31 day of December, 1996, and made effective as of January 1, 1997 (the "Effective Date"), by and among Enron Corp. ("Enron"), Enron Capital Trade & Resources Corp. ("ECT"), and Jeffrey K. Skilling ("Employee"), is an amendment to that certain Employment Agreement between ECT and Employee, effective January 1, 1996 (the "Employment Agreement").

WHEREAS, the parties desire to amend the Employment Agreement, and provide for assignment of the Employment Agreement to Enron;

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, the parties agree as follows:

1. Assignment. The parties agree that the Employment Agreement is assigned to Enron as of the Effective Date, whereupon Employee shall become an employee of Enron.
2. Duties. Section 1.2 of the Employment Agreement is amended to reflect that as an employee of Enron, Employee shall serve in the position of Chairman and Chief Executive Officer of ECT. In addition to the duties provided for in Section 1.2 of the Employment Agreement, Employee shall be employed by Enron in the position of President and Chief Operating Officer.
3. Base Salary. Section 2.1 is amended to provide that as of the Effective Date, Employee's monthly base salary during the Term shall be Sixty Two Thousand Five Hundred Dollars (\$62,500.00).
4. Incentive Compensation. Employee shall participate in Enron's Long Term Incentive Plan. For calendar year 1997, Employee shall be granted an award of Nine Hundred Sixty Thousand (960,000) Performance Units under the Enron Corp. Performance Unit Plan. Effective December 31, 1996, Employee shall be granted an award of Options to purchase one hundred eleven thousand six hundred thirty (111,630) shares of Enron Corp. common stock under the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May, 3, 1994)(the "Enron Stock Plan").
5. Amendment of Grant Agreement. On August 29, 1994, Enron and Employee entered into an agreement, which was subsequently amended to change the vesting provisions by the First Amendment thereto, pursuant to which (the "Grant Agreement") Employee was granted the option to acquire 500,000 shares of Enron common stock subject to terms and Provisions of the Enron Stock Plan. The Grant Agreement is amended to provide that under Paragraph A thereof, all provisions pertaining to vesting of the Grant are deleted in their entirety and replaced with the following:

ECML000656306

"Assuming your continuous employment with Enron or an Affiliate, this Grant will become vested and will be exercisable after vesting until canceled according to the provisions of this Grant Agreement as follows:

May 1, 1997	166,666 Options
May 1, 1998	An Additional 166,667 Options
May 1, 1999	An Additional 166,667 Options"

6. Acceptance of New Position and Title. Employee agrees that his enhanced position and job title resulting from this Agreement are satisfactory to Employee as referenced in Section 2.5 of the Employment Agreement.

7. This Agreement is an amendment to the Employment Agreement, and the parties agree that all other terms, conditions and stipulations contained in the Employment Agreement shall remain in full force and effect and without any change or modification, except as provided herein.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ENRON CORP.

ENRON CAPITAL TRADE AND
RESOURCES CORP.

By: _____
Title: _____

JEFFREY K. SKILLING

By: _____
Title: _____

Vice President & Secretary

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