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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

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

