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News Release

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ENRON REPORTS RECORD FIRST QUARTER RECURRING EARNINGS OF $0.47 PER DILUTED SHARE; INCREASES EARNINGS EXPECTATIONS FOR 2001

FOR IMMEDIATE RELEASE: Tuesday, April 17, 2001

HOUSTON -- Enron Corp. announced today an 18 percent increase in diluted earnings per share to $0.47 for the first quarter of 2001 from $0.40 a year ago. Results for the quarter include:

- a 281 percent increase in revenues to $50.1 billion;
- a 20 percent increase in net income to $406 million;
- a 65 percent increase in energy volumes to 69 trillion British thermal unit equivalents per day (TBtue/d);
- a 59 percent increase in new retail energy services contracts to $5.9 billion; and
- a seven-fold increase in broadband network services delivered.

"Enron's wholesale business continues to generate outstanding results. Transaction and volume growth are translating into increased profitability," said Jeff Skilling, Enron's president and CEO. "In addition, our retail energy services and broadband intermediation activities are rapidly accelerating."

Enron also announced today an increase in its recurring earnings expectation for 2001 to a range of $1.75 to $1.80 per diluted share.

The above results exclude a nonrecurring after-tax gain of $19 million, or $0.02 per diluted share, related to the required adoption of new accounting standards. Reported earnings for the first quarter of 2001 were $0.49 per diluted share.

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) increased 76 percent to $755 million in the recent quarter, marking Wholesale Services' 21st consecutive period of year-over-year quarterly earnings growth.

Commodity Sales and Services: Enron is a leading marketer and manager of energy and other commodities. IBIT related to Enron's wholesale commodity activities increased 207 percent to $785 million in the recent quarter. All regions and products contributed to the record results, with Enron's broad-based North American natural gas and power businesses leading the increase in profitability. European wholesale earnings also increased, as liquidity and market access on the Continent continued to advance. In addition, Enron's new wholesale commodity businesses, including coal, steel and forest products, contributed to the quarter's strong results.

EnronOnline, Enron's eCommerce transaction platform, continues to provide substantial competitive advantages, including expanded market reach and efficiency gains. Over $525 billion of total gross value has been transacted online since inception in late 1999. New records for average weekly volume continued to be set throughout the recent quarter.

Wholesale physical volumes experienced growth across all regions in the first quarter, including:

- Total Wholesale:
  - a 65 percent increase in total wholesale volumes to 69 TBtue/d;
  - a 55 percent increase in natural gas volumes to 36.5 TBtu/d; and
  - a 109 percent increase in power volumes to 232 million megawatt hours.
- North America:
  - a 32 percent increase in natural gas volumes to 27.8 TBtu/d and
  - a 90 percent increase in power volumes to 195 million megawatt hours.
- Europe and Other:
  - a 252 percent increase in natural gas volumes to 8.7 TBtu/d and
  - a 363 percent increase in power volumes to 36 million megawatt hours.

Assets and Investments: Enron invests in, develops, constructs and operates energy-related and other assets. IBIT from Assets and Investments was $59 million compared to $220 million last year, primarily due to lower earnings from merchant investments and related assets.

Retail Energy Services: Enron's Retail Energy Services offers comprehensive energy management products to business customers in North America and Europe. IBIT for the retail business increased to $40 million in the first quarter.

Contracting in the first quarter increased almost 60 percent to $5.9 billion. Recently announced long-term energy management customers include Owens-Illinois, Quaker Oats, Eli Lilly, JCPenney and Saks Incorporated. Enron now manages over 31,000 facilities representing 3.1 billion square feet.

Beginning in 2001, risk management activities associated with Enron's retail customer contracts are managed by Wholesale Services, consolidating all energy commodity risk management activities within one business unit. Previously reported results have been restated to reflect this change (see Table 3b).

Transportation and Distribution: Enron's Transportation Services and Portland General Electric are included in this group. Transportation Services reported $133 million of IBIT in the first quarter compared to $128 million last year. The business continues to experience strong demand for natural gas pipeline services. Several pipeline expansion projects are underway, including 625 million cubic feet per day (MMcf/d) of new capacity to Florida, to be completed in two phases beginning the second quarter of 2001, and a 150 MMcf/d addition to California to be completed in 2002.

Portland General reported first quarter IBIT of $60 million compared to $105 million last year. Reduced earnings in 2001 reflect higher power costs, reduced investment income and the impacts of certain regulatory events.

Broadband Services: Enron's Broadband Services reported a $35 million IBIT loss for the first quarter.

Enron's global broadband platform is substantially complete, and 25 pooling points are operating in North America, Europe and Japan. Enron's broadband intermediation activity increased significantly, with over 580 transactions executed during the quarter - more than in all of 2000. Enron also added 70 new broadband customers this quarter for a total of 120 customers.

Also during the quarter, an Enron affiliate executed $45 million of contracts associated with the delivery of premium content. Revenues in the quarter related primarily to a monetization of a portion of Enron's content services business.

Corporate and Other: Corporate and Other reported an IBIT loss of $158 million for the quarter, primarily due to higher unallocated corporate-wide expenses and operating losses from non-core businesses.

OTHER INFORMATION

Including nonrecurring results, Enron reported earnings of $0.49 per diluted share in the first quarter of 2001, compared to $0.40 in the same period of 2000. 2001 quarterly results included a nonrecurring after-tax gain of $19 million for the required adoption of new accounting standards. Enron follows mark-to-market accounting for its price risk management activities. The new rules require certain derivative instruments that are not included in Enron's price risk management activities to be recorded at fair value.

A conference call with Enron management regarding first quarter results will be conducted live today at 10:00 a.m. EDT and may be accessed through the Investor 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; the timing, extent and market effects of deregulation of energy markets in the United States and in foreign jurisdictions; 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.