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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

Form 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-3423

ENRON CORP.
(Exact name of registrant as specified in its charter)

Delaware	47-0255140
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

ENRON BUILDING
1400 Smith Street, Houston, Texas 77002-7369
(Address of principal executive offices) (zip code)
Registrant's telephone number, including area code: 713-853-6161

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 Par Value	New York Stock Exchange; Chicago Stock Exchange; and Pacific Stock Exchange
Cumulative Second Preferred Convertible Stock, $1 Par Value	New York Stock Exchange and Chicago Stock Exchange
6-1/4% Exchangeable Notes due December 13, 1998	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

Aggregate market value of the voting stock held by non-affiliates of the registrant, based on closing prices in the daily composite list for transactions on the New York Stock Exchange on February 15, 1997, was approximately $11,276,340,000. As of March 1, 1997, there were 255,948,170 shares of registrant's Common Stock, $.10 par value, outstanding.

Documents incorporated by reference. Certain portions of the registrant's definitive Proxy Statement for the May 6, 1997 Annual Meeting of Stockholders ("Proxy Statement") are incorporated herein by reference in Part III of this Form 10-K.

<PAGE>

TABLE OF CONTENTS

PART I

PART I

Item 1. BUSINESS

GENERAL

Enron Corp. ("Enron"), a Delaware corporation organized in 1930, is an integrated natural gas and electricity company with headquarters in Houston, Texas. Essentially all of Enron's operations are conducted through its subsidiaries and affiliates which are principally engaged in the transportation and wholesale marketing of natural gas to markets throughout the United States and internationally through approximately 36,000 miles of natural gas pipelines; the exploration for and production of natural gas and crude oil in the United States and internationally; the production, purchase, transportation and worldwide marketing of natural gas liquids and refined petroleum products; the independent (i.e., non-utility) development, promotion, construction and operation of power plants, natural gas liquids facilities and pipelines in the United States and internationally; and the non-price regulated purchasing and marketing of electricity and other energy related commitments. As of December 31, 1996, Enron employed approximately 11,700 persons.

Enron announced on July 22, 1996 that it had signed an agreement to merge with Portland General Corporation ("PGC") in a stock-for-stock transaction. PGC is an electric utility holding company, serving retail electric customers in northwest Oregon as well as wholesale electricity

customers throughout the western United States. Enron proposes to issue approximately 51 million common shares to shareholders of PGC in a one for one exchange of shares, as a result of which Enron will be the surviving corporation. In separate shareholder meetings held on November 12, 1996, 75% of the Enron voting stock and 77% of PGC voting shares were voted in favor of the merger. The merger is conditioned, among other things, upon securing regulatory approval from the Oregon Public Utilities Commission ("OPUC") consistent with certain conditions in the Enron/PGC merger agreement. The Federal Energy Regulatory Commission approved the merger on February 26, 1997. A decision on Enron's merger approval application pending before the OPUC is expected in 1997. See Item 4, "Submission of Matters to a Vote of Security Holders".

As used herein, unless the context indicates otherwise, "Enron" refers to Enron Corp. and its subsidiaries and affiliates.

BUSINESS SEGMENTS

Enron's operations are classified into the following four business segments:

1) Transportation and Operation: Interstate transmission of natural gas; construction, management and operation of natural gas pipelines and clean fuels plants; and investment in crude oil transportation activities.

2) Domestic Gas and Power Services: Purchasing, marketing and financing of natural gas, natural gas liquids, crude oil and electricity; price risk management in connection with natural gas, natural gas liquids, crude oil and electricity transactions; intrastate natural gas pipelines; development, acquisition and promotion of natural gas-fired power plants in North America; and extraction of natural gas liquids.

3) International Operations and Development: Independent (non-utility) development, acquisition and promotion of power plants, natural gas liquids facilities and pipelines outside of North America.

4) Exploration and Production: Natural gas and crude oil exploration and production primarily in the United States, Canada, Trinidad and India.

For financial information by business segment for the fiscal years ended December 31, 1994 through December 31, 1996, please see Note 18 to the Consolidated Financial Statements on page F-31.

TRANSPORTATION AND OPERATION

Interstate Natural Gas Pipelines

Enron and its subsidiaries operate domestic interstate

natural gas pipelines extending from Texas to the Canadian border and across the southern United States from Florida to California. Included in Enron's domestic interstate natural gas pipeline operations are Northern Natural Gas Company ("Northern"), Transwestern Pipeline Company ("Transwestern") and Florida Gas Transmission Company ("FGT") (indirectly 50% owned by Enron). Northern, Transwestern and FGT are interstate pipelines and are subject to the regulatory jurisdiction of the Federal Energy Regulatory Commission (the "FERC"). Each pipeline serves customers in a specific geographical area: Northern, the upper Midwest; Transwestern, principally the California market and pipeline interconnects on the east end of the Transwestern system; and FGT, the State of Florida. In addition, Enron holds a 13% interest in Northern Border Partners, L.P., which owns a 70% interest in the Northern Border Pipeline system. An Enron subsidiary operates the Northern Border Pipeline system, which transports gas from Western Canada to delivery points in the midwestern United States. During the first quarter of 1997, Enron completed the sale of the stock of Enron Liquids Pipeline Company, a wholly owned subsidiary and the general partner and 15% owner and operator of Enron Liquids Pipeline, L.P. The sale of this non-strategic asset is not material to Enron's operations.

Northern Natural Gas Company. Through its approximately 17,000-mile natural gas pipeline system stretching from Texas to Michigan's Upper Peninsula, Northern transports gas to points in its traditional market area of Illinois, Iowa, Kansas, Michigan, Minnesota, Nebraska, South Dakota and Wisconsin. Gas is transported to town borders for consumption and resale by non-affiliated gas utilities and municipalities and to other pipeline companies and end-users. Northern also transports gas at various points outside its traditional market area in the production areas of Colorado, Kansas, New Mexico, Oklahoma, Texas and Wyoming for utilities, end-users and other pipeline and marketing companies.

In Northern's market area, natural gas is an energy source available for traditional residential, commercial and industrial uses. Northern's throughput totaled 1,675 trillion British thermal units ("Tbtu") in 1996, compared to 2,001 Tbtu in 1995. In its traditional market area, Northern's throughput increased to 888 Tbtu in 1996 from 836 Tbtu in 1995. Northern's jurisdictional sales ceased in 1994 as a result of the shift from sales to transportation volumes due to the implementation of open access transportation service. The volume of gas delivered by Northern in its non-traditional market area decreased from 1,165 Tbtu in 1995 to 788 Tbtu in 1996 due to the transfer and sale of its gathering facilities in 1995.

Northern completed two significant expansion projects in 1996. The expansion of its "East Leg" expanded capacity on the system in Iowa, Illinois and Wisconsin. The total increase in capacity on the East Leg is 354 million cubic feet ("Mmcf") per day. Northern also added 464 Mmcf per day

of firm capacity in its Minnesota market. In addition, Northern filed an application with the FERC for an expansion project to increase peak day firm transportation service into the U.S. upper midwest markets by approximately 350 Mmcf of gas per day over the next five years. This comprehensive five year market project supports the growing residential, commercial and industrial sectors in Northern's market area.

Northern competes with other interstate pipelines in the transportation and storage of gas. In recent years, the FERC has issued orders designed to introduce more competition into the natural gas industry, having the effect of increasing transportation volumes and decreasing or eliminating sales of natural gas by pipelines. See "Regulation - Natural Gas Rates and Regulations".

Transwestern Pipeline Company. Transwestern is an open-access interstate pipeline engaged in the transportation of natural gas. Through its approximately 2,700-mile pipeline system, Transwestern transports natural gas from West Texas, Oklahoma, eastern New Mexico and the San Juan Basin in northwest New Mexico and southern Colorado primarily to the California market and to pipeline interconnects off the east end of its system. Transwestern has access to three significant gas basins for its gas supply: the Permian Basin in West Texas and eastern New Mexico, the San Juan Basin in northwestern New Mexico and southern Colorado, and the Anadarko Basin in the Texas and Oklahoma Panhandles. Substantially all of Transwestern's total of approximately 1.1 billion cubic feet ("Bcf") per day of delivery capacity to California was held by shippers on a firm basis until November 1, 1996, when approximately 450 Mmcf of firm capacity was turned back to Transwestern by a major customer. Anticipating this turnback, Transwestern entered into a settlement agreement with its customers whereby the costs associated with this turnback will be shared by Transwestern and its current firm customers. Transwestern is responsible for 70% of the risk of resubscribing the released capacity, and Transwestern's customers have the remaining 30% of such risk for five years. In addition to this cost-sharing mechanism, Transwestern and its current firm customers also agreed to contract rates through 2006 and agreed that Transwestern would not be required to file a new rate case for rates to be effective prior to November 1, 2006.

Transwestern's mainline includes a lateral pipeline to the San Juan Basin in northwestern New Mexico and southern Colorado which allows Transwestern to access San Juan Basin gas supplies. Via Transwestern's San Juan lateral pipeline, the San Juan Basin gas may be delivered to California markets as well as markets off the east end of Transwestern's system. Total throughput volumes to California averaged approximately 414 MMcf per day in 1996, compared to 463 MMcf per day in 1995. Transwestern has firm transportation service on the east end of its system and transports Permian, Anadarko and San Juan Basin supplies

into Texas, Oklahoma and the midwestern United States. During 1996, Transwestern made certain modifications to its mainline system which increased the volumes flowing from the San Juan Basin to the east end of the Transwestern system. Transwestern transported an average of 773 Mmcf per day off the east end of its system in 1996, as compared 625 MMcf per day in 1995 and 388 MMcf per day in 1994.

In 1996, Transwestern expanded the capacity of its San Juan lateral pipeline by 255 MMcf per day. Transwestern also acquired an approximately 78% ownership interest in Northwest Pipeline Company's ("Northwest") La Plata facilities, which consists of a compressor station and approximately 33 miles of 30-inch pipeline located on the southern end of the Northwest system. These facilities tie into Transwestern's system at the Blanco Hub in northwestern New Mexico. This project gives Transwestern direct access to additional gas supplies in the San Juan Basin.

Transwestern is subject to competition from other transporters into the southern California market, including El Paso Natural Gas Company, Kern River Gas Transmission Company, Pacific Gas Transmission Company, and intrastate producers and affiliates of Southern California Gas Company.

Florida Gas Transmission Company. An Enron subsidiary owns a 50% interest in FGT by virtue of its 50% interest in Citrus Corp., which owns all of the capital stock of FGT. Another Enron subsidiary operates the FGT pipeline.

FGT is an open access interstate pipeline company that transports natural gas for third parties. Its approximately 5,051-mile dual pipeline system extends from South Texas to a point near Miami, Florida. FGT provides a high degree of gas supply flexibility for its customers because of its proximity to the Gulf of Mexico producing region and its interconnections with other interstate pipeline systems which provide access to virtually every major natural gas producing region in the United States.

FGT has periodically expanded its system capacity to keep pace with the growing demand for natural gas in Florida. FGT placed its Phase III expansion in service on March 1, 1995, expanding its pipeline through a combination of the construction of new pipeline and compression facilities and the purchase of third-party facilities and transportation service. The Phase III expansion increased FGT's firm average delivery capacity into Florida by 532 billion British thermal units ("BBtu") per day to 1,455 BBtu per day. The Phase III expansion includes in excess of 800 miles of additional FGT pipeline, seven additional delivery points and approximately 114,000 additional horsepower of compression. As part of Phase III, FGT also purchased an interest in facilities that link its system to the Mobile Bay producing area and contracted for 100 BBtu per day of capacity on another interstate pipeline system to provide its customers with additional sources of supply. FGT's customers have reserved over 99% of the existing capacity on

the FGT system pursuant to firm long-term transportation service agreements.

FGT is the only interstate natural gas pipeline serving peninsular Florida. FGT faces competition from residual fuel oil in the Florida market. A primary advantage of the straight fixed variable rate design (a FERC mandated rate design to allow pipelines to recover substantially all fixed costs, a return on equity and income taxes in the capacity reservation component of their rates) is that FGT will recover substantially all of its fixed costs regardless of levels of usage by its customers. See "Regulation - Natural Gas Rates and Regulations".

Northern Border Partners, L.P.. Northern Border Partners, L.P., a Delaware limited partnership, owns 70% of Northern Border Pipeline Company, a Texas general partnership ("Northern Border"). An Enron subsidiary holds a 13% interest in the limited partnership, and serves as operator of the pipeline. Northern Border owns an approximately 970-mile interstate pipeline system that transports natural gas from the Montana-Saskatchewan border near Port of Morgan, Montana to interconnecting pipelines in the State of Iowa, one of which is Northern. The pipeline system has access to natural gas reserves in the provinces of Alberta, British Columbia and Saskatchewan, as well as the Williston Basin in the United States. The pipeline system also has access to production of synthetic gas from the Great Plains Coal Gasification Project in North Dakota. Interconnecting pipeline facilities provide access to markets in the Midwest, as well as other markets throughout the United States by transportation, displacement and exchange agreements. Therefore, Northern Border is strategically situated to transport significant quantities of natural gas to major gas consuming markets.

Northern Border has focused its efforts primarily on being a low cost transporter of Canadian gas exported to the United States. As of December 31, 1996, Northern Border had firm transportation service agreements, other than those under temporary releases, with four interstate pipeline companies, 17 domestic and Canadian producers and marketers, including Enron Capital & Trade Resources Corp., and ten local distribution companies. Since 1988, Northern Border has been transporting volumes at or near its maximum capacity. Based upon existing contracts and capacity, 100% of Northern Border's firm capacity (approximately 1.7 Bcf of natural gas per day) is contractually committed through October 2001. At the present time, 6% of the firm capacity (based on annual cost of service obligations) is contracted by interstate pipelines. The remaining firm capacity is contracted to producers, marketers and local distribution companies. Enron Capital & Trade Resources Corp., along with marketing affiliates of the other general partners in Northern Border, hold approximately 9% of the contracted capacity. Northern Border competes with two other interstate pipeline systems that transport gas from Canada to the Midwest.

Northern Border is currently pursuing opportunities to increase its capacity. Northern Border has filed applications with the FERC for a proposed project to extend and expand its existing system by installing approximately (a) 224 miles of 36-inch pipeline from Northern Border's current terminus near Harper, Iowa, to a point near Manhattan, Illinois (Chicago area); (b) 19 miles of 30-inch pipeline from the end of the proposed 36-inch pipeline extension to two points of interconnection with the facilities of the Peoples Gas Light and Coke Company (Chicago area); (c) 147 miles of 36-inch pipeline loop; (d) a total of 303,500 horsepower of compression at twelve compressor stations; and (e) nine meter stations and one meter station upgrade. The estimated cost of the facilities proposed to be constructed is approximately $837 million. New receipts into the Northern Border pipeline system are proposed to be 700 MMcf per day, and 648 MMcf per day is proposed to be transported through the pipeline extension. Subject to regulatory approvals, the project is expected to be ready for service in November 1998.

Construction, Operation and Management of Power and Pipeline Facilities

Enron's subsidiary companies are involved in the independent power and natural gas pipeline industries. In the independent power industry, Enron is involved both as an operator of and as an equity partner in independent (i.e., non-utility) natural gas-fired power plants, some of which use combined cycle and cogeneration technology to generate electricity and steam. In addition, Enron subsidiaries have developed diesel-fired power plants for projects in developing countries, where the development, engineering design and construction are done on an accelerated basis in order to address severe power shortages in such countries. Enron Ventures Corp. ("EVC"), a wholly owned subsidiary, provides power plant and natural gas pipeline engineering expertise, construction management, technical support and consulting services to pipelines and power plants worldwide. EVC also has engineering and construction or construction management projects underway in India, Turkey, the United Kingdom, Italy, Argentina and Russia, and is negotiating contracts for proposed projects in Puerto Rico, Guam, Poland, Vietnam, Croatia, East Java and Russia. It also offers services for third party construction services, operation and maintenance. (See "International Operations and Development" for a general description of Enron's international power and pipeline businesses). EVC is also engaged in the management of Enron's investments in its "clean fuels" businesses which consist of the production and marketing of methanol and methyl tertiary butyl ether (MTBE).

Crude Oil Transportation Services

EVC also manages Enron's investment in the crude oil transportation and trading business. EOTT Energy Partners,

L.P. ("EOTT"), a Delaware limited partnership formed in March 1994, owns and operates the former businesses and assets of EOTT Energy Corp. EOTT is an independent gatherer and marketer of crude oil, and EOTT Energy Corp. (a wholly owned subsidiary of Enron) serves as the general partner of EOTT. Enron owns an approximately 49% interest in EOTT. EOTT is engaged in the purchasing, gathering, transporting, trading, storage and resale of crude oil and refined petroleum products, and related activities.

Through its North American crude oil gathering and marketing operations, EOTT purchases crude oil produced from approximately 25,000 leases in 17 states. In addition, EOTT is a purchaser of lease crude oil in Canada. Within the United States, EOTT transports most of the lease crude oil it purchases by means of a fleet of more than 309 owned or leased trucks, and by pipeline, including approximately 1,727 miles of intrastate and interstate pipeline and gathering systems owned by EOTT and common carrier pipeline systems owned by third parties. In addition, EOTT provides transportation and trading services for third party purchasers of crude oil. These pipeline systems and trucking operations cover 17 states. EOTT also purchases crude oil from integrated and independent producers in the United States and Canada. EOTT markets the crude oil to major integrated oil companies and independent refiners throughout the United States and Canada. In its North American crude oil gathering and marketing operations, EOTT purchased approximately 303,000 barrels per day of lease crude oil during 1996. In its various businesses, EOTT is in competition with major oil companies and a number of smaller entities. The crude oil gathering and marketing business is characterized by narrow, volatile margins and intense competition for supplies of lease crude oil. Competitive factors include price, quality of service, transportation facilities, and knowledge of products and markets.

Sale of Liquids Assets

In addition to the sale of the stock of Enron Liquids Pipeline Company mentioned previously, during the first quarter of 1997 Enron also completed the sale of the stock of Enron Louisiana Energy Company, a natural gas processor and natural gas liquids producer and fractionator, which owns or holds majority interests in five processing plants, two liquids pipelines and a salt dome storage facility in Louisiana. Enron also completed the sale of its wholesale propane business. The sale of these non-strategic North American assets is consistent with Enron's previously announced strategy of focusing on core businesses and is not material to Enron's operations.

DOMESTIC GAS AND POWER SERVICES

The domestic gas and power activities are conducted primarily by Enron Capital & Trade Resources Corp. and affiliated companies ("ECT"). ECT includes the marketing,

purchasing and financing of natural gas, natural gas liquids ("NGL"), crude oil, electricity and other energy commodities and the management of the portfolio of commitments arising from these activities.

Enron Capital & Trade Resources Corp.

ECT is responsible for Enron's marketing activities in North America and provides financial services for producers and end-users of energy commodities. ECT offers a broad range of services to provide predictable pricing, reliable delivery and low cost capital to its customers. These services are provided through a variety of products including forward contracts, swap agreements and other contractual commitments. ECT's operations can be categorized into three business lines: cash and physical, risk management and finance.

Cash and Physical. The cash and physical operations include the day-to-day purchase, sale, marketing and transportation of physical natural gas, liquids, electricity and other commodities under contracts of one year or less and the management of ECT's contract portfolios. ECT's cash and physical business is augmented by its ownership of or access to physical assets consisting of intrastate pipelines, numerous storage facilities, liquids assets and ownership interests in domestic power generation facilities.

The day-to-day buying, selling and transporting of commodities is facilitated by using the New York Mercantile Exchange. This allows ECT to manage its portfolio of contracts and to benefit from the relationship between the financial and physical prices for natural gas. Total physical and notional volumes for 1996 averaged 44.8 Tbtu of natural gas equivalents per day compared to 41.2 Tbtu of natural gas equivalents per day in 1995. Included in these amounts are physical volumes of approximately 9.6 Tbtu of natural gas equivalents per day in 1996 and 8.2 Tbtu of natural gas equivalents per day in 1995.

The intrastate pipelines included in ECT are Houston Pipe Line Company ("HPL") and Louisiana Resources Company. HPL owns an approximately 5,300-mile pipeline in Texas which interconnects with Northern, Transwestern, FGT and numerous other interstate and intrastate pipelines. HPL's intrastate natural gas sales, transportation and storage services are subject to seasonal variation because many of its customers have weather-sensitive gas requirements. The Railroad Commission of Texas has jurisdiction over intrastate gas pipeline rates, operations and transactions in Texas. See "Regulation--Natural Gas Rates and Regulations." Louisiana Resources Company is a 540-mile intrastate pipeline which spans the state of Louisiana and serves the industrial complex along the Mississippi River from Baton Rouge to New Orleans. The pipeline interconnects with the Henry Hub and has numerous interconnections with both interstate and intrastate pipelines.

ECT's Napoleonville natural gas storage facility located in Louisiana, which accesses the Louisiana Resources Company pipeline, provides approximately 4 Bcf of working capacity. This facility enhances the benefits of Louisiana Resources Company by improving ECT's ability to meet the firm requirements of industrial markets in Louisiana, and provides the swing and peak capability required by local distribution companies and electric utilities along the Eastern seaboard.

ECT's electric power business consists of various activities associated with the North American power market, such as providing natural gas contract services to electric utilities; managing, acquiring, developing and promoting power-related assets and joint ventures; and marketing and supplying electricity. ECT marketed 60.1 million megawatt hours and 7.8 million megawatt hours of electricity during 1996 and 1995, respectively. ECT also markets natural gas to the electric power generation industry, offering firm contract commitments with both fixed-price and other innovative pricing terms (such contracts of greater than one year are included in ECT's risk management operations). ECT will continue marketing natural gas to independent power projects as well as electric utilities converting to natural gas in response to the Clean Air Act of 1990.

Risk Management. The risk management activities consist of long-term energy commodity contracts (transactions greater than one year) and restructuring of existing long-term contracts. ECT provides risk management products and services that hedge movements in price and location-based price differentials. ECT's risk management services are designed to provide stability in markets impacted by high price volatility. ECT applies these concepts for a diverse group of customers in structuring a portfolio of products such as swap, option, and hybrid products; long-term, fixed price contracts; innovative pricing structures such as commodity prices tied to alternative fuels and energy supply prices indexed to output; and utility, local distribution company, and independent power producer contract restructuring alternatives. ECT originates new contracts for customers in the energy industry and evaluates and restructures its existing contracts on an on-going basis to develop additional products and services to meet its customers' changing needs. ECT's fixed price contract originations were 3,671 Tbtu of natural gas equivalents in 1996, and 5,952 Tbtu of natural gas equivalents in 1995. The risk management activities also include the origination of liquids contracts associated with new product offerings. The risk management group also purchases and sells electrical energy to and from a variety of power generators and wholesalers including investor-owned utilities, rural electric cooperatives and municipal utilities.

Finance. ECT's financing and funding activities support independent exploration and production companies and other energy-related businesses seeking equity financing.

ECT's finance operations provide a variety of capital products including volumetric production payments, loans and equity investments. These products are offered by ECT directly or through ECT ventures such as Joint Energy Development Investments Limited Partnership, a limited partnership 50% owned by Enron which was formed to acquire and own energy investments. Financings arranged and production payments purchased totalled $755 million and $382 million in 1996 and 1995, respectively. In addition to capital, ECT provides marketing and risk management capabilities to help customers capitalize on growth opportunities while maximizing the value of their current assets. In 1997, ECT expects to continue to expand its products and services in its role as a full-service provider of various types of capital, including leveraging existing assets, restructuring existing debt, building equity partnerships, and arranging producer funding through volumetric production payments.

Enron Energy Services. ECT recently established Enron Energy Services ("EES") to pursue the significant growth opportunities in anticipation of a fully competitive retail natural gas and electricity market. As states begin to deregulate their natural gas and electricity markets, and as these markets continue to converge, EES's goal is to provide end-users with a broad range of energy choices at more competitive prices. EES has participated in selected natural gas and electric retail marketing pilot programs, including a state-wide electricity pilot in New Hampshire, where individual customers are free to select the power provider of their choice. EES will continue to participate in such programs.

INTERNATIONAL OPERATIONS AND DEVELOPMENT

Enron's international operations and development activities are conducted by Enron International Inc. ("EI"), and principally involve the development, acquisition, financing, promotion, and operation of natural gas and power projects in emerging markets and the marketing of natural gas liquids and other liquid fuels. Enron has expanded its traditional international asset and infrastructure development business by also offering merchant, finance and risk management products and services to third parties in emerging markets. In addition, ECT has established commercial marketing offices in London, Buenos Aires, Norway and Singapore to offer the same type of physical commodity products, financial services and risk management services currently available through ECT in North America. Development projects are focused on power plants, gas processing and terminaling facilities, and gas pipelines, while marketing activities center on fuels used by or transported through such facilities. The objective of EI is to develop, finance, own and operate integrated energy projects worldwide through the utilization of Enron's extensive portfolio of products and services.

Enron's international activities include management of

direct and indirect ownership interests in and/or operation of power plants in England, Germany, Guatemala, the Philippines, China and the Dominican Republic; pipeline systems in southern Argentina and Colombia; retail gas and propane sales in the Caribbean basin; processing of natural gas liquids at Teesside, England; and marketing of natural gas liquids and other liquid fuels worldwide.

At December 31, 1996, Enron had an approximately 28% ownership interest in an independent power facility with a capacity of approximately 1,875 megawatts near Teesside in northeast England. The gas-fired combined cycle project was developed, constructed and is operated by Enron subsidiaries. The remaining ownership interest is held by four of the twelve regional electric companies operating in England and Wales. The Teesside plant has the capacity to supply approximately 4% of all the electricity consumed in the U.K., and 1,725 megawatts of this capacity is committed under long-term contracts. In addition to the Teesside power plant, Enron also operates an adjacent 300 MMcf per day gas liquids processing facility.

Enron and the second largest regional utility company in Germany jointly own an approximately 125 megawatt gas-fired plant in Bitterfeld, Germany. The Bitterfeld project provides Enron with a presence in Germany as well as access to a site for possible expansion.

Enron Global Power & Pipelines L.L.C. In November 1994, Enron Global Power & Pipelines L.L.C., a Delaware limited liability company ("EPP"), was formed by Enron to acquire, own and manage operating power plants and natural gas pipelines around the world. EPP's assets consist of interests in two power plants in the Philippines, power plants in Guatemala and the Dominican Republic, and natural gas pipeline systems in Argentina and Colombia (see below). Enron owns approximately 52% of EPP.

In order to provide EPP with a long-term source of project acquisition opportunities, Enron and EPP have entered into a Purchase Right Agreement pursuant to which Enron has agreed to offer to sell to EPP, at prices lower than those that Enron may make available to third parties, all of Enron's ownership interests in power plants and natural gas pipeline projects developed or acquired by Enron outside the United States, Canada and Western Europe, but only those projects that commence commercial operations prior to the year 2005, subject to certain exceptions. In addition to evaluating projects under the Purchase Right Agreement, EPP seeks opportunities to purchase power plants, pipelines and related assets from parties other than Enron.

EPP currently has interests in two power plants in the Philippines. The Batangas power project is an approximately 110-megawatt fuel-oil-fired diesel engine plant located at Pinamucan, Batangas, on Luzon Island, which began commercial operation in July 1993. The Subic Bay power project is an approximately 116-megawatt fuel-oil-fired diesel engine

plant located at the Subic Bay Freeport complex on Luzon Island, which began commercial operation in February 1994. Both projects were developed by Enron, are 50% owned by EPP and sell power to the National Power Corporation of the Philippines.

EPP has a 50% interest in an approximately 110-megawatt fuel-oil-fired diesel engine power plant mounted on two movable barges at Puerto Quetzal on Guatemala's Pacific Coast. The U.S. flagged vessels went into commercial operation in February 1993, and sell all of their power output under a long-term contract to a large Guatemalan electric utility, a majority interest in which is owned by Guatemala's national electric utility.

In June 1996, EPP acquired from Enron a 50% interest in a 185-megawatt barge-mounted combined cycle power plant at Puerto Plata on the north coast of the Dominican Republic. The plant began operation in January 1996. Power is sold pursuant to a 19-year power purchase agreement with the Dominican Republic government utility.

As part of the privatization of Argentina's state-owned industries, in 1992 Enron acquired an indirect interest in Transportadora de Gas del Sur ("TGS"), the formerly state-owned natural gas pipeline in southern Argentina. In November 1994, Enron sold its net 17.5% interest to EPP. The 4,104-mile pipeline system has a capacity of approximately 1.9 Bcf per day and serves four distribution companies under long-term firm transportation contracts. In 1996, EPP increased its interest in TGS to approximately 23%. In addition, Enron purchased an approximate 11.6% interest in TGS during 1996.

In May 1996, EPP acquired from Enron a 49% interest in an approximately 357-mile natural gas pipeline which runs from the northern coast of Colombia to the central region of the country. Ecopetrol, the state-owned oil company of Colombia, is the sole customer for the transportation services and has a 15-year contractual commitment to pay for all of the initial capacity.

Enron International Inc.

Enron International Inc. is involved in power and pipeline projects in varying stages of development, financing or construction in India, Turkey, Italy, Puerto Rico, Bolivia, Brazil, Indonesia, Guam, Vietnam, Mozambique and elsewhere. The following is a brief description of Enron's power and natural gas pipeline projects which are in varying stages of development, financing or construction, thus the information set forth below is subject to change. In addition, these projects are, to varying degrees, subject to all the risks associated with project development, construction and financing in foreign countries, including without limitation, the receipt of permits and consents, the availability of project financing on acceptable terms, expropriation of assets, renegotiation of contracts with

foreign governments and political instability, as well as changes in laws and policies governing operations of foreign-based businesses generally. Other than as noted below, there can be no assurances that these projects will commence commercial operations.

India. In connection with a Power Purchase Agreement between Dabhol Power Company, Enron's 80%-owned subsidiary, and the Maharashtra State Electricity Board (the "MSEB"), Dabhol Power Company began developing Phase I of an electricity generating power plant south of Bombay, State of Maharashtra, India. In August 1995, after construction had begun, a new coalition government in the State of Maharashtra announced the State government's intention to terminate the project, and construction ceased on August 8, 1995. In response to these actions, Dabhol Power Company initiated arbitration proceedings in London against the State government for the actions it had taken to terminate the project, seeking to recover all of its construction and other expenses in addition to lost profits. After the arbitration proceedings had begun, Dabhol Power Company began renegotiating the Power Purchase Agreement with the MSEB and the Maharashtra State government. Such renegotiations, which have been successfully completed, have resulted in a restructured transaction (that includes both Phase I and Phase II and that increases the planned capacity of the facility) on terms that are acceptable to Enron. All approvals for the restructured transaction have been received and, in December 1996, construction resumed on the project and Dabhol Power Company terminated the arbitration proceedings. The power plant will have an initial capacity of 740-megawatts (or 826 megawatts gross) (Phase I), with potential expansion up to 2,184-megawatts (or 2,450 megawatts gross). Phase I is expected to begin commercial operations in late December 1998. The project will provide electricity for the growing Maharashtra State economy.

China. In January 1996, Enron completed construction of a 154-megawatt diesel combined cycle power plant on Hainan Island, an economic free trade zone off the southeastern coast of China. The independent power project is the first such project developed by a U.S. company in China. An Enron affiliate is operator and fuel manager. In March 1996, Enron sold a 50% interest in the facility to Singapore Power Pte. Ltd., the electricity and gas supplier in Singapore. A 12-year power purchase agreement was signed with Hainan Electric Power Company in September 1994.

Italy. Enron has a 45% interest in a 551-megawatt combined-cycle oil gasification power plant to be located on the island of Sardinia, Italy. The plant will employ technology to gasify low-quality residual fuel. Enron will provide technical services to the plant. A 20-year power purchase agreement has been signed with the government utility. Financing was completed and construction began in December 1996, with commercial operation anticipated in early 2000.

Turkey. Enron has a 50% interest in a 478-megawatt gas-fired power plant to be located at Marmara, Turkey, near Istanbul. Enron will be operator and turnkey contractor of the plant. A 20-year power purchase agreement has been signed with the state power utility, and construction began in September 1996, with commercial operation expected in 1999.

Puerto Rico. Enron has a 50% interest in a 507-megawatt combined cycle power plant, including a liquefied natural gas terminal and desalination facility, to be built in Penuelas, Puerto Rico. Enron will be the turnkey contractor and operator of the project, construction of which is expected to commence in 1997, with commercial operation anticipated in 1999.

Bolivia/Brazil. As a partner with the national gas company of Bolivia, Enron is developing, along with Petrobras, the national oil and gas company of Brazil, and others, a pipeline from Bolivia to Brazil. The pipeline project includes an approximately 1,875-mile natural gas pipeline from Santa Cruz, Bolivia to Porto Alegre, Brazil. Enron is also negotiating the development of certain power projects with Sao Paulo utilities. Enron will own 29.75% of the Bolivia segment of the pipeline and 7% of the Brazilian segment of the pipeline. Commercial operation of the pipeline is expected in 1999.

East Java, Indonesia. Enron has a 50% interest in a 500-megawatt gas-fired combined-cycle power plant to be located near Jakarta, Indonesia. A 20-year power purchase agreement has been signed with PLN, the government operated utility. Enron will be the turnkey contractor and plant operator. Financing arrangements are expected to be completed in late 1997, with commercial operation anticipated in 1999.

Guam. Enron has a 50% interest in an 85-megawatt baseload diesel power plant to be located in Piti, Guam. A 20-year power purchase agreement has been signed with the Guam Power Authority, an agency of the Guam government. The project is under a fast track schedule to meet critical power needs, with construction expected to begin in July 1997, and operations targeted for year-end 1998.

In addition to the projects referenced above, EI is involved in projects in varying stages of development in Vietnam, Poland, Croatia, Mozambique, Qatar, China, and Honduras, and is pursuing projects elsewhere.

Caribbean Basin. Enron's operations in the Caribbean area are conducted through Enron Americas, Inc. and its subsidiary companies. Enron Americas' subsidiary Industrias Ventane ("Ventane"), organized in 1953, operates the leading natural gas liquids transportation and distribution business in Venezuela. In Venezuela, Enron Americas is also engaged in the manufacture and distribution of appliances in a joint venture with General Electric and local investors. Enron

Americas has a gas pipeline operation in Puerto Rico, and liquid fuels businesses in both Puerto Rico and Jamaica.

Liquids Marketing. Enron's international liquids marketing business is consolidated with the corresponding domestic activities to take advantage of techniques to enhance profitability and manage risks that have proven effective for Enron in the U.S. International liquids marketing volumes increased from 779 million gallons in 1995 to 1,102 million gallons in 1996.

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EXPLORATION AND PRODUCTION

Enron's natural gas and crude oil exploration and production operations are conducted by its subsidiary, Enron Oil & Gas Company ("EOG"). Enron currently owns approximately 53% of the outstanding common stock of EOG.

EOG is an independent (non-integrated) oil and gas company engaged in the exploration for, and development, production and marketing of, natural gas and crude oil primarily in major producing basins in the United States, as well as in Canada, Trinidad, India and, to a lesser extent, selected other international areas. At December 31, 1996, EOG had estimated net proved natural gas reserves of 3,675 Bcf, including 1,180 Bcf of proved undeveloped methane reserves in the deep Paleozoic formations of the Big Piney area of Wyoming, and estimated net proved crude oil, condensate and natural gas liquids reserves of 55 million barrels, and at such date, approximately 74% of EOG's reserves (on a natural gas equivalent basis) were located in the United States, 9% in Canada, 10% in Trinidad and 7% in India.

EOG's eight principal U.S. producing areas are the Big Piney area in Wyoming, the South Texas area, the East Texas area, the offshore Gulf of Mexico area, the Canyon/Strawn Trend area located in West Texas, the Sand Tank area and the Pitchfork Ranch area in New Mexico, and the Vernal area in Utah. Properties in these areas comprised approximately 79% of EOG's U.S. reserves (on a natural gas equivalent basis) and 81% of EOG's U.S. net natural gas deliverability as of December 31, 1996 and are substantially all operated by EOG. EOG's other U.S. natural gas and crude oil producing properties are located primarily in other areas of Texas, Utah, New Mexico, Oklahoma, Mississippi, California and Kansas.

At December 31, 1996, 94% of EOG's proved United States reserves, including the reserves in the Big Piney deep Paleozoic formations (on a natural gas equivalent basis), was natural gas and 6% was crude oil, condensate and natural gas liquids. A substantial portion of EOG's United States natural gas reserves is in long-lived fields with well-established production histories. EOG believes that opportunities exist to increase production in many of these fields through continued infill and other development

drilling.

EOG is also engaged in the exploration for and the development, production and marketing of natural gas and crude oil and the operation of natural gas processing plants in western Canada, principally in the provinces of Alberta, Saskatchewan, and Manitoba. EOG conducts its Canadian operations from offices in Calgary. Canadian natural gas deliverability net to EOG at December 31, 1996 was approximately 102 MMcf per day, and EOG held approximately 321,000 net undeveloped acres in Canada.

EOG also has producing operations offshore Trinidad and India. In early 1996, EOG was awarded by the government of Venezuela the rights to pursue exploration, exploitation and development of reserves in the Gulf of Paria East Block offshore the eastern State of Soucre. EOG is conducting exploration in selected other international areas. Properties offshore Trinidad and India comprised 100% of EOG's proved reserves and production outside of North America at year end 1996.

In November 1992, EOG was awarded a 95% working interest concession in the South East Coast Consortium ("SECC") Block offshore Trinidad, encompassing three undeveloped fields, previously held by three government-owned energy companies. The Kiskadee field has been developed, the Ibis field is under development and the Oil Bird field is anticipated to be developed over the next three to five years. Existing surplus processing and transportation capacity at the Pelican field facilities owned and operated by Trinidad and Tobago government-owned companies is being used to process and transport the production. Natural gas is being sold into the local market under a take-or-pay agreement with the National Gas Company of Trinidad and Tobago. In 1996, deliveries net to EOG averaged 124 MMcf per day of natural gas and 5.2 thousand barrels ("MBbl") per day of crude oil and condensate. At December 31, 1996, natural gas deliverability net to EOG was approximately 182 MMcf per day, and EOG held approximately 168,000 net undeveloped acres in Trinidad.

In 1995, EOG was awarded the right to develop the modified U(a) block adjacent to the SECC Block, and a production sharing contract with the Government of Trinidad and Tobago was signed in 1996. A 3-D seismic data gathering project is currently underway, and initial drilling may occur later in 1997 or early 1998.

In December 1994, EOG signed agreements covering profit sharing, joint operations and product sales and representing a 30% working interest in, and was designated operator of, the Tapti, Panna and Mukta Blocks located offshore Bombay, India. The blocks were previously operated by the Indian national oil company, Oil & Natural Gas Corporation Limited, which retained a 40% working interest. The 363,000 acre Tapti Block contains two major proved gas accumulations delineated by 22 expendable exploration wells that have been

plugged. EOG has initiated a development plan for the Tapti Block accumulations. The 106,000 acre Panna Block and the 192,000 acre Mukta Block are partially developed with 24 wells producing from five production platforms located in the Panna and Mukta fields. The fields were producing approximately 3.3 MBbl per day of crude oil net to EOG as of December 31, 1996; currently, all associated gas is flared. EOG intends to continue development of the accumulations and to expand processing capacity to allow crude oil production at full deliverability as well as to permit natural gas sales.

EOG was awarded exploration, exploitation and development rights for a block offshore the eastern State of Soucre, Venezuela in early 1996. EOG holds an initial 90% working interest in the joint venture. A 3-D seismic data gathering project is currently underway and drilling is anticipated to begin in 1998.

EOG continues to evaluate other selected conventional natural gas and crude oil opportunities outside North America. EOG is pursuing other opportunities in countries where natural gas and crude oil reserves have been identified, particularly where synergies in natural gas transportation, processing and power cogeneration can be optimized with other Enron Corp. affiliated companies. In early 1995, EOG, an Enron affiliate and the Qatar General Petroleum Corporation signed a nonbinding letter of intent concerning the possible development of a liquefied natural gas project for natural gas to be produced from a block within the North Dome Field. EOG and the Enron affiliate may jointly hold up to a 35% equity interest in the project. In June 1996, EOG signed a cooperative agreement with the Chinese National Petroleum Corporation ("CNPC") to evaluate the potential for increasing production of crude oil in the Sichuan Basin of the People's Republic of China. If successful, the project could culminate in a joint development agreement with CNPC covering the Chuanzhong Block. EOG has also entered into a Memorandum of Understanding with Uzbekneftigaz covering the pursuit of marketing opportunities for proven hydrocarbon reserves in eleven fields in the Surhandarya and Bukhara regions of Uzbekistan as well as the field's joint venture development. EOG is also participating in discussions concerning the potential for conventional oil and gas development opportunities in Mozambique and Algeria, as well as other opportunities in Trinidad, India and Venezuela.

EOG continues evaluation and assessment of its international opportunity portfolio in the coalbed methane recovery arena, including projects in South Wales in the United Kingdom, the Lorraine Basin in France, Galilee Basin in Australia and the San Jiao area and Hedong Basin in China.

EOG actively competes for reserve acquisitions and exploration leases, licenses and concessions, frequently against companies with substantially larger financial and

other resources. To the extent EOG's exploration budget is lower than that of certain of its competitors, EOG may be disadvantaged in effectively competing for certain reserves, leases, licenses and concessions. Competitive factors include price, contract terms and quality of service, including pipeline connection times and distribution efficiencies. In addition, EOG faces competition from other producers and suppliers, including competition from other world-wide energy supplies, such as natural gas from Canada.

All of EOG's oil and gas activities are subject to the risks normally incident to the exploration for and development and production of natural gas and crude oil, including blowouts, cratering and fires, each of which could result in damage to life and property. Offshore operations are subject to usual marine perils, including hurricanes and other adverse weather conditions, and governmental regulations as well as interruption or termination by governmental authorities based on environmental and other considerations. In accordance with customary industry practices, insurance is maintained by EOG against some, but not all, of the risks. Losses and liabilities arising from such events could reduce revenues and increase costs to EOG to the extent not covered by insurance.

EOG's overseas operations are subject to certain risks, including expropriation of assets, risks of increases in taxes and government royalties, renegotiation of contracts with foreign governments, political instability, payment delays, limits on allowable levels of production and current exchange and repatriation losses, as well as changes in laws and policies governing operations of overseas-based companies generally.

The following table sets forth certain information regarding EOG's wellhead volumes of and average prices for natural gas per thousand cubic feet ("Mcf"), crude oil and condensate, and natural gas liquids per barrel ("Bbl"), and average lease and well expenses per thousand cubic feet equivalent ("Mcfe" - natural gas equivalents are determined using the ratio of 6.0 Mcf of natural gas to 1.0 barrel of crude oil and condensate or natural gas liquids) delivered during each of the three years in the period ended December 31, 1996:

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Volumes (per day)			
Natural Gas (MMcf)			
United States(1)	608	560	614
Canada	98	76	72
Trinidad	124	107	63
Total	830	743	749

Crude Oil and Condensate (MBbl)			
United States	9.2	9.1	8.0
Canada	2.4	2.4	2.0
Trinidad	5.2	5.1	2.5
India	2.8	2.5	.1
Total	19.6	19.1	12.6
Natural Gas Liquids (MBbl)			
United States	1.3	1.0	.3
Canada	1.2	.4	.4
Total	2.5	1.4	.7
Average Prices			
Natural Gas ($/Mcf)			
United States(2)	$ 2.04	$ 1.39	1.71
Canada	1.15	.97	1.42
Trinidad	1.00	.97	.93
Composite	1.78	1.29	1.62
Crude Oil and Condensate ($/Bbl)			
United States	$21.88	$17.32	$16.06
Canada	18.01	16.22	14.05
Trinidad	19.76	16.07	15.50
India	20.17	16.81	15.70
Composite	20.60	16.78	15.62
Natural Gas Liquids ($/Bbl)			
United States	$14.67	$11.88	$12.45
Canada	9.14	9.74	8.45
Composite	11.99	11.31	9.90
Lease and Well Expenses ($/Mcfe)			
United States	$ .19	$ .19	$ .19
Canada	.34	.35	.34
Trinidad	.16	.15	.17
India	.99	1.25(3)	.13(3)
Composite	.22	.22	.20

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(1) Includes an annual average of 48 MMcf per day in 1996, 1995 and 1994 delivered under the terms of a volumetric production payment agreement effective October 1, 1992, as amended.

(2) Includes an average equivalent wellhead value of $1.17 per Mcf in 1996, $.80 per Mcf in 1995 and $1.27 per Mcf in 1994 for the volumes described in note (1), net of transportation costs.

(3) Based on expense estimates for nine days of production for 1994. Expenses for 1995 include certain non-recurring startup costs.

</TABLE>

The following table sets forth certain information regarding EOG's volumes of natural gas delivered under other marketing and volumetric production payment arrangements, and resulting average per unit gross revenue and per unit

amortization of deferred revenues along with associated costs during each of the three years in the period ended December 31, 1996.

<TABLE>
<CAPTION>

	Year Ended December 31, 1996	1995	1994
<S>	<C>	<C>	<C>
Volumes (MMcf per day)(1)	285	264	324
Average Gross Revenue ($/Mcf)(2)	$ 2.24	$ 1.88	$ 2.38
Associated Costs ($/Mcf)(3)(4)	2.07	1.51	2.06
Margin ($/Mcf)	$ .17	$ .37	$ .32

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<FN>
(1) Includes an annual average of 48 MMcf per day in 1996, 1995 and 1994 delivered under the terms of a volumetric production payment agreement effective October 1, 1992, as amended.
(2) Includes per unit deferred revenue amortization for the volumes detailed in note (1) at an equivalent of $2.46 per Mcf ($2.36 per million British thermal units) in 1996, 1995 and 1994.
(3) Includes an average value of $2.12 per Mcf in 1996, $1.57 per Mcf in 1995 and $1.92 per Mcf in 1994 for the volumes detailed in note (1) including average wellhead value and any transportation costs and exchange differentials.
(4) Including transportation and exchange differentials.
</TABLE>

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REGULATION

General

Enron's interstate natural gas pipeline companies are subject to the regulatory jurisdiction of the FERC under the Natural Gas Act ("NGA") with respect to rates, accounts and records, the addition of facilities, the extension of services in some cases, the abandonment of services and facilities, the curtailment of gas deliveries and other matters. Enron's intrastate pipeline companies are subject to state and some federal regulation. Enron's importation of natural gas from Canada is subject to approval by the Office of Fossil Energy of the Department of Energy ("DOE"). Certain activities of Enron are subject to the Natural Gas Policy Act of 1978 ("NGPA"). Enron's pipelines which carry natural gas liquids and refined petroleum products are subject to the regulatory jurisdiction of the FERC under the Interstate Commerce Act as to rates and conditions of service.

Enron's power marketing company is subject to the FERC's regulatory jurisdiction under the Federal Power Act

("FPA") with respect to rates, terms and conditions of service and certain reporting requirements. Certain of the power marketing company's exports of electricity are subject to approval by the DOE. Enron's affiliates involved in cogeneration and independent power production are subject to regulation by the FERC under the Public Utility Regulatory Policies Act ("PURPA") and the FPA with respect to rates, the procurement and provision of certain services and operating standards.

The regulatory structure that has historically applied to the gas and electric industry is in transition. Legislative and regulatory initiatives, at both federal and state levels, are designed to supplement regulation with increasing competition. Legislation to restructure the electric industry is under active consideration on both the federal and state levels. Proposed federal legislation would make the electric industry more competitive by providing retail electric customers with the right to choose their power suppliers. Modifications to PURPA and the Public Utility Holding Company Act of 1935 ("PUHCA") have also been proposed. In addition, new technology and interest in self-generation and cogeneration have provided opportunities for alternative sources and supplies of energy. Retention of existing customers and potential growth of Enron's customer base will depend, in part, upon the ability of Enron to respond to new customer expectations and changing economic and regulatory conditions.

Domestic legislation affecting the oil and gas industry is under constant review for amendment or expansion. Also, numerous departments and agencies, both federal and state, are authorized by statute to issue and have issued rules and regulations which, among other things, require permits for the drilling of wells, regulate the spacing of wells, prevent the waste of natural gas and crude oil resources through proration, require drilling bonds and regulate environmental and safety matters. The regulatory burden on the oil and gas industry increases its cost of doing business and, consequently, affects its ability to compete and profitability.

A substantial portion of EOG's oil and gas leases in the Big Piney area and in the Gulf of Mexico, as well as some in other areas, are granted by the federal government and administered by the Bureau of Land Management (the "BLM") and the Minerals Management Service (the "MMS") federal agencies. Operations conducted by EOG on federal oil and gas leases must comply with numerous statutory and regulatory restrictions. Certain operations must be conducted pursuant to appropriate permits issued by the BLM and the MMS.

Various federal, state and local laws and regulations covering the discharge of materials into the environment, or otherwise relating to the protection of the environment, may affect Enron's operations and costs through their effect on the oil and gas exploration, development and production

operations as well as their effect on the construction, operation and maintenance of pipeline and terminaling facilities. It is not anticipated that Enron will be required in the near future to expend amounts that are material in relation to its total capital expenditures program by reason of environmental laws and regulations, but inasmuch as such laws and regulations are frequently changed, Enron is unable to predict the ultimate cost of compliance.

Enron's non-domestic operations are subject to the jurisdiction of numerous governmental agencies in the countries in which its projects are located with respect to environmental and other regulatory matters. Generally, many of the countries in which Enron does and will do business have recently developed or are in the process of developing new regulatory and legal structures to accommodate private and foreign-owned businesses. These regulatory and legal structures and their interpretation and application by administrative agencies are relatively new and sometimes limited. Many detailed rules and procedures are yet to be issued. The interpretation of existing rules can also be expected to evolve over time. Although Enron believes that its operations are in compliance in all material respects with all applicable environmental laws and regulations in the applicable foreign jurisdictions, Enron also believes that the operations of its projects eventually may be required to meet standards that are comparable in many respects to those in effect in the United States and in countries within the European Community. In addition, as Enron acquires additional projects in various countries, it will be affected by the environmental and other regulatory restrictions of such countries.

Natural Gas Rates and Regulations

Northern, Transwestern, FGT and Northern Border are "natural gas companies" under the NGA and, as such, are subject to the jurisdiction of the FERC. The FERC has jurisdiction over, among other things, the construction and operation of pipeline and related facilities used in the transportation, storage and sale of natural gas in interstate commerce, including the extension, expansion or abandonment of such facilities. The FERC also has jurisdiction over the rates and charges for the transportation of natural gas in interstate commerce and the sale by a natural gas company of natural gas in interstate commerce for resale. Northern, Transwestern, FGT and Northern Border hold the required certificates of public convenience and necessity issued by the FERC authorizing them to construct and operate all of their pipelines, facilities and properties for which certificates are required in order to transport and sell natural gas for resale in interstate commerce.

As necessary, Northern, Transwestern, FGT and Northern Border file applications with the FERC for changes in their rates and charges designed to allow them to recover fully

their costs of providing service to resale and transportation customers, including a reasonable rate of return. These rates are normally allowed to become effective after a suspension period, and in certain cases are subject to refund under applicable law, until such time as the FERC issues an order on the allowable level of rates. Although the FERC's jurisdiction extends to the regulation of gas transported in interstate commerce or sold in interstate commerce for resale, the price at which gas is sold to direct industrial customers by a natural gas company is not subject to the FERC's jurisdiction.

Since 1985, the FERC has made natural gas transportation more accessible to gas buyers and sellers on an open and non-discriminatory basis. These efforts have significantly altered the marketing and pricing of natural gas. The FERC's Order No. 636, issued in April 1992, mandated a fundamental restructuring of interstate pipeline sales and transportation services. Order No. 636 required interstate natural gas pipelines to "unbundle" or segregate the sales, transportation, storage, and other components of their existing sales service, and to separately state the rates for each unbundled service. Order No. 636 also required interstate pipelines to assign capacity rights they have on upstream pipelines to such pipelines' former sales customers and provides for the recovery by interstate pipelines of costs associated with the transition from providing bundled sales services to providing unbundled transportation and storage services. The purpose of Order No. 636 is to further enhance competition in the natural gas industry by assuring the comparability of pipeline sales service and services offered by a pipelines' competitors. A key effect of Order No. 636 and its progeny has been to substantially eliminate merchant sales by pipelines like Northern, Transwestern and FGT. Numerous parties filed petitions for court review of FERC's Order No. 636 series, as well as orders in individual pipeline restructuring proceedings. Various aspects of Order No. 636 were challenged, including alleged shifts of costs between pipeline customer groups and the continuing reliability of unbundled services. There have been two subsequent orders on rehearing of Order No. 636 (Order Nos. 636-A and 636-B) and one subsequent order on remand from the D.C. Circuit Court of Appeals (Order No. 636-C) in which the FERC modified the original order in response to these and other concerns. Since the D.C. Circuit Court opinion has been appealed and further judicial review of FERC's new orders may result in such orders being reversed in whole or in part, it is not possible to predict with precision the ultimate effect of FERC's Order No. 636 series.

The series of 636 orders mandate a rate design, known as straight fixed variable, which is designed to allow pipelines to recover substantially all fixed costs, a return on equity and income taxes in the capacity reservation component of their rates. Northern, Transwestern and FGT have implemented the service restructuring required by such orders by unbundling their sales service, offering a limited

market based merchant service and establishing a straight fixed variable rate design to recover all fixed costs, including return on equity, in the demand component of their rates. The FERC has indicated that Northern, Transwestern and FGT will be authorized to recover all prudently incurred costs associated with a reduced merchant role resulting from the implementation of such orders.

Enron believes that, overall, Order No. 636 has had a positive impact on Enron and the natural gas industry as a whole. The structural changes mandated by Order No. 636 have resulted in a more competitive industry. The straight fixed variable rate design included in Order No. 636 allows pipelines to recover in the demand component of their rates all fixed costs, including income taxes and return on equity, allocated to firm customers. Since a pipeline recovers demand costs regardless of whether gas is ever transported, the straight fixed variable rate design is expected to reduce the volatility of the revenue stream to pipelines.

Regulatory issues and rates on Enron's regulated pipelines are subject to final determination by the FERC. Enron's regulated pipelines currently apply accounting standards that recognize the economic effects of regulation and, accordingly, have recorded regulatory assets and liabilities related to their operations. Enron evaluates the applicability of regulatory accounting and the recoverability of these assets through rate or other contractual mechanisms on an ongoing basis. Net regulatory assets at December 31, 1996 are approximately $312 million, which include transition costs incurred related to FERC Order No. 636 of approximately $86 million. The regulatory assets related to the FERC Order No. 636 transition costs are scheduled to be primarily recovered from customers by the end of 1998, while the remaining assets are expected to be recovered over varying time periods.

Enron's regulated pipelines have all successfully completed their transitions under FERC Order No. 636 although future transition costs may be incurred subject to ongoing negotiations and market factors. Enron believes, based upon its experience to date and after considering appropriate reserves that have been established, that the ultimate resolution of pending regulatory matters will not have a material impact on Enron's financial position or results of operations.

Additional proposals and proceedings that might affect the natural gas industry are pending before Congress, the FERC and the courts. Enron cannot predict when or whether any such proposals or proceedings may become effective.

The rates at which natural gas is sold in Texas to gas utilities serving customers within an incorporated area are subject to the original jurisdiction of the Railroad Commission of Texas. The rates set by city councils or commissions for gas sold within their jurisdiction may be

appealed to the Railroad Commission. Regulation of intrastate gas sales and transportation by the Railroad Commission is governed by certain provisions of the Texas Gas Utility Regulatory Act of 1983. The Railroad Commission also regulates production activities and to some degree the operation of affiliated special marketing programs.

Electric Industry Regulation

Historically, the electric industry has been subject to comprehensive regulation at the federal and state levels. The FERC regulated sales of electric power at wholesale and the transmission of electric energy in interstate commerce pursuant to the FPA. The FERC subjected public utilities under the FPA to rate and tariff regulation, accounting and reporting requirements, as well as oversight of mergers and acquisitions, securities issuances and dispositions of facilities. States or local authorities have historically regulated the distribution and retail sale of electricity, as well as the construction of generating facilities.

Enacted in 1978, PURPA created opportunities for independent power producers, including cogenerators. If a generating project obtained the status of a "Qualifying Facility," it was exempted by PURPA from most provisions of the FPA and certain state laws relating to securities, rate and financial regulation. PURPA also required electric utilities (i) to purchase electricity generated by Qualifying Facilities at a price based on the utility's avoided cost of purchasing electricity or generating electricity itself, and (ii) to sell supplementary, back-up, maintenance and interruptible power to Qualifying Facilities on a just and reasonable and non-discriminatory basis.

PUHCA subjects certain entities that directly or indirectly own, control or hold the power to vote 10% of the outstanding voting securities of a "public utility company" or a company which is a "holding company" of a public utility company to registration requirements of the Securities and Exchange Commission ("SEC") and regulation under PUHCA, unless the entity is eligible for an exemption or has been granted an SEC order declaring the entity not to be a holding company. Affiliates, or direct or indirect holders of 5% of the voting securities of such companies, are also subject to regulation under PUHCA unless so eligible for an exemption or SEC order. PUHCA requires registration for a holding company of a public utility company, and requires a public utility holding company to limit its operations to a single integrated utility system and to divest any other operations not functionally related to the operation of the utility system. A public utility company which is a subsidiary of a registered holding company under PUHCA is subject to financial and organizational regulation, including SEC approval of its financing transactions.

The Energy Policy Act of 1992 ("EP Act") exempted from some traditional federal utility regulation generators

selling power at wholesale in an effort to enhance competition in the wholesale generation market. The EP Act also authorized FERC to require utilities to transport and deliver or "wheel" energy for the supply of bulk power to wholesale customers.

Recent FERC regulatory initiatives are changing the electric power industry. In April 1996, FERC paved the way for the transition to more competitive electric markets by issuing its Order Nos. 888 and 889. Order No. 888 required utilities to provide third parties wholesale open access to transmission facilities on terms comparable to those that apply when utilities use their own systems. Utilities were required by the order to file open access tariffs in July 1996. Power pools, which are associations of interconnected electric transmission and distribution systems that have an agreement for integrated and coordinated operations, were directed to file their open access tariffs by the end of 1996. These tariffs enable eligible parties to obtain wholesale transmission service over utilities' transmission systems. In Order No. 888, FERC stated its intention to permit utilities to recover legitimate, verifiable and prudently incurred costs that are rendered uneconomic or "stranded" as a result of customers taking advantage of wholesale open access to meet their power needs from others. In Order No. 889 FERC required utilities owning transmission facilities to adopt procedures for an open access same-time information system ("OASIS") that will make available, on a real-time basis, pertinent information concerning each transmission utility's services. The order also promulgated standards of conduct to ensure that utilities separate their transmission functions from their wholesale power merchant functions and to prevent the misuse of commercially valuable information. In March 1997 FERC issued its orders on rehearing of Order Nos. 888 and 889. In these orders FERC upheld the basic open access and OASIS regulatory framework established in Order Nos. 888 and 889, while making certain modifications to its open access and stranded cost recovery rules. Transmitting utilities are required to submit revised tariffs to FERC in the summer of 1997 to reflect FERC's orders on rehearing.

Congress is considering legislation to modify federal laws affecting the electric industry. Bills have been introduced in the Senate and the House of Representatives that would, among other things, provide retail electric customers with the right to choose their power suppliers. Modifications to PURPA and PUHCA have also been proposed. In addition, various states have either enacted or are considering legislation designed to deregulate the production and sale of electricity. Deregulation is expected to result in a shift from cost-based rates to market-based rates for electric energy and related services. Although the legislation and regulatory initiatives vary, common themes include the availability of market pricing, retail customer choice, recovery of stranded costs, and separation of generation assets from transmission, distribution and other assets. It is unclear whether or

when all power customers will obtain open access to power supplies. Decisions by regulatory agencies may have a significant impact on the future economics of the power marketing business.

Environmental Regulations

Enron and its subsidiaries are subject to extensive federal, state and local laws and regulations covering the discharge of materials into the environment, or otherwise relating to the protection of the environment, and which require expenditures for remediation at various operating facilities and waste disposal sites, as well as expenditures in connection with the construction of new facilities. Enron believes that its operations and facilities are in general compliance with applicable environmental regulations. Environmental laws and regulations have changed substantially and rapidly over the last 20 years, and Enron anticipates that there will be continuing changes. The clear trend in environmental regulation is to place more restrictions and limitations on activities that may impact the environment, such as emissions of pollutants, generation and disposal of wastes and use and handling of chemical substances. Increasingly strict environmental restrictions and limitations have resulted in increased operating costs for Enron and other businesses throughout the United States, and it is possible that the costs of compliance with environmental laws and regulations will continue to increase. Enron will attempt to anticipate future regulatory requirements that might be imposed and to plan accordingly in order to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund" law, requires payments for cleanup of certain abandoned waste disposal sites, even though such waste disposal activities were undertaken in compliance with regulations applicable at the time of disposal. Under the Superfund legislation, one party may, under certain circumstances, be required to bear more than its proportional share of cleanup costs at a site where it has responsibility pursuant to the legislation, if payments cannot be obtained from other responsible parties. Other legislation mandates cleanup of certain wastes at facilities that are currently being operated. States also have regulatory programs that can mandate waste cleanup. CERCLA authorizes the Environmental Protection Agency ("EPA") and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. The scope of financial liability under these laws involves inherent uncertainties. Enron has entered into a consent decree with the EPA and other potentially responsible parties with respect to the cleanup of two Superfund sites. Enron has received requests for information from the EPA and state agencies concerning what wastes Enron may have sent to

certain sites, and it has also received requests for contribution from other parties with respect to the cleanup of other sites. However, management does not believe that any costs incurred in connection with these sites (either individually or in the aggregate) will have a material impact on Enron's financial position or results of operations. (See Item 3, "Legal Proceedings").

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OPERATING STATISTICS

The following table presents selected statistical information for Enron's domestic gas and power services business segment as well as revenue data for all of Enron's businesses. Revenue amounts are in millions of dollars.

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
ECT Natural Gas and Crude Oil			
Physical/Notional Quantities (BBtue/d)*			
Firm	6,435	5,392	4,895
Interruptible	2,578	2,255	2,039
Transport Volumes	544	580	538
Subtotal	9,557	8,227	7,472
Financial Settlements (notional)	35,259	32,938	16,459
Total	44,816	41,165	23,931
Electricity (Thousand megawatt hours)			
Owned Production	3,122	3,441	3,481
Transaction Volumes Marketed	60,150	7,767	1,221
Fixed Price Contract			
Market Activity (TBtue)	3,671	5,952	6,615
Financings Arranged and Production Payments (Millions)	$755	$382	$503

*Includes intercompany amounts
</TABLE>

<TABLE>
<CAPTION>
Revenues by Business Segment

	Year Ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Transportation and Operation			
Natural Gas and Other Products			
Unaffiliated	$ 11	$ 49	$ 88
Intersegment	6	5	9
	17	54	97

Transportation Services			
Unaffiliated	682	680	740
Intersegment	15	21	26
	697	701	766
Other Revenues			
Unaffiliated	55	76	109
Intersegment	37	-	4
	92	76	113
TOTAL	806	831	976

</TABLE>

<PAGE>
<TABLE>
<CAPTION>

	Year Ended December 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Domestic Gas and Power Services			
Natural Gas and Other Products			
Unaffiliated	$10,421	$6,290	$6,633
Intersegment	138	10	60
	10,559	6,300	6,693
Transportation Services			
Unaffiliated	25	12	14
Intersegment	2	-	1
	27	12	15
Other Revenues			
Unaffiliated	1,235	762	519
Intersegment	27	(113)	(48)
	1,262	649	471
TOTAL	11,848	6,961	7,179
International Operations and Development			
Natural Gas and Other Products			
Unaffiliated	105	780	338
Intersegment	-	4	1
	105	784	339
Other Revenues			
Unaffiliated	108	59	54
Intersegment	-	40	6
	108	99	60
TOTAL	213	883	399
Exploration and Production			
Natural Gas and Other Products			
Unaffiliated	620	410	432
Intersegment	197	165	242
	817	575	674

Other Revenues			
Unaffiliated	27	71	57
Intersegment	(20)	113	48
	7	184	105
TOTAL	824	759	779
Intersegment Eliminations	(402)	(245)	(349)
Total Revenues	$13,289	$9,189	$8,984

</TABLE>

<PAGE>

CURRENT EXECUTIVE OFFICERS OF THE REGISTRANT

Name and Age	Present Principal Position and Other Material Positions Held During Last Five Years
Kenneth L. Lay (54)	Chairman of the Board and Chief Executive Officer, Enron Corp., since February 1986.
Jeffrey K. Skilling (43)	President and Chief Operating Officer, Enron Corp., since January 1997. Chief Executive Officer and Managing Director of Enron Capital & Trade Resources Corp. ("ECT") from June 1995 to December 1996. From August 1990 to June 1995, Mr. Skilling served ECT in a variety of executive managerial positions.
Rodney L. Gray (44)	President of Enron Global Power & Pipelines L.L.C. from November 1995 to February 1997. Chairman and Chief Executive Officer of Enron Global Power & Pipelines L.L.C. since June 1995. Managing Director, Enron Development Corp., from August 1995 to December 1996. Chairman and Chief Executive Officer, Enron International Inc., from June 1993 to December 1996. Senior Vice President, Finance and Treasurer, Enron Corp., from October 1992 to June 1993. Vice President, Finance and Treasurer, Enron Corp., from 1988 to October 1992.
Stanley C. Horton (47)	Chairman and Chief Executive Officer, Enron Gas Pipeline Group, since January 1997. Co-Chairman and Chief Executive Officer of Enron Operations Corp. from February 1996 to January 1997. President and Chief Operating

	Officer of Enron Operations Corp. from June 1993 to February 1996. President of Northern Natural Gas Company from June 1991 to June 1993. President of Florida Gas Transmission Company from 1988 to May 1991.
Rebecca P. Mark (42)	Chairman and Chief Executive Officer, Enron International Inc., since January 1997. Chairman and Chief Executive Officer of Enron Development Corp. since July 1993. Vice President and Chief Development Officer of Enron Power Corp. from July 1991 to July 1993.
Thomas E. White (53)	Chairman and Chief Executive Officer, Enron Ventures Corp., since January 1997. Co-Chairman and Chief Executive Officer of Enron Operations Corp. from February 1996 to January 1997. Chairman and Chief Executive Officer of Enron Operations Corp. from June 1993 to February 1996. Chairman and Chief Executive Officer of Enron Power Corp. from July 1991 to June 1993. Brigadier General, United States Army, from 1988 to 1990. Executive Assistant to Chairman of the Joint Chiefs of Staff from 1989 to 1990.
John A. Urquhart (68)	Vice Chairman, Enron Corp., since August 1991.
Edmund P. Segner,III (43)	Executive Vice President and Chief of Staff, Enron Corp., since October 1992. Senior Vice President, Investor, Public & Government Relations from October 1990 to October 1992.
J. Clifford Baxter (38)	Senior Vice President, Corporate Development, Enron Corp., since January 1997. Managing Director, ECT, 1996; Vice President, Corporate Development, ECT, 1995-1996; Managing Director, Koch Equities, 1995; Director, Corporate Development, ECT, 1992-1994.
Richard A. Causey (37)	Senior Vice President and Chief Accounting and Information Officer, Enron Corp., since January 1997. Managing Director, ECT, from June 1996 to January 1997; Vice President, ECT, from January 1992 to June 1996.
James V. Derrick, Jr.(52)	Senior Vice President and General Counsel, Enron Corp., since June 1991. Partner, Vinson & Elkins from January 1977 until June 1991.

Andrew S. Fastow (35)	Senior Vice President, Finance, Enron Corp., since January 1997. Managing Director, Retail and Treasury, ECT, from May 1995 to January 1997. Vice President, ECT, from January 1993 to May 1995. Account Director, ECT, from 1990 to 1993.

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Item 2. PROPERTIES

Gas Transmission and Liquid Fuels

Enron's natural gas facilities include approximately 36,000 miles of transmission lines, 105 mainline compressor stations, 4 underground gas storage fields and 2 liquefied natural gas storage facilities. Other properties in which Enron and its affiliates have an ownership interest or lease include 10 natural gas liquids extraction plants in Texas, Louisiana, Wyoming, Kansas, Florida, New Mexico and North Dakota. A large number of railroad tank and hopper cars, truck transports and bulk vehicles are owned or leased and used for the delivery of liquids products. Enron also owns interests in pipeline and related facilities associated with its participation and investments in jointly-owned pipeline systems.

Substantially all the transmission lines of Enron are constructed on rights-of-way granted by the apparent record owners of such property. In many instances, lands over which rights-of-way have been obtained are subject to prior liens which have not been subordinated to the right-of-way grants. In some cases, not all of the apparent record owners have joined in the right-of-way grants, but in substantially all such cases, signatures of the owners of majority interests have been obtained. Permits have been obtained from public authorities to cross over or under, or to lay facilities in or along, water courses, county roads, municipal streets and state highways, and in some instances, such permits are revocable at the election of the grantor. Permits have also been obtained from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. Some such permits require annual or other periodic payments. In a few minor cases, property for pipeline purposes was purchased in fee.

Most of Enron's transmission subsidiaries have the right of eminent domain to acquire rights-of-way and lands necessary for their pipelines and appurtenant facilities.

Enron's gas processing plants, regulator and compressor stations, clean fuel facilities and offices are located on tracts of land owned by it in fee or leased from others.

In the case of oil and gas leases, definitive examination and curing of title defects are usually deferred until such time as funds are expended in connection with drilling of such properties.

Enron is of the opinion that it has generally satisfactory title to its rights-of-way and lands used in the conduct of its businesses, subject to liens for current taxes, liens incident to operating agreements and minor encumbrances, easements and restrictions which do not materially detract from the value of such property or the interest of Enron therein or the use of such properties in such businesses.

Oil and Gas Exploration and Production Properties and Reserves

Reserve Information

For estimates of EOG's net proved reserves and proved developed reserves of natural gas and liquids, including crude oil, condensate and natural gas liquids, see Note 19 to the Consolidated Financial Statements.

Estimates of proved and proved developed reserves at December 31, 1996, 1995 and 1994 were based on studies performed by EOG's engineering staff for reserves in the United States, Canada, Trinidad and India. Opinions by DeGolyer and MacNaughton, independent petroleum consultants, for the years ended December 31, 1996, 1995 and 1994 covering producing areas containing 64%, 60% and 59%, respectively, of proved reserves (excluding deep Paleozoic methane reserves) of EOG on a net-equivalent-cubic-feet-of-gas basis, indicate that the estimates of proved reserves prepared by EOG's engineering staff for the properties reviewed by DeGolyer and MacNaughton, when compared in total on a net-equivalent-cubic-feet-of-gas basis, do not differ materially from the estimates prepared by DeGolyer and MacNaughton. The deep Paleozoic methane reserves were covered by the opinion of DeGolyer and MacNaughton for the year ended December 31, 1995. Such estimates by DeGolyer and MacNaughton in the aggregate varied by not more than 5% from those prepared by EOG's engineering staff. All reports by DeGolyer and MacNaughton were developed utilizing geological and engineering data provided by EOG.

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of development expenditures, including many factors beyond the control of the producer. The reserve data set forth in Note 19 to the Consolidated Financial Statements represents only estimates. Reserve engineering is a subjective process of estimating underground accumulations of natural gas and liquids, including crude oil, condensate and natural gas liquids, that cannot be measured in an exact manner. The accuracy of any reserve estimate is a function of the amount and quality

of available data and of engineering and geological interpretation and judgment. As a result, estimates of different engineers normally vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities ultimately recovered. The meaningfulness of such estimates is highly dependent upon the accuracy of the assumptions upon which they were based.

In general, the volume of production from oil and gas properties owned by EOG declines as reserves are depleted. Except to the extent EOG acquires additional properties containing proved reserves or conducts successful exploration and development activities, or both, the proved reserves of EOG will decline as reserves are produced. Volumes generated from future activities of EOG are therefore highly dependent upon the level of success in acquiring or finding additional reserves and the costs incurred in doing so.

EOG's estimates of reserves filed with other federal agencies agree with the information set forth in Note 19 to the Consolidated Financial Statements.

Producing Oil and Gas Wells

The following table reflects EOG's ownership at December 31, 1996 in gas and oil wells located in Texas, the Gulf of Mexico, Oklahoma, New Mexico, Utah, Wyoming and various other states, Canada, Trinidad and India. "Net" is obtained by multiplying "Gross" by EOG's working interests in the properties. Gross gas and oil wells include 200 with multiple completions.

Productive Gas Wells		Productive Oil Wells		Total Productive Wells	
Gross	Net	Gross	Net	Gross	Net
5,021	3,427	886	516	5,907	3,943

<PAGE>

Acreage

The following table summarizes EOG's developed and undeveloped acreage at December 31, 1996. Excluded is acreage in which EOG's interest is limited to owned royalty, overriding royalty and other similar interests.

<TABLE>
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	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
<S>	<C>	<C>	<C>	<C>	<C>	<C>

United States						
California	13,030	8,341	658,089	654,054	671,119	662,395
Offshore						
Gulf of Mexico	310,886	147,446	463,408	356,346	774,294	503,792
Texas	285,706	198,579	232,543	205,704	518,249	404,283
Wyoming	154,736	111,979	302,474	235,762	457,210	347,741
Oklahoma	176,218	94,222	68,270	58,944	244,488	153,166
New Mexico	72,278	35,328	82,962	48,611	155,240	83,939
Utah	57,819	46,511	32,437	26,939	90,256	73,450
Kansas	10,418	8,875	15,974	14,670	26,392	23,545
Colorado	8,313	1,219	26,485	13,697	34,798	14,916
Mississippi	1,942	1,853	12,695	12,498	14,637	14,351
Louisiana	6,054	5,909	1,360	1,295	7,414	7,204
Pennsylvania	1,443	962	6,749	4,538	8,192	5,500
Other	5,385	3,352	7,719	5,741	13,104	9,093
Total	1,104,228	664,576	1,911,165	1,638,799	3,015,393	2,303,375
Canada						
Alberta	365,797	174,932	196,936	157,639	562,733	332,571
Saskatchewan	180,623	156,548	184,504	160,013	365,127	316,561
Manitoba	11,371	9,622	4,213	3,333	15,584	12,955
British Columbia	656	164	--	--	656	164
Total Canada	558,447	341,266	385,653	320,985	944,100	662,251
Other International						
Australia	--	--	7,680,000	3,840,000	7,680,000	3,840,000
China	--	--	1,208,805	604,403	1,208,805	604,403
Venezuela	--	--	268,413	241,572	268,413	241,572
India	98,300	29,490	564,307	169,292	662,607	198,782
Trinidad	4,200	3,990	171,459	167,716	175,659	171,706
France	--	--	168,032	168,032	168,032	168,032
United Kingdom	--	--	173,600	86,000	173,600	86,000

Total Other International	102,500	33,480	10,234,616	5,277,015	10,337,116	5,310,495
Total	1,765,175	1,039,322	12,531,434	7,236,799	14,296,609	8,276,121

</TABLE>

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Drilling and Acquisition Activities

During each of the years ended December 31, 1996, 1995 and 1994, EOG spent approximately $599 million, $514 million and $494 million, respectively, for exploratory and development drilling and acquisition of leases and producing properties. EOG drilled, participated in the drilling of or acquired wells as set out in the table below for the periods indicated:

<TABLE>
<CAPTION>

	Year Ended December 31,					
	1996		1995		1994	
	Gross	Net	Gross	Net	Gross	Net
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Development Wells Completed						
North America						
Gas	396	325.04	334	251.06	554	430.73
Oil	80	57.46	69	55.16	45	34.67
Dry	80	68.77	61	49.21	54	43.65
Total	556	451.27	464	355.43	653	509.05
Outside North America						
Gas	-	-	3	2.85	4	3.80
Oil	1	.30	3	2.85	-	-
Dry	-	-	1	.95	-	-
Total	1	.30	7	6.65	4	3.80
Total Development	557	451.57	471	362.08	657	512.85
Exploratory Wells Completed						
North America						
Gas	14	10.36	5	4.13	22	17.70
Oil	1	.78	8	3.61	4	3.07
Dry	26	19.00	21	13.28	37	30.67
Total	41	30.14	34	21.02	63	51.44
Outside North America						
Gas	-	-	6	4.90	-	-
Oil	-	-	-	-	-	-
Dry	1	.50	-	-	-	-
Total	1	.50	6	4.90	-	-
Total Exploratory	42	30.64	40	25.92	63	51.44
Total	599	482.21	511	388.00	720	564.29
Wells in Progress at						
End of Period	87	61.08	52	32.71	45	28.79
Total	686	543.29	563	420.71	765	593.08
Wells Acquired						
Gas	350	148.20*	277	101.70*	41	40.90*
Oil	5	.65	5	.46	60	38.99*
Total	355	148.85	282	102.16	101	79.89

<FN>
* Includes acquisition of additional interests in certain wells in which EOG previously held an interest.
</TABLE>

All of EOG's drilling activities are conducted on a contract basis with independent drilling contractors. EOG owns no drilling equipment.

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Item 3. LEGAL PROCEEDINGS

Enron is a party to various claims and litigation arising in the ordinary course of its business, the significant items of which are discussed below. Management recognizes the uncertainties of litigation and the possibility that one or more adverse rulings could materially impact operating results. However, although no assurances can be given, Enron believes, based on the nature of and Enron's understanding of the facts and circumstances which give rise to such actions and claims, and after considering appropriate reserves that have been established, that the ultimate resolution of such items, individually or in the aggregate, will not have a materially adverse effect on Enron's financial position or, except as discussed below, its results of operations.

Litigation. In 1995, several parties (the Plaintiffs) filed suit in Harris County District Court in Houston, Texas against Intratex Gas Company (Intratex), Houston Pipe Line Company and Panhandle Gas Company (collectively, the Enron Defendants), each of which is a wholly-owned subsidiary of Enron. The Plaintiffs were either sellers or royalty owners under numerous gas purchase contracts with Intratex, many of which have terminated. Early in 1996, the case was severed by the Court into two matters to be tried (or otherwise resolved) separately. In the first matter, the Plaintiffs alleged that the Enron Defendants committed fraud and negligent misrepresentation in connection with the "Panhandle program," a special marketing program established in the early 1980s. This case was tried in October 1996 and resulted in a verdict for the Enron Defendants. In the second matter, the Plaintiffs allege that the Enron Defendants violated state regulatory requirements and certain gas purchase contracts by failing to take the Plaintiffs' gas ratably with other producers' gas at certain times between 1978 and 1988. The court has certified a class action with respect to these ratability claims. The Enron Defendants have appealed the court's decision to certify a class action. The Enron Defendants deny the Plaintiffs' claims and have asserted various affirmative defenses, including the statute of limitations. The Enron Defendants believe that they have strong legal and factual defenses, and intend to vigorously contest the claims. Although no assurances can be given, Enron believes that the ultimate resolution of these matters will not have a materially adverse effect on its financial position or results of operations.

On March 29, 1996, Enron and two of its wholly-owned

subsidiaries filed suit in the state district court of Harris County, Texas seeking a ruling that the Capacity Reservation and Transportation Agreement (CRTA) dated September 10, 1990 between Teesside Gas Transportation Limited (TGTL), an Enron subsidiary, and the "CATS" parties has terminated due to consistent material breaches of that agreement by the CATS parties. The suit was removed to the federal district court in Houston, Texas. Proceedings in the Houston lawsuit have been enjoined by an English court and Enron is appealing the injunction. In April 1996, TGTL, reserving its position in the Houston lawsuit, notified the CATS parties in accordance with the provisions of the CRTA that as a result of their failure to make available the Transportation Service (as defined in the contract) by April 1, 1996, the CRTA was terminated. The CATS parties were to have provided transportation under the CRTA to ship gas through the Central Area Transmission System (CATS) pipeline, owned by the CATS parties. In a separate lawsuit filed in the English court, the CATS parties are suing TGTL and Enron (on the basis of its guarantee of TGTL's obligations under the CRTA) for allegedly failing to make quarterly "send-or-pay" payments under the CRTA. TGTL refused to make these payments for the same reasons that it terminated the CRTA: its position is that the Transportation Service (as defined in the CRTA) was not available. Termination of the CRTA may lead to termination of the "J-Block Contracts." Trial on these matters commenced in the English court on October 28, 1996. The trial concluded in early March 1997, and a decision is expected in June 1997.

The "J-Block Contracts" are long-term gas contracts that Enron entered into in March 1993 with Phillips Petroleum Company United Kingdom Limited, British Gas Exploration and Production Limited and Agip (U.K.) Limited to purchase future gas production from the J-Block field which is located in the North Sea offshore the United Kingdom. Such agreements provide for Enron to take or pay for certain quantities of gas at a fixed price (with possible escalations throughout the contract period) on an annual basis. The contract price is in excess of market prices as of February 1997, however United Kingdom natural gas prices have been volatile. The agreements provide that gas paid for, but not taken, can be recovered in later contract years. In September 1995, Enron announced that, in accordance with its contractual rights, it had notified the J-Block sellers that Enron's nominations for gas from the J-Block fields were estimated to be zero from the first delivery date of September 25, 1996 through September 30, 1997. In addition, in accordance with its contractual rights, Enron made no estimated nominations for J-Block gas under the J-Block Contracts for the contract year ending September 30, 1998. While not challenging these actions, the J-Block sellers have, in a proceeding commenced in English court on March 29, 1996, sought a declaration that Enron should have agreed to a "Commissioning Date" (which might trigger Enron's take-or-pay obligations) of earlier than September 25, 1996, the date set forth in the J-Block Contracts as the Commissioning Date in the absence of an agreement on an earlier date. In October 1996, an English

Court of Appeal ruled that Enron was not obligated to agree on an earlier Commissioning Date, thus making the contract period ending September 30, 1997 the first year in which Enron has a potential take-or-pay obligation. This ruling is being appealed to the House of Lords by the J-Block sellers.

Enron continues to believe that there are many reasons for the parties to resolve any contract issues commercially, but efforts have not been successful to date. Unsuccessful settlement discussions, adverse litigation outcomes or market conditions could result in a material adverse impact on earnings in any given period. However, although no assurances can be given, based upon information currently available and Enron's expectation of the ultimate outcome of the matters discussed above, Enron anticipates that the J-Block and CRTA contracts will not have a materially adverse effect on its financial position.

Environmental Matters. Enron is subject to extensive Federal, state and local environmental laws and regulations. These laws and regulations require expenditures in connection with the construction of new facilities, the operation of existing facilities and for remediation at various operating sites. The implementation of the Clean Air Act Amendments is expected to result in increased operating expenditures. The related future cost is indeterminable, as many of the rules implementing the Clean Air Act's requirements have not yet been finalized. However, any increased operating expenses are not expected to have a material adverse effect on Enron's financial position or results of operations.

During May 1992, Enron entered into a Consent Decree with the EPA concerning the cleanup of the Peoples Natural Gas Superfund Site in Dubuque, Iowa, where a coal gasification plant had operated during the first half of this century. The EPA had claimed that Enron was a potentially responsible party because a predecessor company of Enron had purchased the site in the late 1950's after coal gas operations ceased, and had conducted surface operations there, including the dismantling of buildings. In 1992, Enron recorded the expense and related liability for these cleanup costs and under the Consent Decree agreed to make five equal, annual payments of $590,000. The final installment was paid in June 1996.

The EPA has informed Enron that it is a potentially responsible party at the Decorah Former Manufactured Gas Plant Site (the Decorah Site) in Decorah, Iowa, pursuant to the provisions of CERCLA. The manufactured gas plant in Decorah ceased operations in 1951. A predecessor company of Enron purchased the Decorah Site in 1963 to connect its natural gas pipeline to the local distribution pipeline system servicing the city of Decorah. Enron's predecessor did not operate the gas plant and sold the Decorah Site in 1965. The EPA alleges that hazardous substances were released to the environment during the period in which Enron's predecessor owned the site, and that Enron's

predecessor assumed the liabilities of the company that operated the plant. Enron contests these allegations. The EPA is interested in determining whether materials from the plant have adversely affected subsurface soils at the Decorah Site. Enron has entered into a consent order with the EPA by which it has agreed, although admitting no liability, to replace affected topsoil in certain areas of the tract where the plant was formerly located and to take deep soil samples in those areas where subsurface contamination would most likely be located. To date, the EPA has identified no other potentially responsible parties with respect to this site. Enron believes that expenses incurred in connection with this matter will not have a materially adverse effect on its financial position or results of operations.

By order dated June 27, 1995, the Florida Department of Environmental Protection approved a remedial action plan for the Enron Gas Processing Company Brooker Plant in Bradford County, Florida. Soil and groundwater at the plant site had been impacted by historical releases of hydrocarbons from the now inactive liquids extraction plant. Site remedial work commenced in 1996 and is expected to continue for several years at a total cost of approximately $5 million.

In addition, Enron has received requests for information from the EPA and state environmental agencies inquiring whether Enron has disposed of materials at other waste disposal sites. Enron has also received requests for contribution from other parties with respect to the cleanup of other sites. Enron may be required to share in the costs of the cleanup of some of these sites. However, based upon the amounts claimed and the nature and volume of materials sent to sites at which Enron has an interest, management does not believe that any potential costs incurred in connection with these notices and third party claims, either taken individually or in the aggregate, will have a material impact on Enron's financial position or results of operations.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A Special Meeting of Stockholders of Enron was held on November 12, 1996 to consider and vote upon a proposal to approve and adopt an Amended and Restated Agreement and Plan of Merger dated as of July 20, 1996 and amended and restated as of September 24, 1996 (the "Merger Agreement") providing for (i) the merger (the "Reincorporation Merger") of Enron Corp. with and into its wholly-owned subsidiary, Enron Oregon Corp. ("New Enron"), to effect the reincorporation of Enron as an Oregon corporation, and (ii) immediately after the Reincorporation Merger, the merger of Portland General Corporation ("PGC") with and into New Enron (the "PGC Merger"). In the reincorporation Merger, each issued and outstanding share of the common stock, par value $.10 per share, of Enron ("Enron Common Stock") will be converted into one share of the common stock, without par value, of New Enron ("New Enron Common Stock"), and each issued and outstanding share of Cumulative Second Preferred Convertible

Stock ("Enron Convertible Preferred Stock") and 9.142% Perpetual Second Preferred Stock of Enron (as well as any share of any other class or series of Enron preferred stock, second preferred stock or preference stock issued and outstanding at the effective time of the Reincorporation Merger) will be converted into one share of an equivalent series of New Enron's preferred stock. In the PGC Merger, each share of common stock, par value $3.75 per share, of PGC issued and outstanding at the effective time of the PGC Merger will be converted into one share of New Enron Common Stock (subject to adjustment in certain circumstances). The Merger Agreement provides that if certain regulatory reforms are enacted, the structure of the transactions contemplated by the Merger Agreement will be revised to eliminate the Reincorporation Merger.

At the Special Meeting on November 12, 1996, 75% of the Enron voting stock was voted in favor of the Merger Agreement. The merger remains conditioned, among other things, upon the completion of regulatory procedures and approvals from the Oregon Public Utilities Commission, consistent with certain conditions in the Merger Agreement.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Common Stock

The following table indicates the high and low sales prices for the common stock of Enron as reported on the New York Stock Exchange (consolidated transactions reporting system), the principal market in which the securities are traded, and dividends paid per share for the calendar quarters indicated. The common stock is also listed for trading on the Chicago Stock Exchange and the Pacific Stock Exchange, as well as The London Stock Exchange and Frankfurt Stock Exchange.

<TABLE>
<CAPTION>

	1996			1995	
	High	Low	Dividends	High	Low	Dividends
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter.....	40	34 5/8	$.2125	34	28	$.20
Second Quarter.....	42 3/8	36 3/8	.2125	36 7/8	32 1/2	.20
Third Quarter.....	43	39 1/8	.2125	36 3/8	31 5/8	.20
Fourth Quarter.....	47 1/2	40 1/4	.2250	39 3/8	33	.2125

</TABLE>

Cumulative Second Preferred Convertible Stock

The following table indicates the high and low sales prices for the Cumulative Second Preferred Convertible Stock ("Second Preferred Stock") of Enron as reported on the New York Stock Exchange (consolidated transactions reporting system), the principal market in which the securities are traded, and dividends paid per share for the calendar quarters indicated. The Second Preferred Stock is also listed for trading on the Chicago Stock Exchange.

<TABLE>
<CAPTION>

	1996			1995		
	High	Low	Dividends	High	Low	Dividends
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter.....	$496 1/2	$481 1/4	$2.901	$398	$393	$2.7304
Second Quarter.....	525	525	2.901	491	454	2.7304
Third Quarter.....	525	525	2.901	477	454	2.7304
Fourth Quarter.....	620	555	3.072	502	462	2.901

</TABLE>

At December 31, 1996, there were approximately 26,300 record holders of common stock and 228 record holders of Second Preferred Stock.

Other information required by this item is set forth under Item 6 - -- "Selected Financial Data (Unaudited) - Common Stock Statistics" for the years 1991-1996.

<PAGE>
<TABLE>
Item 6. SELECTED FINANCIAL DATA (UNAUDITED)

<CAPTION>

	1996	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating Revenues (millions)	$13,289	$ 9,189	$ 8,984	$ 7,986	$ 6,415	$ 5,698
Total Assets (millions)	$16,137	$13,239	$11,966	$11,504	$10,312	$10,070
Common Stock Statistics						
Income from continuing operations(a)						
Total (millions)	$584	$520	$453	$387	$329	$232

Per share - primary	$2.31	$2.07	$1.80	$1.55	$1.39	$1.03
Per share - fully diluted	$2.16	$1.94	$1.70	$1.46	$1.30	$0.98
Earnings on common stock(a)						
Total (millions)	$568	$504	$438	$370	$284	$207
Per share - primary	$2.31	$2.07	$1.80	$1.55	$1.29	$1.03
Per share - fully diluted	$2.16	$1.94	$1.70	$1.46	$1.21	$0.98
Dividends						
Total (millions)	$212	$205	$192	$171	$148	$127
Per share	$0.86	$0.81	$0.76	$0.71	$0.66	$0.63
Shares outstanding (millions)						
Actual at year-end	251	245	244	242	237	202
Average for the year	246	244	243	239	220	202
Capitalization (millions)						
Long-term debt	$3,349	$3,065	$2,805	$2,661	$2,459	$3,109
Preferred stock of subsidiary	592	377	377	214	-	-
Minority interest	755	549	290	196	179	101
Shareholders' equity	3,723	3,165	2,880	2,623	2,518	1,901
Total capitalization	$8,419	$7,156	$6,352	$5,694	$5,156	$5,111

<FN>
(a) The 1993 amounts exclude effects of a $54 million ($0.23 per share) primarily non-cash charge to income for the increase in the corporate Federal income tax rate from 34% to 35%.
</TABLE>

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following review of the results of operations and financial condition of Enron Corp. and its subsidiaries and affiliates (Enron) should be read in conjunction with the Consolidated Financial Statements.

RESULTS OF OPERATIONS

Consolidated Net Income

Enron's net income for 1996 was $584 million compared to $520 million in 1995 and $453 million in 1994. Net income for all three years reflects improved income before interest, minority interests and income taxes as compared to the applicable preceding year, partially offset by higher minority interests.

Primary earnings per share of common stock was $2.31 in 1996 as compared to $2.07 in 1995 and $1.80 in 1994.

Income Before Interest, Minority Interests and Income Taxes

The following table presents income before interest, minority interests and income taxes (IBIT) for each of Enron's operating segments:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Transportation and Operation	$ 570	$ 359	$403
Domestic Gas and Power Services	280	157	202
International Operations and Development	152	142	148
Exploration and Production	200	241	198
Corporate and Other	36	266	(7)
Total	$1,238	$1,165	$944

</TABLE>

Transportation and Operation

The transportation and operation segment is comprised of the Enron Gas Pipeline Group, which includes results of Northern Natural Gas Company (Northern), Transwestern Pipeline Company (Transwestern) and Enron's 50% interest in Florida Gas Transmission Company (Florida Gas); and Enron Ventures Corp., which includes results of Enron Engineering & Construction and the operation of clean fuels plants. Results from Enron's investment in crude oil marketing and transportation operations conducted by EOTT Energy Partners, L.P. (EOTT) are also included in this segment.

The transportation and operation segment's IBIT increased $211 million in 1996 as compared to 1995 due to higher earnings from the Enron Gas Pipeline Group, increased equity earnings from EOTT and an increase in gains from the sale of non-strategic gas gathering and processing assets ($94 million in 1996 compared with $67 million in 1995). IBIT decreased in 1995 as compared to 1994 primarily as a result of lower earnings from the Enron Gas Pipeline Group, primarily due to charges in 1995 of $83 million related to regulatory reserves and other contingencies, and lower equity earnings from EOTT following a $19 million charge to reflect the discontinuance of EOTT's West Coast processing and asphalt marketing operations, partially offset by the gains of $67 million from the sale of non-strategic gathering and processing assets. The following discussion analyzes the significant changes in the various components of IBIT for this segment:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Revenues			
Enron Gas Pipeline Group	$760	$787	$901

Enron Ventures Corp.	46	44	47
EOTT	-	-	28
Total Revenues	806	831	976
Cost of gas and other products	4	41	72
Operating expenses	301	361	442
Depreciation and amortization	82	83	88
Taxes, other than income taxes	52	47	47
Equity in earnings of unconsolidated subsidiaries	47	23	49
Other income, net	156	37	27
Income before interest, minority interests and income taxes	$570	$359	$403

</TABLE>

Revenues

Enron Gas Pipeline Group. Revenues of the interstate natural gas pipelines declined $27 million (3%) during 1996 and $114 million (13%) during 1995 as compared to the applicable preceding year. The decrease in revenues from 1995 to 1996 was primarily a result of the sale of gathering facilities in 1995 and the first quarter of 1996 and reduced sales revenue at Northern in 1996 as a result of a planned reduction of transition cost recoveries related to the termination of its merchant function pursuant to the Federal Energy Regulatory Commission's (FERC) Order 636. The decrease in revenues from 1994 to 1995 primarily reflects completion of the recovery of certain transition costs by Northern. Transport revenues were virtually unchanged in 1996 after declining 9% in 1995 as compared to the prior year. Transport volumes for Northern and Transwestern totaled 5.9 trillion British thermal units per day (TBtu/d) in 1996, 5.6 TBtu/d in 1995 and 5.5 TBtu/d in 1994. Higher revenues from increased transport volumes were more than offset by the reduction in average transport rates due in part to the reduction of certain transition cost recoveries.

EOTT. Net revenues from EOTT decreased $28 million in 1995 as a result of the reduced ownership interest effective in March 1994. See Note 8 to the Consolidated Financial Statements.

Cost of Gas and Other Products Sold

The cost of gas and other products sold by the transportation and operation segment decreased by $37 million (90%) during 1996 as compared to 1995 and $31 million (43%) during 1995 as compared to 1994 primarily as a result of decreased gas purchases following the termination of the merchant function by Northern.

Operating Expenses

Operating expenses of the transportation and operation segment declined $60 million (17%) during 1996 and $81 million (18%) during 1995. The 1996 decline primarily reflects lower operating expenses on the interstate pipelines primarily as a result of favorable resolution of environmental contingencies previously accrued, combined with reduced expenses related to gathering facilities sold during 1995 and the first quarter of 1996 and a decrease in amortization of deferred contract reformation costs by Northern. The 1995 decline primarily reflects a decrease of $64 million in amortization of deferred contract reformation

costs due to the completion by Northern of the recovery of certain transition costs in early 1995, combined with lower transmission, compression and storage transition costs. Additionally, operating expenses decreased as a result of the decreased ownership interest in EOTT. These declines were partially offset by $39 million in regulatory and contingency adjustments in 1995.

Other Income and Deductions

Equity in earnings of unconsolidated subsidiaries increased by $24 million to $47 million during 1996 as compared to 1995 after decreasing by $26 million (53%) during 1995 as compared to 1994. Earnings from EOTT increased to $9 million in 1996 compared with a loss of $23 million in 1995, which included a $19 million charge to reflect the discontinuance of EOTT's West Coast processing and asphalt marketing operations in 1995. The increase in equity earnings in 1996 was partially offset by decreased earnings from Enron's interest in Trailblazer Pipeline Company due to the recognition in 1995 of income from a settlement with a transportation customer.

Other income, net, of $156 million was realized in 1996 as compared to $37 million in 1995 and $27 million in 1994. The 1996 amount includes $94 million in gains related to the disposition of non-strategic natural gas gathering facilities and $18 million of income from the favorable resolution of litigation. The 1995 amount includes $67 million in gains from the sale of gathering assets and a processing facility, partially offset by $42 million in regulatory and contingency adjustments.

Outlook

The transportation and operation segment should continue to provide stable earnings and cash flows during 1997. Various expansion projects underway or proposed by the Enron Gas Pipeline Group should enhance future earnings when completed. Northern filed with the FERC for an expansion project that will increase peak day firm transportation service into the U.S. upper midwest markets by approximately 350 million cubic feet of gas per day (MMcf/d) over the next five years. Additionally, Enron Gas Pipeline Group will continue to concentrate on reducing its overall cost structure and Enron Ventures Corp. will actively promote engineering and construction services to provide incremental earnings.

During the first quarter of 1997, Enron completed sales of the stock of Enron Liquids Pipeline Company, the general partner and 15% owner and operator of Enron Liquids Pipeline, L.P., and the stock of Enron Louisiana Energy Company. Also during the first quarter of 1997, Enron announced that it had agreed to sell its Bushton, Kansas natural gas processing facility and its Hugoton Basin gathering assets in Kansas. This transaction is expected to close during the first half of 1997.

Domestic Gas and Power Services

The domestic gas and power activities are conducted primarily by Enron Capital & Trade Resources (ECT) and include the marketing, purchasing and financing of natural gas, natural gas liquids, crude oil, electricity and other energy commodities and

the management of the portfolio of commitments arising from these activities. In addition, Enron Energy Services has been created to serve the retail natural gas and electricity markets.

ECT's services can be categorized into three business lines: Cash and Physical, Risk Management and Finance. The following table reflects IBIT for each business line:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Cash and Physical	$243	$146	$170
Risk Management	105	193	151
Finance	77	31	13
Unallocated expenses	(145)	(138)	(132)
Total before non-recurring charge	280	232	202
Charge for clean fuels plant operations	-	(75)	-
Total	$280	$157	$202

</TABLE>

The following discussion analyzes the contributions to IBIT and the outlook for each of the business lines.

Cash and Physical. The cash and physical operations include earnings from physical contracts of one year or less involving marketing and transportation of natural gas, liquids, electricity and other commodities, earnings from the management of ECT's contract portfolio and earnings related to the physical assets of ECT. Also included in this line of business are the effects of actual settlements of ECT's long-term physical and notional quantity based contracts.

ECT markets a substantial quantity of energy commodities as reflected in the following table (including intercompany amounts):

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Natural gas and crude oil			
Physical/notional quantities (BBtue/d)(a)			
Firm(b)	6,435	5,392	4,895
Interruptible	2,578	2,255	2,039
Transport volumes	544	580	538
Subtotal	9,557	8,227	7,472
Financial settlements (notional)	35,259	32,938	16,459
Total	44,816	41,165	23,931
Electricity (Thousand megawatt hours)			
Owned production	3,122	3,441	3,481
Transaction volumes marketed	60,150	7,767	1,221

<FN>
(a) Billion British thermal units equivalent per day.
(b) Commitments to deliver a specified volume of gas at a fixed

or market responsive price.
</TABLE>

The earnings from this business increased 66% in 1996 primarily due to earnings from higher natural gas volumes and margins and increased earnings from the management of ECT's portfolio of contracts. Earnings from the marketing and processing of natural gas liquids also increased in 1996. These increases were partially offset by a decrease in earnings from natural gas assets. Electricity volumes substantially increased as ECT continued to expand its role as an electricity marketer.

The earnings from cash and physical operations decreased 14% in 1995 as compared to 1994 as a result of lower margins in liquids marketing and an increase in clean fuels operating expenses. Earnings from the marketing of physical natural gas also declined in 1995 as compared to 1994 due to lower margins in all but the fourth quarter. Partially offsetting these declines in earnings were increased earnings from electricity marketing, the sale of certain physical assets and the management of ECT's contract portfolio.

During 1997, ECT anticipates continued growth in the cash and physical business over the 1996 results. The existence of its substantial portfolio of contracts as well as the ability to benefit from the relationships between the financial and physical markets and the natural gas and electricity markets provide substantial opportunities for earnings. Continued seasonal volatility of natural gas prices will provide additional opportunities for increased earnings.

Risk Management. ECT's risk management operations consist of long-term energy commodity contracts (transactions greater than one year). ECT originates new contracts for customers in the energy industry and evaluates and restructures its existing contracts on an on-going basis to develop additional products and services to meet its customers' changing needs. Fixed price contract market activity totaled 3,671 trillion British thermal units equivalent (TBtue), 5,952 TBtue and 6,615 TBtue for 1996, 1995 and 1994, respectively.

Earnings from this business decreased 46% in 1996 as compared to 1995 primarily due to lower originations from long-term contracts with utilities and independent power producers (IPPs). Earnings from the restructuring of existing long-term contracts were also lower in 1996 as compared to 1995. These decreases were partially offset by increased originations with IPPs in the European market.

Earnings from risk management increased 28% in 1995 as compared to 1994 due primarily to earnings related to the restructuring of existing long-term contracts with IPPs and local distribution companies. Growth in originations from the Canadian operations also contributed to the earnings increase. For 1995, originations with utilities were lower than in 1994.

ECT expects earnings from risk management to increase in 1997 as compared to 1996 as it continues to pursue opportunities in

the European marketplace and continues to increase integration of financial products and its energy commodity portfolio, resulting in highly structured transactions.

Finance. ECT's finance operations provide a variety of capital products to the energy sector including volumetric production payments, loans and equity investments. These products are offered by ECT directly or through ECT ventures such as Joint Energy Development Investments Limited Partnership (JEDI). JEDI is a limited partnership 50% owned by Enron which was formed to acquire and own energy investments. Financings arranged and production payments were $755 million, $382 million and $503 million in 1996, 1995 and 1994, respectively.

Earnings from the finance operations increased 148% in 1996 compared to 1995 primarily due to increased earnings from its equity investment in JEDI, which benefited from favorable conditions in the equity markets.

Earnings from the finance operations increased 138% in 1995 compared with 1994 due primarily to the partial sale of ECT's interests in certain equity investments and earnings associated with the restructuring of long-term gas supply contracts with an IPP. This was partially offset by lower earnings from production payments arranged.

In 1997, ECT will continue to expand its products and services in its role as a full-service provider of various types of capital. In addition, earnings are expected from equity-based investments which are carried by JEDI at fair value and are therefore subject to market fluctuations.

Unallocated Expenses. ECT's net unallocated expenses such as rent, systems expenses and other support group costs increased in both 1996 and 1995 due to continued expansion into new markets and system upgrades. ECT expects its unallocated expenses to increase during 1997 as it continues to expand into new markets.

Charge for Clean Fuels Plant Operations. During the fourth quarter of 1995, ECT provided for expected losses of $75 million on its clean fuels plant operations resulting from higher natural gas prices and lower MTBE prices because of soft demand for MTBE.

International Operations and Development

Enron's international operations and development activities are conducted by Enron International (EI). Such activities include the development of power, pipeline and other energy infrastructure in emerging markets. Additionally, EI manages and operates the projects once commercial operation has been achieved. The segment includes results of Enron Global Power & Pipelines L.L.C. (EPP) and Enron Americas, Inc. IBIT for this group totaled $152 million in 1996, $142 million during 1995 and $148 million in 1994. The following discussion analyzes the significant changes in the various components of IBIT for this segment.

Net Revenues

Revenues net of cost of sales for the international operations

and development segment decreased by $55 million (27%) in 1996 as compared to 1995 after increasing $32 million (19%) during 1995. The decline in net revenues in 1996 primarily reflects the inclusion in 1995 of $48 million of revenues realized as a result of the satisfaction of Enron's support obligations related to the formation of EPP as well as the effect of transferring certain liquids marketing operations to the domestic gas and power services segment in January 1996. In addition to revenues from asset management and operations and international development activities, net revenues in 1996 included $31 million from the promotion of a portion of Enron's interest in its power assets at Teesside in the United Kingdom, compared with $24 million and $28 million recognized on similar transactions related to power and liquids processing assets at Teesside in 1995 and 1994, respectively. The increase in net revenues in 1995 primarily reflects marketing revenues and increased international development and asset management revenues, partially offset by lower revenues recognized in connection with the formation of EPP.

Costs and Expenses

Operating expenses for this segment decreased $26 million (27%) during 1996 after increasing $16 million (21%) during 1995. The decrease in 1996 was primarily due to the transfer of marketing operations previously discussed, partially offset by increased international activities. The increase in 1995 was primarily a result of higher operating expenses incurred in connection with increased activities in the power operations area.

Depreciation expense of this segment decreased $12 million (44%) in 1996 as compared to 1995 primarily due to the transfer of marketing operations. Depreciation expense increased $12 million (80%) during 1995 as compared to 1994 as a result of increased international project activities.

Other Income and Deductions

Equity in earnings of unconsolidated subsidiaries of the international operations and development segment increased $26 million to $84 million in 1996, primarily as a result of increased earnings from Teesside and international power and pipeline projects which became operational in 1996. Equity in earnings of unconsolidated subsidiaries increased $13 million (29%) during 1995 as compared to 1994 primarily as a result of increased earnings from Teesside and improved results from Enron Americas' Venezuelan manufacturing operations.

Other income, net, was $10 million in 1996, $9 million in 1995 and $30 million in 1994. The 1994 amount included foreign currency gains realized by Enron Americas.

Outlook

The objective of EI is to develop, finance, own and operate integrated energy projects in emerging markets through the utilization of Enron's extensive portfolio of products and services. Growth opportunities in the emerging international markets are expected to result from the current and projected demand for energy infrastructure and merchant, finance and risk

management services.

Exploration and Production

Enron's exploration and production operations are conducted by Enron Oil & Gas Company (EOG). IBIT of the exploration and production segment totaled $200 million during 1996 as compared to $241 million during 1995 and $198 million during 1994.

Wellhead volume and price statistics (including intercompany amounts) are as follows:

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Natural gas volumes (MMcf/d)(a)			
North America(b)	706	636	686
Trinidad	124	107	63
Total	830	743	749
Average natural gas prices ($/Mcf)			
North America(c)	$1.92	$1.34	$1.68
Trinidad	1.00	0.97	0.93
Composite	1.78	1.29	1.62
Crude oil/condensate volumes (MBbl/d)(a)			
North America	11.6	11.5	10.0
Trinidad	5.2	5.1	2.5
India	2.8	2.5	0.1
Total	19.6	19.1	12.6
Average crude oil/condensate prices ($/Bbl)			
North America	$21.08	$17.09	$15.65
Trinidad	19.76	16.07	15.50
India	20.17	16.81	15.70
Composite	20.60	16.78	15.62

<FN>
(a) Million cubic feet per day or thousand barrels per day, as applicable.
(b) Includes an annual average of 48 MMcf/d in 1996, 1995 and 1994 delivered under the terms of a volumetric production payment agreement effective October 1, 1992, as amended.
(c) Includes an average equivalent wellhead value of $1.17 per Mcf in 1996, $0.80 per Mcf in 1995 and $1.27 per Mcf in 1994 for the volumes detailed in Note (b) above, net of transportation costs.
</TABLE>

The following analyzes the significant changes in the various components of IBIT for the exploration and production segment:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Net revenues	$726	$693	$661
Operating expenses	133	126	112
Exploration expenses	89	79	84

Depreciation, depletion and amortization	251	216	242
Taxes, other than income taxes	48	32	28
Operating income	205	240	195
Other income, net	(5)	1	3
IBIT	$200	$241	$198

</TABLE>

Net Revenues

The exploration and production segment's revenues net of gas sold in connection with natural gas marketing increased $33 million (5%) in 1996 and $32 million (5%) in 1995. The 1996 increase was primarily as a result of increased wellhead natural gas prices and volumes. These volumes increased primarily as a result of eliminating voluntary curtailments in the United States in 1996 due to significant increases in wellhead natural gas prices. Other marketing activities, which include hedging, trading and natural gas marketing transactions by EOG, provided $4 million in net revenues in 1996, compared with $105 million in 1995.

During 1995, the impact of reduced wellhead natural gas prices and volumes, due primarily to voluntary curtailments of wellhead natural gas volumes, was more than offset by increased earnings from other marketing activities. Wellhead crude oil and condensate average prices and volumes increased in 1995, primarily reflecting new production onstream offshore India and higher volumes offshore Trinidad and in North America. Other marketing activities provided $105 million in net revenues in 1995, compared with $50 million in 1994.

Hedges placed by Enron on commodity positions not hedged by EOG resulted in a loss of $4 million in 1996 compared with gains of $45 million in 1995 and $35 million in 1994. Net revenues also include gains on sales of oil and gas reserves and related assets of $20 million in 1996, $63 million in 1995 and $54 million in 1994.

Costs and Expenses

Operating expense, depreciation, depletion and amortization (DD&A) and taxes other than income taxes increased in 1996 due primarily to the increased production activity. Operating expenses and taxes other than income taxes were higher in 1995 compared to 1994 due to international production activity, while DD&A declined in that period due to the decline in North America volumes, which have a higher DD&A rate.

Outlook

EOG plans to continue to focus a substantial portion of its development and certain exploration expenditures in its major producing areas in North America. However, EOG anticipates spending an increasing part of its available funds in the further development of opportunities in India, Venezuela and Trinidad. In addition, EOG will continue limited exploratory expenditures in new areas outside of North America.

Corporate and Other

The corporate and other segment's IBIT was $36 million in 1996

and $266 million in 1995 as compared to expense of $7 million in 1994. Results from this segment in 1996 and 1995 reflect income of $178 million and $367 million, respectively, primarily related to the sale of 12 million and 31 million outstanding shares of EOG stock held by Enron, which reduced Enron's interest in EOG from 80% to 53% (see Note 16 to the Consolidated Financial Statements). In a separate transaction, Enron entered into a total return equity swap on 7.8 million shares of EOG. The effect of this transaction is to expose Enron to future changes in EOG's market value related to the 7.8 million shares. The 1996 results included an $83 million reserve related to the required disposition of certain assets in connection with the planned merger with Portland General Corporation. See "Capitalization" below. The 1995 results also included amounts recognized following the resolution of certain litigation, partially offset by $74 million of charges primarily related to the conversion of a compensation plan to more closely align employees' interests to Enron common stock.

Interest and Related Charges, net

Interest and related charges, net, is shown on the Consolidated Income Statement net of interest capitalized of $12 million, $10 million and $10 million during 1996, 1995 and 1994, respectively. The net expense decreased $10 million in 1996 after increasing $11 million in 1995. The 1996 decrease was primarily due to lower average interest rates combined with lower average debt balances. The 1995 increase was primarily due to higher debt levels and increased interest rates.

Dividends on Company-Obligated Preferred Stock of Subsidiaries

Dividends on company-obligated preferred stock of subsidiaries increased from $20 million in 1994 to $32 million in 1995 and $34 million in 1996, primarily due to the issuance of $215 million of additional preferred stock by Enron subsidiaries. See Note 9 to the Consolidated Financial Statements.

Minority Interests

Minority interests increased $31 million in 1996 compared to 1995, primarily due to the reduction of Enron's interest in EOG from 80% in late 1995 to 53% in December 1996 following the sales in 1996 and December 1995 of an aggregate 43 million shares of EOG common stock held by Enron. Minority interests increased $13 million during 1995 as compared to 1994 primarily as a result of the sale in the fourth quarter of 1994 of approximately 48% of Enron's interest in EPP.

Income Tax Expense

Income tax expense decreased during 1996 as compared to 1995 after increasing during 1995 as compared to 1994. The 1996 income tax provision includes benefits from the reduction of the deferred income tax liability due to the reevaluation of Federal and state deferred tax requirements. Income tax expense increased during 1995 compared to the prior year due to increased pretax income, a decrease in tight gas sand Federal tax credits and the higher effective tax rate on the sale of EOG shares by Enron in 1995.

FINANCIAL CONDITION

<TABLE>
Cash Flows
<CAPTION>

(In Millions)	1996	1995	1994
Cash provided by (used in):			
Operating activities	$ 1,040	$(15)	$ 460
Investing activities	(1,230)	13	(560)
Financing activities	331	(15)	92

</TABLE>

Net cash provided by operating activities increased in 1996 primarily as a result of reduced working capital requirements reflecting increased trade payables combined with an increase in the sale of trade receivables at year end 1996 as compared to 1995. Cash from operating activities declined during 1995 as a result of increased working capital requirements. The change in working capital requirements in 1995 primarily reflects a higher level of year-end receivables as a result of reduced sales of receivables under Enron's receivables sales program and increased customer receivables due to a higher level of year-end activity. The impact of higher receivables was partially offset by increased year-end trade payables.

Net cash used in investing activities in 1996 reflects equity investments of $761 million and property additions of $855 million. Equity investments in 1996 primarily include investments in international power and pipeline projects, EOTT and JEDI. These uses of cash were offset by proceeds of $477 million from sales of assets, including 12 million shares of EOG common stock held by Enron and non-strategic gathering and processing assets. Net cash provided by investing activities in 1995 reflects proceeds from asset sales of $996 million largely offset by property additions of $731 million and equity investments of $170 million. Asset sales during 1995 included the sale of 31 million shares of EOG common stock held by Enron as well as sales of oil and gas properties and non-strategic processing and gathering assets. Equity investments primarily include investments in international power and pipeline projects and in JEDI.

Primary cash inflows from financing activities during 1996 included $576 million from the issuance of short- and long-term debt, $215 million from the issuance of preferred stock by subsidiary companies and $102 million from the issuance of Enron common stock. Cash outflows included $294 million for the repayment of debt combined with cash dividend payments of $281 million. During 1995 cash inflows from the issuance of long-term debt totaled $967 million. These inflows were more than offset by a $698 million decrease in combined short- and long-term debt, cash dividend payments of $254 million and a net $64 million repurchase of Enron Corp. common stock under the terms of Enron's stock repurchase authorization.

Working Capital

At December 31, 1996, Enron had working capital of $271

million. Should a working capital deficit occur, Enron would be able to fund such a deficit through the utilization of credit facilities which, at December 31, 1996, provided for up to $1.9 billion of committed and uncommitted credit, of which $191 million was outstanding at December 31, 1996. Certain of the credit agreements contain prefunding covenants. However, such covenants are not expected to materially restrict Enron's access to funds under these agreements. In addition, Enron sells commercial paper and has agreements to sell trade accounts receivable, thus providing financing to meet seasonal working capital needs. Management believes that the sources of funding described above are sufficient to meet short- and long-term liquidity needs not met by cash flows from operations.

Capital Expenditures

Capital expenditures by operating segment are detailed as follows:

<TABLE>
<CAPTION>

(In Millions)	1997 Estimate	1996	1995	1994
<S>	<C>	<C>	<C>	<C>
Transportation and Operation	$260	$187	$129	$125
Domestic Gas and Power Services	140	112	118	83
International Operations and Development	10	33	58	14
Exploration and Production(a)	500	540	464	442
Corporate and Other	30	6	8	5
Total	$940	$878	$777	$669

<FN>
(a) Excludes exploration expenses of $100 million (estimate), $68 million, $55 million and $59 million for 1997, 1996, 1995 and 1994, respectively.
</TABLE>

Capital expenditures increased $101 million during 1996 as compared to 1995 primarily as a result of increased expenditures in the exploration and production segment reflecting increased development expenditures in the United States and India, partially offset by reduced development expenditures in Trinidad.

Capital expenditures during 1997 are expected to total approximately $940 million. However, the overall level of capital spending as well as spending by individual business segments will vary depending upon conditions in the energy markets and other related economic conditions. In addition, equity investments are expected to be approximately $660 million, primarily relating to equity financing activities by ECT and expenditures in the international segment in connection with power and pipeline projects. Management believes that the capital spending program will be funded by a combination of internally generated funds, proceeds from dispositions of selected assets and long- and short-term borrowings.

Capitalization

Total capitalization at December 31, 1996 was $8.4 billion. Debt as a percentage of total capitalization decreased to 39.8% at December 31, 1996 as compared to 42.8% at December 31, 1995. The improvement primarily reflects increased retained earnings. Assuming the mandatory conversion in late 1998 of 10.5 million Exchangeable Notes into EOG shares held by Enron, the pro-forma debt to capitalization percentage would be approximately 37.8% at December 31, 1996.

Enron has signed an agreement to merge with Portland General Corporation (PGC) in a stock-for-stock transaction. Enron proposes to issue approximately 51 million common shares to shareholders of PGC in a one for one exchange of shares, as a result of which Enron will be the surviving corporation. The merger is conditioned, among other things, upon securing certain regulatory approvals. See Note 2 to the Consolidated Financial Statements.

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Annual Report 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 political developments in foreign countries, the pace of deregulation of retail natural gas and electricity markets in the United States, the timing and extent of changes in commodity prices for crude oil, natural gas, electricity and interest rates, the extent of EOG's success in acquiring oil and gas properties and in discovering, developing and producing reserves, the timing and success of Enron's efforts to develop international power, pipeline and other infrastructure projects and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required hereunder is included in this report as set forth in the "Index to Financial Statements" on page F-1.

Item 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 of Form 10-K relating to directors who are nominees for election as directors at Enron's Annual Meeting of Stockholders to be held on May 6, 1997 is set forth under the caption entitled "Election of Directors" in Enron's Proxy Statement, and is incorporated herein by reference.

The information required by Item 10 of Form 10-K with respect to executive officers is set forth in Part I of this Form 10-K under the heading "Current Executive Officers of the Registrant".

Section 16(a) of the Securities Exchange Act of 1934 requires Enron's executive officers and directors, and persons who own more than 10% of a registered class of Enron's equity securities, to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. Based solely on its review of the copies of such reports received by it, or written representations from certain reporting persons that no Forms 5 were required for those persons, Enron believes that during 1996, its executive officers, directors and greater than 10% stockholders complied with all applicable filing requirements.

There are no family relationships among the officers listed, and there are no arrangements or understandings pursuant to which any of them were elected as officers. Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board in the next year or until a successor shall have been elected, appointed or shall have qualified.

Item 11. EXECUTIVE COMPENSATION

The information regarding executive compensation is set forth in the Proxy Statement under the captions "Compensation of Directors and Executive Officers - Director Compensation; Executive Compensation; Stock Option Grants During 1996; Aggregated Stock Option/SAR Exercises During 1996 and Stock Option/SAR Values as of December 31, 1996; Long-Term Incentive Plan - Awards in 1996; Retirement and Supplemental Benefit Plans; Severance Plans; Employment Contracts; Certain Transactions; and Compensation Committee Interlocks and Insider Participation", and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Security ownership of certain beneficial owners

The information regarding security ownership of certain beneficial owners is set forth in the Proxy Statement under the caption "Election of Directors - Security Ownership of Certain Beneficial Owners", and is incorporated herein by reference.

(b) Security ownership of management

The information regarding security ownership of management is set forth in the Proxy Statement under the caption "Election of Directors - Stock Ownership of Management and Board of Directors as of February 15, 1997", and is incorporated herein by reference.

(c) Changes in control

None.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information regarding certain relationships and related transactions is set forth in the Proxy Statement under the caption "Compensation of Directors and Executive Officers - Certain Transactions"; and "Compensation Committee Interlocks and Insider Participation", and is incorporated herein by reference.

<PAGE>

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) and (2) Financial Statements and Financial Statement Schedules. See "Index to Financial Statements" set forth on page F-1.

(a)(3) Exhibits:

*3.01 - Restated Certificate of Incorporation of Enron Corp., as amended (Exhibit 3.01 to Enron Form 10-K for 1994, File No. 1-3423).

*3.02 - Bylaws of Enron Corp. as currently in effect (Exhibit 3.02 to Enron Form 10-K for 1995, File No. 1-3423).

*3.03 - Amended and Restated Agreement and Plan of Merger dated as of July 20, 1996 and amended and restated as of September 24, 1996 among Enron, new Enron (Enron Oregon Corp.) and Portland General Corporation (Exhibit 2.1 to Enron Form S-4 Registration Statement No. 333-13791 filed October 9, 1996).

*3.04 - Restated Articles of Incorporation of New Enron (Exhibit 3.1 to Enron Form S-4 Registration Statement No. 333-13791 filed October 9, 1996).

*3.05 - Form of Bylaws of New Enron (Exhibit 3.2 to Enron Form S-4 Registration Statement No. 333-13791 filed October 9, 1996).

*3.06 - Form of Series Designation for the New Enron Convertible Preferred Stock (Exhibit 3.3 to Enron Form S-4 Registration Statement No. 333-13791 filed October 9, 1996).

*3.07 - Form of Series Designation for the New Enron 9.142% Preferred Stock (Exhibit 3.4 to Enron Form S-4 Registration Statement No. 333-13791 filed October 9, 1996).

*4.01 - Indenture dated as of November 1, 1985, between Enron and Harris Trust and Savings Bank, as supplemented and amended by the First Supplemental Indenture dated as of December 1, 1995 (Form T-3 Application for Qualification of Indentures under the Trust Indenture Act of 1939, File No. 22-14390, filed October 24, 1985; Exhibit 4(b) to Form S-3 Registration Statement No. 33-64057 filed on November 8, 1995). There have not been filed as exhibits to this Form 10-K other debt instruments defining the rights of holders of long-term debt of Enron, none of which relates to authorized indebtedness that exceeds 10% of the consolidated assets of Enron and its subsidiaries. Enron hereby agrees to furnish a copy of any such instrument to the Commission upon request.

*4.02 - Form of Amended and Restated Agreement of Limited Partnership of Enron Capital Resources, L.P. (Exhibit 3.1 to Enron Form 8-K dated August 2, 1994).

*4.03 - Form of Payment and Guarantee Agreement dated as of August 3, 1994, executed by Enron Corp. for the benefit of the holders of Enron Capital Resources, L.P. 9% Cumulative Preferred Securities, Series A (Exhibit 4.1 to Enron Form 8-K dated August 2, 1994).

*4.04 - Form of Loan Agreement, dated as of August 3, 1994, between Enron Corp. and Enron Capital Resources, L.P. (Exhibit 4.2 to Enron Form 8-K dated August 2, 1994).

*4.05 - Articles of Association of Enron Capital LLC (Exhibit 9 to Enron Corp. Form 8-K dated November 12, 1993).

*4.06 - Form of Payment and Guarantee Agreement of Enron Corp., dated as of November 15, 1993, in favor of the holders of Enron Capital LLC 8% Cumulative Guaranteed Monthly

Income Preferred Shares (Exhibit 2 to Enron Form 8-K dated November 12, 1993).

*4.07 - Form of Loan Agreement, dated as of November 15, 1993, between Enron Corp. and Enron Capital LLC (Exhibit 3 to Enron Form 8-K dated November 12, 1993).

Executive Compensation Plans and Arrangements Filed as Exhibits Pursuant to Item 14(c) of Form 10-K: Exhibits 10.01 through 10.64

*10.01 - Enron Executive Supplemental Survivor Benefits Plan, effective January 1, 1987 (Exhibit 10.01 to Enron Form 10-K for 1992, File No. 1-3423).

*10.02 - First Amendment to Enron Executive Supplemental Survivor Benefits Plan (Exhibit 10.02 to Enron Form 10-K for 1995, File No. 1-3423).

*10.03 - Enron Corp. 1988 Stock Plan (Exhibit 4.3 to Form S-8 Registration Statement No. 33-27893).

10.04 - Second Amendment to Enron Corp. 1988 Stock Plan.

*10.05 - Executive Incentive Plan (Exhibit 10.13 to Enron Form 10-K for 1987, File No. 1-3423).

*10.06 - Enron Corp. 1988 Deferral Plan (Exhibit 10.19 to Enron Form 10-K for 1987, File No. 1-3423).

*10.07 - First Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.06 to Enron Form 10-K for 1995, File No. 1-3423).

*10.08 - Second Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.07 to Enron Form 10-K for 1995, File No. 1-3423).

10.09 - Third Amendment to Enron Corp. 1988 Deferral Plan.

10.10 - Fourth Amendment to Enron Corp. 1988 Deferral Plan.

10.11 - Fifth Amendment to Enron Corp. 1988 Deferral Plan.

*10.12 - Enron Corp. 1991 Stock Plan (Exhibit 10.08 to Enron Form 10-K for 1991, File No. 1-3423).

*10.13 - Enron Corp. 1992 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1991, File No. 1-3423).

*10.14 - First Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1995, File No. 1-3423).

*10.15 - Second Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1995,

File No. 1-3423).

*10.16 - Enron Corp. Directors' Deferred Income Plan (Exhibit 10.09 to Enron Form 10-K for 1992, File No. 1-3423).

*10.17 - Employment Agreement between Enron and Kenneth L. Lay dated as of September 1, 1989 (Exhibit 10.12 to Enron Form 10-K for 1989, File No. 1-3423).

*10.18 - First Amendment to Employment Agreement between Enron and Kenneth L. Lay, dated August 21, 1990 (Exhibit 10.11 to Enron Form 10-K for 1993).

*10.19 - Second Amendment to Employment Agreement between Enron and Kenneth L. Lay, dated March 5, 1992 (Exhibit 10.12 to Enron Form 10-K for 1993).

*10.20 - Third Amendment to Employment Agreement between Enron and Kenneth L. Lay, dated August 10, 1993 (Exhibit 10.13 to Enron Form 10-K for 1993).

*10.21 - Fourth Amendment to Employment Agreement between Enron and Kenneth L. Lay, dated October 15, 1993 (Exhibit 10.14 to Enron Form 10-K for 1993).

*10.22 - Fifth Amendment to Employment Agreement between Enron and Kenneth L. Lay, dated February 28, 1994 (Exhibit 10.15 to Enron Form 10-K for 1993).

*10.23 - Sixth Amendment to Employment Agreement between Enron and Kenneth L. Lay, dated April 27, 1994 (Exhibit 10.16 to Enron Form 10-K for 1994).

*10.24 - Split Dollar Life Insurance Agreement between Enron and the KLL and LPL Family Partnership, Ltd., dated April 22, 1994 (Exhibit 10.17 to Enron Form 10-K for 1994).

10.25 - Employment Agreement between Enron Corp. and Kenneth L. Lay, executed December 18, 1996.

*10.26 - Employment Agreement between Enron and Richard D. Kinder dated as of September 1, 1989 (Exhibit 10.14 to Enron Form 10-K for 1989, File No. 1-3423).

*10.27 - First Amendment to Employment Agreement between Enron and Richard D. Kinder dated August 13, 1990 (Exhibit 10.17 to Enron Form 10-K for 1991, File No. 1-3423).

*10.28 - Second Amendment to Employment Agreement between Enron and Richard D. Kinder dated September 10, 1991 (Exhibit 10.18 to Enron Form 10-K for 1991, File No. 1-3423).

*10.29 - Third Amendment to Employment Agreement between Enron and Richard D. Kinder dated March 5, 1992 (Exhibit 10.19 to Enron Form 10-K for 1992, File No. 1-3423).

*10.30 - Fourth Amendment to Employment Agreement between Enron and Richard D. Kinder dated August 16, 1993 (Exhibit 10.20 to Enron Form 10-K for 1993).

*10.31 - Fifth Amendment to Employment Agreement between Enron and Richard D. Kinder, dated October 15, 1993 (Exhibit 10.21 to Enron Form 10-K for 1993).

*10.32 - Sixth Amendment to Employment Agreement between Enron and Richard D. Kinder, dated February 28, 1994 (Exhibit 10.22 to Enron Form 10-K for 1993).

*10.33 - Seventh Amendment to Employment Agreement between Enron and Richard D. Kinder, dated November 30, 1994 (Exhibit 10.25 to Enron Form 10-K for 1994).

10.34 - Agreement dated November 25, 1996, between Enron and Richard D. Kinder.

*10.35 - Employment Agreement between Enron International Inc. and Rodney L. Gray, dated as of July 1, 1993 (Exhibit 10.23 to Enron Form 10-K for 1993).

*10.36 - First Amendment to Employment Agreement between Enron International Inc. and Rodney L. Gray, dated May 2, 1994 (Exhibit 10.27 to Enron Form 10-K for 1994).

*10.37 - Second Amendment to Employment Agreement between Enron International Inc. and Rodney L. Gray, dated as of January 1, 1995 (Exhibit 10.31 to Enron Form 10-K for 1995, File No. 1-3423).

*10.38 - Consulting Services Agreement between Enron and John A. Urquhart dated August 1, 1991 (Exhibit 10.23 to Enron Form 10-K for 1991, File No. 1-3423).

*10.39 - First Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated August 27, 1992 (Exhibit 10.25 to Enron Form 10-K for 1992, File No. 1-3423).

*10.40 - Second and Third Amendments to Consulting Services Agreement between Enron and John A. Urquhart, dated November 24, 1992 and February 26, 1993, respectively (Exhibit 10.26 to Enron Form 10-K for 1992, File No. 1-3423).

*10.41 - Fourth Amendment to Consulting Services Agreement between Enron and John A. Urquhart dated as of May 9, 1994 (Exhibit 10.35 to Enron Form 10-K for 1995, File No. 1-3423).

*10.42 - Fifth Amendment to Consulting Services Agreement between Enron and John A. Urquhart (Exhibit 10.36 to Enron Form 10-K for 1995, File No. 1-3423).

*10.43 - Sixth Amendment to Consulting Services Agreement between Enron and John A. Urquhart (Exhibit 10.37 to Enron Form 10-K for 1995, File No. 1-3423).

*10.44 - Employment Agreement between Enron and Edmund P. Segner, III dated October 1, 1991 (Exhibit 10.24 to Enron Form 10-K for 1991, File No. 1-3423).

*10.45 - First Amendment to Employment Agreement between Enron and Edmund P. Segner, III dated February 12, 1993 (Exhibit 10.28 to Enron Form 10-K for 1992, File No. 1-3423).

*10.46 - Second Amendment to Employment Agreement between Enron and Edmund P. Segner, III, dated May 2, 1994 (Exhibit 10.39 to Enron Form 10-K for 1994).

*10.47 - Employment Agreement between Enron and James V. Derrick, Jr., dated June 11, 1991 (Exhibit 10.40 to Enron Form 10-K for 1992, File No. 1-3423).

*10.48 - First Amendment to Employment Agreement between Enron and James V. Derrick, Jr., dated May 2, 1994 (Exhibit 10.53 to Enron Form 10-K for 1994).

*10.49 - Enron Corp. Performance Unit Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).

*10.50 - Enron Corp. Annual Incentive Plan (Exhibit B to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).

*10.51 - Enron Corp. Performance Unit Plan (as amended and restated effective May 2, 1995) (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 27, 1995).

*10.52 - First Amendment to Enron Corp. Performance Unit Plan (Exhibit 10.46 to Enron Form 10-K for 1995, File No. 1-3423).

*10.53 - Form of Enron Corp. 1994 Deferral Plan (Exhibit 10.59 to Enron Form 10-K for 1994).

*10.54 - First Amendment to Enron Corp. 1994 Deferral Plan (Exhibit 10.48 to Enron Form 10-K for 1995, File No. 1-3423).

*10.55 - Second Amendment to Enron Corp. 1994 Deferral Plan (Exhibit 10.49 to Enron Form 10-K for 1995,

File No. 1-3423).

10.56 - Third Amendment to Enron Corp. 1994 Deferral Plan.

10.57 - Fourth Amendment to Enron Corp. 1994 Deferral Plan.

10.58 - Fifth Amendment to Enron Corp. 1994 Deferral Plan.

10.59 - Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990.

10.60 - First Amendment, dated September 9, 1991, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990.

10.61 - Second Amendment, dated May 2, 1994, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990.

10.62 - Third Amendment, dated January 3, 1997, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990.

10.63 - Employment Agreement between Enron Capital Trade & Resources Corp. and Jeffrey K. Skilling, dated January 1, 1996.

10.64 - First Amendment effective January 1, 1997, by and among Enron Corp., Enron Capital & Trade Resources Corp., and Jeffrey K. Skilling, amending Employment Agreement between Enron Capital & Trade Resources Corp. and Jeffrey K. Skilling dated January 1, 1996.

11 - Statement re calculation of earnings per share.

12 - Statement re computation of ratios of earnings to fixed charges.

21 - Subsidiaries of registrant.

23.01 - Consent of Arthur Andersen LLP.

23.02 - Consent of DeGolyer and MacNaughton.

23.03 - Letter Report of DeGolyer and MacNaughton dated January 17, 1997.

24 - Powers of Attorney for the officers and directors signing this Form 10-K.

27 - Financial Data Schedule.

* Asterisk indicates exhibits incorporated by reference as indicated.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by Enron during the last quarter of 1996.

<PAGE>

INDEX TO FINANCIAL STATEMENTS

ENRON CORP.

Other financial statement schedules have been omitted because they are inapplicable or the information required therein is included elsewhere in the financial statements or notes thereto.

<PAGE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of Enron Corp.:

We have audited the accompanying consolidated balance sheet of Enron Corp. (a Delaware corporation) and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, cash flows and changes in shareholders' equity accounts for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of Enron Corp.'s management. Our responsibility is to express an opinion on these financial statements based

on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statemetns. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentationl. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Enron Corp. and subsidiaries as of December 31, 1996 and 1995, and the results of their operations, cash flows and changes in shareholders' equity accounts for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Houston, Texas
February 17, 1997

<PAGE>
<TABLE>

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT

<CAPTION>

(In Millions, Except Per Share Amounts)	Year Ended December 31, 1996	1995	1994
<S>	<C>	<C>	<C>
Revenues			
Natural gas, electricity and other products	$12,137	$7,708	$7,519
Transportation	707	692	754
Other	445	789	711
Total Revenues	13,289	9,189	8,984
Costs and Expenses			
Cost of gas, electricity and other products	10,478	6,733	6,517
Operating expenses	1,421	1,218	1,124
Oil and gas exploration expenses	89	79	84
Depreciation, depletion and amortization	474	432	441
Taxes, other than income taxes	137	109	102
Total Costs and Expenses	12,599	8,571	8,268
Operating Income	690	618	716
Other Income and Deductions			
Equity in earnings of unconsolidated			

subsidiaries	215	86	112
Other income, net	333	461	116
Income Before Interest, Minority Interests and Income Taxes	1,238	1,165	944
Interest and Related Charges, net	274	284	273
Dividends on Company-Obligated Preferred Stock of Subsidiaries	34	32	20
Minority Interests	75	44	31
Income Taxes	271	285	167
Net Income	584	520	453
Preferred Stock Dividends	16	16	15
Earnings on Common Stock	$ 568	$ 504	$ 438
Earnings Per Share of Common Stock			
Primary	$ 2.31	$ 2.07	$ 1.80
Fully Diluted	$ 2.16	$ 1.94	$ 1.70
Average Number of Common Shares Used in Primary Computation	246	244	243

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<PAGE>
<TABLE>

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<CAPTION>

(In Millions)	December 31, 1996	1995
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents	$ 256	$ 115
Trade receivables (net of allowance for doubtful accounts of $6 and $12, respectively)	1,841	1,116
Other receivables	328	311
Transportation and exchange gas receivable	86	150
Inventories	164	111
Assets from price risk management activities	841	580
Other	463	344
Total Current Assets	3,979	2,727
Investments and Other Assets		
Investments in and advances to unconsolidated subsidiaries	1,701	1,217
Assets from price risk management activities	1,632	1,197
Other	1,713	1,230
Total Investments and Other Assets	5,046	3,644

Property, Plant and Equipment, at cost		
Transportation and operation	3,554	3,640
Domestic gas and power services	3,853	3,797
International operations and development	104	182
Exploration and production, successful efforts accounting	3,753	3,381
Corporate and other	84	107
	11,348	11,107
Less accumulated depreciation, depletion and amortization	4,236	4,239
Net Property, Plant and Equipment	7,112	6,868
Total Assets	$16,137	$13,239

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<PAGE>
<TABLE>

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

<CAPTION>

(In Millions, Except Per Share Amounts and Shares)	December 31, 1996	1995
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 1,955	$ 1,021
Transportation and exchange gas payable	80	144
Accrued taxes	70	121
Accrued interest	56	52
Liabilities from price risk management activities	1,029	708
Other	518	386
Total Current Liabilities	3,708	2,432
Long-Term Debt	3,349	3,065
Deferred Credits and Other Liabilities		
Deferred income taxes	2,290	2,186
Liabilities from price risk management activities	980	590
Other	740	875
Total Deferred Credits and Other Liabilities	4,010	3,651
Commitments and Contingencies (Notes 2, 3, 8, 13, 14 and 15)		
Minority Interests	755	549
Company-Obligated Preferred Stock of Subsidiaries	592	377
Shareholders' Equity		
Preferred stock, cumulative, $100 par		

value, 1,500,000 shares authorized, no shares issued	-	-
Second preferred stock, cumulative, $1 par value, 5,000,000 shares authorized, 1,370,714 shares and 1,375,494 shares of Cumulative Second Preferred Convertible Stock issued, respectively	137	138
Preference stock, cumulative, $1 par value, 10,000,000 shares authorized, no shares issued	-	-
Common stock, $0.10 par value, 600,000,000 shares authorized, 255,945,304 shares and 253,860,360 shares issued, respectively	26	25
Additional paid-in capital	1,870	1,791
Retained earnings	2,007	1,651
Cumulative foreign currency translation adjustment	(127)	(153)
Common stock held in treasury, 821,155 shares and 2,618,034 shares, respectively	(30)	(93)
Other (including Flexible Equity Trust)	(160)	(194)
Total Shareholders' Equity	3,723	3,165
Total Liabilities and Shareholders' Equity	$16,137	$13,239

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<PAGE>
<TABLE>

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

<CAPTION>

(In Millions)	Year Ended December 31, 1996	1995	1994
<S>	<C>	<C>	<C>
Cash Flows From Operating Activities			
Reconciliation of net income to net cash provided by (used in) operating activities			
Net income	$ 584	$ 520	$ 453
Depreciation, depletion and amortization	474	432	441
Oil and gas exploration expenses	89	79	84
Deferred income taxes	207	216	93
Gains on sales of assets	(274)	(530)	(91)
Regulatory, litigation and other contingency adjustments	23	112	(25)
Changes in components of working capital	142	(834)	(142)
Net assets from price risk management activities	15	(98)	(153)
Amortization of production payment			

transaction	(43)	(43)	(43)
Other, net	(177)	131	(157)
Net Cash Provided by (Used in) Operating Activities	1,040	(15)	460
Cash Flows From Investing Activities			
Proceeds from sales of investments and other assets	477	996	440
Additions to property, plant and equipment	(855)	(731)	(661)
Equity investments	(761)	(170)	(272)
Other, net	(91)	(82)	(67)
Net Cash Provided by (Used in) Investing Activities	(1,230)	13	(560)
Cash Flows From Financing Activities			
Net increase (decrease) in short-term borrowings	217	(250)	115
Issuance of long-term debt	359	967	190
Repayment of long-term debt	(294)	(448)	(162)
Issuance of company-obligated preferred stock of subsidiaries	215	-	163
Issuance of common stock	102	20	67
Dividends paid	(281)	(254)	(231)
Net acquisition (disposition) of treasury stock	5	(64)	(41)
Other, net	8	14	(9)
Net Cash Provided by (Used in) Financing Activities	331	(15)	92
Increase (Decrease) in Cash and Cash Equivalents	141	(17)	(8)
Cash and Cash Equivalents, Beginning of Year	115	132	140
Cash and Cash Equivalents, End of Year	$ 256	$ 115	$ 132
Changes in Components of Working Capital			
Receivables	$ (678)	$(639)	$(250)
Inventories	(53)	27	(25)
Payables	870	126	(92)
Accrued taxes	(51)	30	12
Accrued interest	4	(7)	5
Other	50	(371)	208
Total	$ 142	$(834)	$(142)

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<PAGE>
<TABLE>

ENRON CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY ACCOUNTS

(Dollars in Millions, Except Per Share Amounts; Shares in Thousands)	1996 Shares	1996 Amount	1995 Shares	1995 Amount	1994 Shares	1994 Amount

<S>	<C>	<C>	<C>	<C>	<C>
Cumulative Second Preferred Convertible Stock					
Balance, beginning of year	1,375	$ 138	1,405	$ 141	1,497 $ 150
Exchange of common stock for convertible preferred stock	(4)	(1)	(30)	(3)	(92) (9)
Balance, end of year	1,371	$ 137	1,375	$ 138	1,405 $ 141
Common Stock					
Balance, beginning of year	253,860	$ 25	253,070	$ 25	249,095 $ 25
Exchange of common stock for convertible preferred stock	19	-	219	-	1,252 -
Issuances related to benefit and dividend reinvestment plans	-	-	197	-	1,303 -
Sales of common stock	2,066	1	374	-	1,420 -
Balance, end of year	255,945	$ 26	253,860	$ 25	253,070 $ 25
Additional Paid-in Capital					
Balance, beginning of year		$1,791		$1,788	$1,708
Exchange of common stock for convertible preferred stock		(1)		(3)	9
Issuances related to benefit and dividend reinvestment plans		(16)		(5)	30
Sales of common stock		109		15	51
Other		(13)		(4)	(10)
Balance, end of year		$1,870		$1,791	$1,788
Retained Earnings					
Balance, beginning of year		$1,651		$1,351	$1,105
Net income		584		520	453
Cash dividends					
Common stock ($0.8625, $0.8125 and $0.7625 per share, in 1996, 1995 and 1994, respectively)		(212)		(204)	(192)
Preferred stock ($11.7750, $11.0922 and $10.6054 per share in 1996, 1995 and 1994, respectively)		(16)		(16)	(15)
Balance, end of year		$2,007		$1,651	$1,351
Cumulative Foreign Currency Translation Adjustment					

Balance, beginning of year			$ (153)			$ (159)		$ (139)
Translation adjustments			26			6		(20)
Balance, end of year			$ (127)			$ (153)		$ (159)
Treasury Stock								
Balance, beginning of year	(2,618)	$ (93)		(1,395)	$ (41)		-	$ -
Shares acquired	(2,226)	(85)		(3,496)	(118)		(1,898)	(56)
Exchange of common stock for convertible preferred stock	46	2		183	5		-	-
Issuances related to benefit and dividend reinvestment plans	2,249	81		2,090	61		48	1
Sales of treasury stock	1,728	65		-	-		455	14
Balance, end of year	(821)	$ (30)		(2,618)	$ (93)		(1,395)	$ (41)
Other								
Balance, beginning of year			$ (194)			$ (225)		$ (226)
Issuances related to benefit and dividend reinvestment plans			34			30		1
Other			-			1		-
Balance, end of year			$ (160)			$ (194)		$ (225)
Total Shareholders' Equity			$3,723			$3,165		$2,880

<FN>
The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<PAGE>

ENRON CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy and Use of Estimates. The accounting and financial reporting policies of Enron Corp. and its subsidiaries conform to generally accepted accounting principles and prevailing industry practices. The consolidated financial statements include the accounts of all majority-owned subsidiaries of Enron Corp. after the elimination of significant intercompany accounts and transactions. Investments in unconsolidated subsidiaries are accounted for by the equity method.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to

make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

"Enron" is used from time to time herein as a collective reference to Enron Corp. and its subsidiaries and affiliates. In material respects, the businesses of Enron are conducted by Enron Corp.'s subsidiaries and affiliates whose operations are managed by their respective officers.

Cash Equivalents. Enron records as cash equivalents all highly liquid short-term investments with original maturities of three months or less.

Inventories. Inventories consisting primarily of natural gas in storage of $73 million and $55 million and crude oil and liquid petroleum products of $84 million and $50 million at December 31, 1996 and 1995, respectively, are priced at the lower of cost or market.

Depreciation, Depletion and Amortization. The provision for depreciation and amortization with respect to operations other than oil and gas producing activities (see below) is computed using the straight-line or Federal Energy Regulatory Commission (FERC) mandated method based on estimated economic lives. Composite depreciation rates are applied to functional groups of property having similar economic characteristics.

Provisions for depreciation, depletion and amortization of proved oil and gas properties are calculated using the units-of-production method. Estimated future dismantlement, restoration and abandonment costs, net of salvage credits, are taken into account in determining depreciation, depletion and amortization.

Income Taxes. Enron accounts for income taxes using an asset and liability approach under which deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases (see Note 4).

Earnings Per Share. Primary earnings per share is computed on the basis of the average number of common shares outstanding during the periods. Common shares held by the Enron Corp. Flexible Equity Trust are not included in the computation of earnings per share until such shares are released to fund employee benefits (see Note 10). Dilutive common stock equivalents are not material and are not included in the computation of primary earnings per share. Fully diluted earnings per share is computed based upon the average number of common stock and common stock equivalent shares outstanding plus the average number of common shares issuable upon the assumed conversion of convertible securities.

Accounting for Price Risk Management. Enron engages in price risk management activities for both trading and non-trading

purposes. Activities for trading purposes, generally consisting of services provided to the energy sector through Enron Capital & Trade Resources (ECT), are accounted for using the mark-to-market method. Under such method, changes in the market value of outstanding financial instruments are recognized as gain or loss in the period of change. The market prices used to value these transactions reflect management's best estimate considering various factors including closing exchange and over-the-counter quotations, time value and volatility factors underlying the commitments. The values are adjusted to reflect the potential impact of liquidating Enron's position in an orderly manner over a reasonable period of time under present market conditions.

Activities for non-trading purposes consist of transactions entered into by Enron's other business units to hedge the impact of market fluctuations on assets, liabilities, production or other contractual commitments. Changes in the market value of these transactions are deferred until the gain or loss on the hedged item is recognized. See Note 3 for further discussion of Enron's price risk management activities.

Accounting for Oil and Gas Producing Activities. Enron accounts for oil and gas exploration and production activities under the successful efforts method of accounting. Under such method, oil and gas lease acquisition costs are capitalized when incurred. Unproved properties with significant acquisition costs are assessed quarterly on a property-by-property basis and any impairment in value is recognized. Amortization of any remaining costs of such leases begins at a point prior to the end of the lease term depending upon the length of such term. Unproved properties with acquisition costs that are not individually significant are aggregated, and the portion of such costs estimated to be nonproductive, based on historical experience, is amortized over the average holding period. If the unproved properties are determined to be productive, the appropriate related costs are transferred to proved oil and gas properties. Lease rentals are expensed as incurred.

Oil and gas exploration costs, other than the costs of drilling exploratory wells, are charged to expense as incurred. The costs of drilling exploratory wells are capitalized pending determination of whether the wells have discovered proved commercial reserves. If proved commercial reserves are not discovered, such drilling costs are expensed. The costs of all development wells and related equipment used in the production of crude oil and natural gas are capitalized.

Gains and losses associated with the sale of crude oil and natural gas reserves in place with related assets are classified as "Other Revenues" in the Consolidated Income Statement.

Accounting for Development Activity. Enron's project development costs consist of fees, licenses and permits, site testing, bid costs and other charges, including salaries and employee expenses, incurred in developing domestic and international projects. These costs may be recovered through development cost reimbursements from joint venture partners or other third parties, written off against development fees

received, or may be included as part of an investment in those ventures where Enron continues to participate. Accumulated costs of project development are otherwise expensed in the period that management determines it is probable that the costs will not be recovered.

Development revenue results from Enron's participation in the development, construction, operation and ownership of various projects. Revenue from development fees is recognized when realizable under the development agreement. Revenue from long-term construction contracts is recognized using the percentage-of-completion method and is primarily based on project costs incurred compared with total estimated costs. Estimated contract earnings are reviewed and revised periodically as the work progresses. Development and construction revenues earned from joint ventures in which Enron holds an equity interest are deferred to the extent of Enron's ownership interest and recognized over the life of the facility owned by the joint venture on a straight-line basis. Proceeds from the sale of all or part of Enron's investment in development projects are recognized as revenues at the time of sale to the extent that such sales proceeds exceed the proportionate carrying amount of the investment.

Foreign Currency Translation. For international subsidiaries, asset and liability accounts are translated at year-end rates of exchange and revenue and expenses are translated at average exchange rates prevailing during the year. For subsidiaries whose functional currency is deemed to be other than the U.S. dollar, translation adjustments are included as a separate component of shareholders' equity. Currency transaction gains and losses are recorded in income.

Reclassifications. Certain reclassifications have been made to the consolidated financial statements for prior years to conform with the current presentation.

2 PROPOSED MERGER

Enron announced on July 22, 1996 that it had signed an agreement to merge with Portland General Corporation (PGC) in a stock-for-stock transaction. PGC is an electric utility holding company, serving retail electric customers in northwest Oregon as well as wholesale electricity customers throughout the western United States. Enron proposes to issue approximately 51 million common shares to shareholders of PGC in a one for one exchange of shares, as a result of which Enron will be the surviving corporation. Enron will consolidate PGC's debt of approximately $1.1 billion and account for the transaction on a purchase accounting basis.

In separate shareholder meetings held on November 12, 1996, 75% of the Enron common shares and 77% of PGC common shares were voted in favor of the merger. The merger is conditioned, among other things, upon securing regulatory approval from the Oregon Public Utilities Commission (OPUC) consistent with certain conditions in the Enron/PGC merger agreement. The FERC approved the merger on February 26, 1997. A decision on Enron's merger

approval application pending before the OPUC is expected in 1997.

3 PRICE RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Trading Activities. Enron, through ECT, offers price risk management services to the energy sector. These services primarily relate to commodities associated with the energy sector (natural gas, crude oil, natural gas liquids and electricity). ECT provides these services through a variety of financial instruments including forward contracts involving physical delivery of an energy commodity, swap agreements, which require payments to (or receipt of payments from) counterparties based on the differential between a fixed and variable price for the commodity, options and other contractual arrangements. ECT also manages interest rate risks and foreign currency risks associated with the fair value of its energy commodities portfolio. A variety of financial instruments, including financial futures, are used for this purpose.

ECT accounts for these activities using the mark-to-market method of accounting. Under mark-to-market accounting, forwards, swaps, options and other financial instruments with third parties are reflected at market value, net of future servicing costs, with resulting unrealized gains and losses recorded as "Assets and Liabilities From Price Risk Management Activities" in the Consolidated Balance Sheet. Terms regarding cash settlements of these contracts vary with respect to the actual timing of cash receipts and payments. The amounts shown in the Consolidated Balance Sheet related to price risk management activities also include assets or liabilities which arise as a result of the actual timing of settlements related to these contracts. Current period changes in the assets and liabilities from price risk management activities (resulting primarily from newly originated transactions, restructuring and the impact of price movements) are recognized as net gains or losses in "Other Revenues."

Notional Amounts and Terms. The notional amounts and terms of these financial instruments at December 31, 1996 are set forth below (volumes in trillions of British thermal units equivalent (TBtue), dollars in millions):

<TABLE>
<CAPTION>

	Fixed Price Payor	Fixed Price Receiver	Maximum Terms in years
<S>	<C>	<C>	<C>
Energy commodities			
Natural gas	7,562	7,017	18
Crude oil and liquids	889	556	11
Electricity	852	2,127	15
Financial products			
Interest rate(a)	$12,530	$1,915	19
Foreign currency	412	422	18
Equity investments(b)	432	809	5

<FN>
(a) The interest rate fixed price receiver represents the net

notional dollar value of the interest rate sensitive component of the combined commodity portfolio. The interest rate fixed price payor represents the notional contract amount of a portfolio of various financial instruments used to hedge the net present value of the commodity portfolio. For a given unit of price protection, different financial instruments require different notional amounts. For example, approximately $730 million notional strip of Eurodollar futures contracts are equivalent to $100 million of two year U.S. Treasury notes. Although the notional amounts vary, the two instruments offer essentially the same price behavior for a given move in interest rates. Similarly, the Fixed Price Payor and Fixed Price Receiver notional amounts listed above are significantly different but offer the same price risk behavior. Further, because these positions are offsetting, little financial exposure occurs to movements in interest rates.

(b) Includes equity swaps entered into by all of Enron.
</TABLE>

ECT also has sales and purchase commitments associated with contracts based on market prices totaling 4,477 TBtue, with terms extending up to 19 years.

Notional amounts reflect the volume of transactions but do not represent the amounts exchanged by the parties to the financial instruments. Accordingly, notional amounts do not accurately measure ECT's exposure to market or credit risks. The maximum terms in years detailed above are not indicative of likely future cash flows as these positions may be offset in the markets at any time in response to the company's risk management needs.

The volumetric weighted average maturity of ECT's entire portfolio of price risk management activities as of December 31, 1996 was approximately 2.8 years.

Fair Value. The fair value of the financial instruments as of December 31, 1996, which include energy commodities and the related foreign currency and interest rate instruments, and the average fair value of those instruments held during the year are set forth below:

<TABLE>
<CAPTION>

	Fair Value as of 12/31/96		Average Fair Value for the Year Ended 12/31/96(a)	
(In Millions)	Assets	Liabilities	Assets	Liabilities
<S>	<C>	<C>	<C>	<C>
Natural gas	$1,959	$1,248	$1,750	$923
Crude oil and liquids	443	578	361	420
Electricity	320	183	182	98

<FN>
(a) Computed using the ending balance at each month end.
</TABLE>

The net change in the value of ECT's portfolio of price risk management activities for the year ended December 31, 1996, exclusive of the effects of monetizing certain assets from price risk management activities and primarily attributable to financial instruments fixing energy commodity pricing, was $208 million and is included in "Other Revenues". Essentially all of ECT's operations relate to providing price risk management services. Accordingly, earnings for this operating segment appropriately reflect the net gain arising from trading activities for the year ended December 31, 1996.

Market Risk. To provide solutions to energy problems worldwide, ECT serves a diverse customer group that includes independent power producers, industrials, gas and electric utilities, oil and gas producers, financial institutions and other energy marketers. This broad customer mix generates a need for a variety of financial structures, products and terms. This diversity requires ECT to manage, on a portfolio basis, the resulting market risks inherent in these transactions subject to parameters established by Enron's Board of Directors. Market risks are monitored by a risk control group operating separately from the units that create or actively manage these risk exposures to ensure compliance with Enron's stated risk management policies at both the corporate and subsidiary levels. Risk measurement is also supplemented with stress testing and scenario analysis. ECT's fixed price contract portfolio is typically balanced to within an annual average of 1% of the total notional physical and financial transaction volumes marketed.

ECT measures the risk in its portfolio on a daily basis in accordance with value-at-risk and other methodologies, which simulate forward price curves in the energy markets to estimate the size and probability of future potential losses. The quantification of market risk using value-at-risk provides a consistent measure of risk across diverse energy markets and products. The use of this methodology requires a number of key assumptions including the selection of a confidence level for losses, the holding period chosen for the value-at-risk calculation and the treatment of risks outside the value-at-risk methodologies, including liquidity risk and event risk.

ECT expresses value-at-risk as a percentage of Enron's earnings based on a 95% confidence level using one day holding periods. On a one day basis as of December 31, 1996, ECT's value-at-risk for its price risk management activities was less than 2% (unaudited) of Enron's total income before interest, minority interests and income taxes. Since this is not an absolute measure of risk under all conditions for all products, ECT performs alternative scenario analyses to estimate the economic impact of a sudden market movement on the value of the trading portfolio (stress testing). The results of the stress testing, along with the professional judgments of experienced business and risk managers, are used to supplement the value-at-risk methodology and capture additional market-related risks, including liquidity, event, concentration and correlation reliance risk.

Based upon the ongoing policies and controls discussed above,

Enron does not anticipate a materially adverse effect on financial position or results of operations as a result of market fluctuations.

Credit Risk. Credit risk relates to the risk of loss that Enron would incur as a result of nonperformance by counterparties pursuant to the terms of their contractual obligations. The counterparties associated with ECT's assets from price risk management activities as of December 31, 1996 and 1995 are summarized as follows:

<TABLE>
<CAPTION>

	Assets from Price Risk Management Activities December 31, 1996		
(In Millions)	Investment Grade(a)	Below Investment Grade	Total
<S>	<C>	<C>	<C>
Independent power producers	$ 358	$103	$ 461
Oil and gas producers	422	369	791
Energy marketers	466	132	598
Gas and electric utilities	495	29	524
Financial institutions	191	-	191
Industrials	35	13	48
Other	108	1	109
Total	$2,075	$647	2,722
Credit and other reserves			(249)
Assets from price risk management activities(b)			$2,473

</TABLE>

<TABLE>
<CAPTION>

	Assets from Price Risk Management Activities December 31, 1995		
(In Millions)	Investment Grade(a)	Below Investment Grade	Total
<S>	<C>	<C>	<C>
Independent power producers	$ 573	$105	$ 678
Oil and gas producers	318	109	427
Energy marketers	132	103	235
Gas and electric utilities	234	45	279
Financial institutions	38	5	43
Industrials	35	43	78
Other	202	42	244
Total	$1,532	$452	1,984
Credit and other reserves			(207)
Assets from price risk management activities(b)			$1,777

<FN>
(a) "Investment Grade" is primarily determined using publicly available credit ratings along with consideration of collateral, which encompass standby letters of credit, parent company guarantees and property interests, including oil and

gas reserves. Included in "Investment Grade" are counterparties with a minimum Standard & Poor's or Moody's rating of BBB- or Baa3, respectively.

(b) Two and three customers' exposures at December 31, 1996 and 1995, respectively, comprise greater than 5% of Assets From Price Risk Management Activities. All are included above as Investment Grade.

</TABLE>

This concentration of counterparties may impact ECT's overall exposure to credit risk, either positively or negatively, in that the counterparties may be similarly affected by changes in economic, regulatory or other conditions.

ECT maintains credit policies with regard to its counterparties that management believes significantly minimize overall credit risk. These policies include an evaluation of potential counterparties' financial condition (including credit rating), collateral requirements under certain circumstances and the use of standardized agreements which allow for the netting of positive and negative exposures associated with a single counterparty.

ECT maintains a credit reserve which is based on management's evaluation of the credit risk of the overall portfolio. This reserve is objectively determined using an implied risk profile based on the difference between risk-free rates of return and each counterparty's cost of borrowing. This implied risk is then used to evaluate the exposure (based on current market value) to each counterparty adjusted for collateral provisions and overall concentration of exposure. Based on ECT's policies, its exposures and the credit reserve, Enron does not anticipate a materially adverse effect on financial position or results of operations as a result of counterparty nonperformance.

Non-Trading Activities. Enron's other businesses also enter into forwards, swaps and other contracts primarily for the purpose of hedging the impact of market fluctuations on assets, liabilities, production or other contractual commitments. Changes in the market value of these hedge transactions are deferred until the gain or loss is recognized on the hedged item. For example, interest rate swaps and options are utilized to synthetically convert floating rate liabilities to fixed and to convert fixed rate liabilities to floating. Natural gas and crude oil swaps and options are utilized to alter Enron's consolidated exposure to price fluctuations in the exploration and production segment of the business.

Interest Rate Swaps. At December 31, 1996, Enron had entered into interest rate swap agreements with a notional principal amount of $3.6 billion to manage interest rate exposure. Swap agreements relating to notional amounts of $1.9 billion and $1.7 billion are scheduled to terminate in 1998 and thereafter, respectively.

Energy Commodity Price Swaps. At December 31, 1996, Enron was a party to energy commodity price swaps covering 10 TBtu, 100 TBtu and 161 TBtu of natural gas for the years 1997, 1998 and the

period 1999 through 2004, respectively, and 2 million, 2 million and 1 million barrels of crude oil for the years 1997, 1998 and the period 1999 through 2000, respectively.

Credit Risk. While notional amounts are used to express the volume of various derivative financial instruments, the amounts potentially subject to credit risk, in the event of nonperformance by the third parties, are substantially smaller. Counterparties to the forwards, futures and other contracts discussed above are investment grade financial institutions. Accordingly, Enron does not anticipate any material impact to its financial position or results of operations as a result of nonperformance by the third parties on financial instruments related to non-trading activities.

Financial Instruments. The carrying amounts and estimated fair values of Enron's financial instruments, excluding trading activities which are marked to market, at December 31, 1996 and 1995 were as follows:

<TABLE>
<CAPTION>

	1996		1995	
(In Millions)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
Long-term debt (Note 6)	$3,349	$3,508	$3,065	$3,360
Company-obligated preferred stock of subsidiaries (Note 9)	592	607	377	386
Interest rate swaps	-	(11)	-	(18)
Energy commodity price swaps	-	(64)	-	90

</TABLE>

Enron uses the following methods and assumptions in estimating fair values: (a) long-term debt - the carrying amount of variable-rate debt approximates fair value, the fair value of marketable debt is based on quoted market prices, and the fair value of other debt is based on the discounted present value of cash flows using Enron's current borrowing rates; (b) Company-obligated preferred stock of subsidiaries - the fair value is based on quoted market prices; and (c) interest rate swaps and energy commodity price swaps - estimated fair values have been determined by using available market data and valuation methodologies. Judgment is necessarily required in interpreting market data and the use of different market assumptions or estimation methodologies may affect the estimated fair value amounts (see "Non-Trading Activities" above).

The fair market value of cash and cash equivalents, accounts receivable and accounts payable are not materially different from their carrying amounts.

Guarantees of liabilities of unconsolidated entities and residual value guarantees have no carrying value and fair values which are not readily determinable (see Note 15).

4 INCOME TAXES

The components of income before income taxes are as follows:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
U.S.	$551	$622	$415
Foreign	304	183	205
	$855	$805	$620

</TABLE>

Total income tax expense is summarized as follows:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Payable currently -			
Federal	$ 16	$ 29	$ 49
State	11	26	14
Foreign	37	14	11
	64	69	74
Payment deferred -			
Federal	174	158	78
State	(1)	30	(6)
Foreign	34	28	21
	207	216	93
Total Income Tax Expense	$271	$285	$167

</TABLE>

The differences between taxes computed at the U.S. Federal statutory tax rate and Enron's effective income tax rate are as follows:

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Statutory Federal income tax rate	35.0 %	35.0 %	35.0 %
Net state income taxes	0.8 %	4.5 %	0.8 %
Tight gas sands tax credit	(1.8)%	(2.8)%	(5.9)%
Equity earnings	(3.3)%	(3.8)%	(3.7)%
Minority interest	3.1 %	1.9 %	1.7 %
Asset and stock sale differences	1.8 %	2.1 %	-
Cash value in life insurance	(3.2)%	-	-
Other	(0.7)%	(1.4)%	(1.0)%
Effective income tax rate	31.7 %	35.5 %	26.9 %

</TABLE>

The principal components of Enron's net deferred income tax liability at December 31, 1996 and 1995 were as follows:

<TABLE>
<CAPTION>

(In Millions)	1996	1995
<S>	<C>	<C>
Deferred income tax assets -		
Alternative minimum tax credit carryforward	$ 235	$ 231
Other	143	84
	378	315
Deferred income tax liabilities -		
Depreciation, depletion and amortization	1,622	1,617
Price risk management activities	536	427
Other	638	470
	2,796	2,514
Net deferred income tax liabilities(a)	$2,418	$2,199

<FN>
(a) Includes $128 million and $13 million in other current liabilities for 1996 and 1995, respectively.
</TABLE>

Enron has an alternative minimum tax (AMT) credit carryforward of approximately $235 million which can be used to offset regular income taxes payable in future years. The AMT credit has an indefinite carryforward period.

Enron has a consolidated net operating loss carryforward for Federal tax purposes of approximately $222 million. The loss carryforward will be available in full until 2011. The benefit of this net operating loss has been recognized as a deferred tax asset.

U.S. and foreign taxes have been provided for earnings of foreign subsidiary companies that are expected to be remitted to the parent company. Foreign subsidiaries' cumulative undistributed earnings of approximately $475 million are considered to be indefinitely reinvested outside the U.S. and, accordingly, no U.S. income taxes have been provided thereon. In the event of a distribution of those earnings in the form of dividends, Enron may be subject to both foreign withholding taxes and U.S. income taxes net of allowable foreign tax credits.

5 SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for income taxes and interest expense, including fees incurred on sales of accounts receivable, is as follows:

<TABLE>
<CAPTION>
(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Income taxes (net of refunds)	$ 89	$ 13	$ 57
Interest (net of amounts capitalized)	290	296	268
</TABLE>

In March 1995, a subsidiary of Enron Oil & Gas Company (EOG) issued redeemable preferred stock with a liquidation/redemption

value of $19 million in exchange for certain oil and gas properties. These preferred shares were exchanged in 1995 for 633,333 shares of Enron's common stock.

6 CREDIT FACILITIES AND DEBT

Enron has credit facilities with domestic and foreign banks which provide for an aggregate of $1.2 billion in long-term committed credit. Expiration dates of the committed facilities range from June 2001 to November 2001. Interest rates on borrowings are based upon the London Interbank Offered Rate, certificate of deposit rates or other short-term interest rates. Certain credit facilities contain covenants which must be met to borrow funds. Such debt covenants are not anticipated to materially restrict Enron's ability to borrow funds under such facilities. Compensating balances are not required, but Enron is required to pay a commitment or facility fee. During 1996, no amounts were outstanding under these facilities.

Enron has also entered into agreements which provide for uncommitted lines of credit totaling $720 million at December 31, 1996. The uncommitted lines have no stated expiration dates. Neither compensating balances nor commitment fees are required as borrowings under the uncommitted credit lines are available subject to agreement by the participating banks. At December 31, 1996, $191 million was outstanding under the uncommitted lines.

In addition to borrowing from banks on a short-term basis, Enron and certain of its subsidiaries sell commercial paper to provide financing for various corporate purposes. As of December 31, 1996 and 1995, short-term borrowings of $298 million and $15 million, respectively, have been reclassified as long-term debt based upon the availability of committed credit facilities with expiration dates exceeding one year and management's intent to maintain such amounts in excess of one year subject to overall reductions in debt levels. Similarly, at December 31, 1996 and 1995, $175 million and $286 million, respectively, of long-term debt due within one year remained classified as long-term. Weighted average interest rates on short-term debt outstanding at December 31, 1996 and 1995 were 7.0% and 6.3%, respectively.

Detailed information on long-term debt is as follows:

<TABLE>
<CAPTION>

(In Millions)	December 31, 1996	1995
<C>	<C>	<C>
Enron Corp.		
Debentures		
6.75% due 2005 - senior subordinated	$ 200	$ 200
8.25% due 2012 - senior subordinated	150	150
Notes payable		
8.10% to 9.25% due 1996	-	250
6.25% - exchangeable notes due 1998	228	228
8.50% to 10.00% due from 1998 to 2001	450	450
6.75% to 9.875% due from 2003 to 2007	992	992

7% due 2023	100	100
Other	4	10
Northern Natural Gas Company		
Notes payable		
8.00% due 1999	250	250
6.875% due 2005	100	100
Transwestern Pipeline Company		
Notes payable		
7.55% to 9.10% due 2000	123	123
9.20% due from 1998 to 2004	27	27
Enron Oil & Gas Company		
Notes payable		
9.10% due 1998	40	70
5.86% to 6.70% due from 2001 to 2006	255	-
Other	105	78
Enron Europe Limited		
Other	41	39
Amount reclassified from short-term debt	298	15
Unamortized debt discount and premium	(14)	(17)
Total long-term debt	$3,349	$3,065

</TABLE>

The Enron 6.25% Exchangeable Notes are mandatorily exchangeable in 1998 into shares of EOG common stock at a specified exchange rate or, at Enron's option, for cash with an equal value. Enron currently intends to satisfy the exchange obligation by delivering shares of EOG common stock.

The aggregate annual maturities of long-term debt outstanding at December 31, 1996 were $175 million, $391 million, $328 million, $131 million and $314 million for 1997 through 2001, respectively.

7 ACCOUNTS RECEIVABLE SALES

Enron has entered into an agreement which provides for the sale of trade accounts receivable with limited recourse provisions and the rights to certain recoverable pipeline transition surcharges expiring January 31, 1999. Sales of trade receivables under these agreements totaled $250 million and $100 million at December 31, 1996 and 1995, respectively.

The fees incurred on the sales of accounts receivable totaled $8 million, $23 million and $20 million for 1996, 1995 and 1994, respectively, and are included in "Interest and Related Charges, net."

Enron affiliates have concentrations of customers in the electric and gas utility and oil and gas exploration and production industries. These concentrations of customers may impact Enron's overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic or other conditions. However, Enron's management believes that the portfolio of receivables is well diversified and that such diversification minimizes any potential credit risk. Receivables are generally not collateralized.

8 UNCONSOLIDATED SUBSIDIARIES

Summarized combined financial information of Enron's unconsolidated subsidiaries is presented below:

(In Millions)	December 31, 1996	1995
Balance sheet		
Current assets	$2,587	$1,777
Property, plant and equipment, net	8,064	7,814
Other noncurrent assets	902	968
Current liabilities	2,381	2,050
Long-term debt	5,230	4,982
Other noncurrent liabilities	1,139	1,142
Owners' equity	2,803	2,385

(In Millions)	Year Ended December 31, 1996	1995	1994
Income statement			
Operating revenues	$11,676	$8,258	$7,103
Operating expenses	10,567	7,335	6,422
Net income	464	226	290
Distributions paid to Enron	84	68	81

Enron's equity in earnings (losses) of unconsolidated subsidiaries is as follows:

(In Millions)	Ownership Interest	Year Ended December 31, 1996	1995	1994
Citrus Corp.	50%	$ 22	$27	$ 27
EOTT Energy Partners, L.P.	49%	9	(23)	5
Joint Energy Development Investments L.P.	50%	71	4	7
Teesside Power Limited	50%(a)	29	18	13
Transportadora de Gas del Sur S.A.	35%(a)	29	22	23
Other		55	38	37
		$215	$86	$112

(a) Net of minority interests, the ownership is 28% for Teesside Power Limited and 24% for Transportadora de Gas del Sur S.A.

Citrus Corp. Enron has a 50% indirect ownership interest in

and provides services to Citrus Corp. (Citrus), a joint venture to transport and market natural gas to Florida. Effective March 1, 1995, Citrus' wholly-owned subsidiary, Florida Gas Transmission Company (Florida Gas), placed into service its Phase III pipeline expansion. The Phase III expansion increased Florida Gas' firm average delivery capacity by 530 million cubic feet per day to 1.5 billion cubic feet per day.

EOTT Energy Partners, L.P. During March 1994, EOTT Energy Corp., a wholly-owned subsidiary of Enron, exchanged its crude oil marketing and transportation operations with EOTT Energy Partners, L.P. (EOTT) for common and subordinated units and a 2% general partnership interest. The common units were subsequently sold in an underwritten public offering. Enron purchased additional units during 1995 and 1996 to increase its ownership from 42% to 49%.

Enron is committed to provide support for EOTT's common unit distributions, if needed, up to a total of $29 million through March 1998 through the purchase of Additional Partnership Interests. Letters of credit and trade guarantees issued on behalf of EOTT which were outstanding at December 31, 1996 are discussed in Note 15.

Joint Energy Development Investments L.P. (JEDI). JEDI, a limited partnership which acquires and owns energy investments, was formed in 1993 with an Enron subsidiary and the California Public Employee Retirement System (CalPERS) each owning a 50% interest. Enron and CalPERS committed to each invest $250 million of capital in JEDI through 1996, all of which has been contributed as of December 31, 1996.

JEDI's capital investments are carried at fair value. For publicly traded securities, fair value is based upon quoted market prices. For securities that are not publicly traded, estimates of the fair value are made based upon review of the investee's financial results, condition and prospects.

Teesside Power Limited (Teesside). Enron has reduced its effective interest in Teesside, a joint venture cogeneration company which owns a 1,875 megawatt independent power facility in northeast England, from 50% in 1994 to 28% in 1996. An affiliate of Enron operates the facility. Enron has guaranteed Teesside's obligation for certain grid charges and other amounts which could become due under certain power sales agreements. The notional amount of such guarantees is included in Note 15.

Under the terms of certain gas supply agreements extending through 2008, Teesside is obligated to take-or-pay for an average of up to 240 billion British thermal units (BBtu) of natural gas per day at indexed prices. Enron has guaranteed 70% of Teesside's payment obligation under the gas supply agreements. Enron believes there are alternative markets for such gas should the gas not be taken by Teesside.

Transportadora de Gas del Sur S.A. Enron holds an effective 35% interest, including 18% through Enron Global Power & Pipelines L.L.C., in Compania de Inversiones de Energia S.A., an

Argentine corporation which owns 70% of Transportadora de Gas del Sur S.A. (TGS). TGS is the owner and operator of a 4,104 mile natural gas pipeline system in Argentina which connects major gas fields in southern and western Argentina with distributors of gas in those areas and in the greater Buenos Aires area, the principal population center of Argentina. TGS is one of two transmission systems in Argentina.

9 PREFERRED STOCK

Preferred and Preference Stock. At December 31, 1996, Enron had outstanding 1,370,714 shares of Cumulative Second Preferred Convertible Stock (the Convertible Preferred Stock), $1 par value. The Convertible Preferred Stock pays dividends at an amount equal to the higher of $10.50 per share or the equivalent dividend that would be paid if shares of the Convertible Preferred Stock were converted to common stock. Each share of the Convertible Preferred Stock is convertible at any time at the option of the holder thereof into 13.652 shares of Enron's common stock, subject to certain adjustments. The Convertible Preferred Stock is currently subject to redemption at Enron's option at a price of $100 per share plus accrued dividends. During 1996, 1995 and 1994, 4,780 shares, 29,489 shares, and 91,694 shares, respectively, of the Convertible Preferred Stock were converted into common stock.

Company-Obligated Preferred Stock of Subsidiaries. Summarized information for Enron's Company-Obligated Preferred Stock of Subsidiaries is as follows:

<TABLE>
<CAPTION>

(In Millions, Except Per Share Amounts and Shares)	December 31, 1996	1995	Liquidation Value Per Share
<C>	<C>	<C>	<C>
Enron Capital Trust I(a)			
8.3% Trust Originated Preferred Securities (8,000,000 shares)(b)	$200	$ -	$ 25
Enron Capital Resources, L.P.(c)			
9% Cumulative Preferred Securities, Series A (3,000,000 shares)(b)	75	75	25
Enron Capital LLC(d)			
8% Cumulative Monthly Income Preferred Shares (MIPS) (8,550,000 shares)(b)	214	214	25
Enron Equity Corp.(d)			
8.57% Preferred Stock (880 shares)(b)	88	88	100,000
7.39% Preferred Stock (150 shares)(b)(e)	15	-	100,000
	$592	$377	

<FN>
(a) Delaware grantor trust.
(b) Redeemable at Enron's option under certain circumstances after specified dates.

(c) Enron is sole general partner.
(d) Wholly-owned subsidiary of Enron.
(e) Mandatorily redeemable on April 30, 2006.
</TABLE>

10 COMMON STOCK

Stock Option Plans. Enron applies Accounting Principles Board (APB) Opinion 25 and related interpretations in accounting for its stock option plans. In accordance with APB Opinion 25, compensation expense charged against income for the restricted stock plan for 1996, 1995 and 1994 was immaterial and no compensation expense has been recognized for the fixed stock option plans. Had compensation cost for Enron's stock option compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of the Statement of Financial Accounting Standards (SFAS) No. 123 - "Accounting for Stock-Based Compensation," Enron's net income and earnings per share would have been $562 million ($2.22 per share primary, $2.07 per share fully diluted) in 1996 and $514 million ($2.05 per share primary, $1.92 per share fully diluted) in 1995.

Because the SFAS No. 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of the pro forma amounts to be expected in future years.

For purposes of the SFAS No. 123 disclosure, the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with weighted-average assumptions for grants in 1996 and 1995, respectively: (i) dividend yield of 2.3% and 2.4%; (ii) expected volatility of 23.8% and 24.3%; (iii) risk-free interest rates of 5.9% and 6.4%; and (iv) expected lives of 4.0 years and 3.7 years.

Enron has four fixed option plans (the Plans) under which options for shares of Enron's common stock have been or may be granted to officers, employees and non-employee members of the Board of Directors. Options granted may be either incentive stock options or nonqualified stock options and are granted at not less than the fair market value of the stock at the time of grant. The Plans provide for options to be granted with a stock appreciation rights feature; however, Enron does not presently intend to issue options with this feature. Under the Plans, Enron may grant options with a maximum term of 10 years. Options vest under varying schedules.

Summarized information for Enron's Plans is as follows:

<TABLE>
<CAPTION>

	1996		1995		1994	
(Shares in Thousands)	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price

<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding, beginning of year	22,493	$29.02	24,246	$27.38	9,680	$19.64
Granted(a)	7,370	39.71	2,971	34.27	15,806	31.19
Exercised	(3,615)	24.41	(3,137)	20.91	(1,019)	13.50
Forfeited	(749)	31.66	(1,586)	29.89	(221)	24.82
Expired	(23)	30.65	(1)	23.42	-	-
Outstanding, end of year	25,476	$32.69	22,493	$29.02	24,246	$27.38
Exercisable, end of year	12,883	$30.65	9,599	$26.11	7,184	$22.22
Available for grant, end of year(b)	6,505		7,831		9,252	
Weighted average fair value of options granted	$9.44		$7.86			

<FN>
(a) Includes options granted on December 31, 1996, December 29, 1995 and December 30, 1994 for 815,650 shares, 997,095 shares and 9,717,750 shares, respectively, under all-employee stock option grants for the years 1995 through 2000.
(b) Includes up to 5,232,218 shares, 5,209,620 shares and 5,245,100 shares as of December 31, 1996, 1995 and 1994, respectively, which may be issued either as restricted stock or pursuant to stock options.
</TABLE>

The following table summarizes information about stock options outstanding at December 31, 1996 (shares in thousands):

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/96	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/96	Weighted Average Exercise Price
<C>	<C>	<C>	<C>	<C>	<C>
$ 9.13 to $28.50	3,725	5 years	$22.10	3,064	$20.96
29.00 to 30.25	2,258	6 years	29.67	1,364	29.53
30.50 to 30.50	7,477	8 years	30.50	2,727	30.50
30.88 to 34.00	3,413	4 years	33.83	2,613	33.81
34.25 to 38.13	4,827	7 years	37.21	2,475	37.04
39.13 to 40.88	1,099	9 years	39.64	208	

39.65
 43.13 to 45.00 2,677 7 years 43.13 432
43.70

$ 9.13 to $45.00 25,476 7 years $32.69 12,883
$30.65
</TABLE>

Restricted Stock Plan. Under Enron's Restricted Stock Plan, participants may be granted stock without cost to the participant. The shares issued under this plan vest to the participants at various times ranging from immediate vesting to vesting at the end of a five year period. The following summarizes shares of restricted stock under this plan:

<TABLE>
<CAPTION>

(Shares in Thousands)	1996	1995	1994
<S>	<C>	<C>	<C>
Outstanding, beginning of year	159	194	222
Granted	1,772	45	30
Issued	(1,062)	(70)	(56)
Forfeited or expired	(44)	(10)	(2)
Outstanding, end of year	825	159	194
Available for grant, end of year	5,232	5,210	5,245
Weighted average fair value of restricted stock granted	$37.04	$31.36	$32.89

</TABLE>

Flexible Equity Trust (the Trust). In December 1993, Enron established the Trust to fund a portion of its obligations arising from its various employee compensation and benefit plans. Enron issued 7.5 million shares of common stock to the Trust in exchange for cash and an interest bearing promissory note. The note held by Enron is reflected as a reduction of shareholders' equity. Common shares held by the Trust are not included in the computation of earnings per share until such shares are released to fund employee benefits. During 1996 and 1995, respectively, 2,233,867 shares and 1,049,403 shares were released to fund employee benefits.

Forward Contracts. At December 31, 1996, Enron has forward contracts to purchase 4.3 million shares of Enron Corp. common stock at an average price of $39.25 per share. Enron has the option to settle the forward contracts in cash or an equivalent value of Enron common stock over the next five years. Shares potentially deliverable to the counterparty under the contracts are treated as common stock equivalents for purposes of determining earnings per share.

11 RETIREMENT BENEFITS PLAN AND ESOP

Enron maintains a retirement plan (the Enron Plan) which is a noncontributory defined benefit plan covering substantially all employees in the United States and certain employees in foreign countries. Through December 31, 1994, participants in the Enron Plan with five years or more of service were entitled to

retirement benefits in the form of an annuity based on a formula that uses a percentage of final average pay and years of service. In connection with a change to the retirement benefit formula, Enron amended the Enron Plan providing, among other things, that all employees became fully vested in retirement benefits earned through December 31, 1994. The formula in place prior to January 1, 1995 was suspended and replaced with a benefit accrual in the form of a cash balance of 5% of annual base pay beginning January 1, 1996.

Enron also maintains a noncontributory employee stock ownership plan (ESOP) which covers all eligible employees. Allocations to individual employees' retirement accounts within the ESOP offset a portion of benefits earned under the Enron Plan. All shares included in the ESOP have been allocated to the employee accounts. At December 31, 1996 and 1995, 15,976,195 shares and 20,895,553 shares, respectively, of Enron common stock were held by the ESOP, a portion of which may be used to offset benefits under the Enron Plan.

The components of pension expense are as follows:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Service cost - benefits earned during the year	$ 14	$ 1	$ 16
Interest cost on projected benefit obligation	23	21	26
Actual return on plan assets	(34)	(32)	(22)
Amortization and deferrals	9	9	(12)
Pension expense (income)	$ 12	$(1)	$ 8

</TABLE>

The measurement date of the Enron Plan and the ESOP is September 30. The funded status as of the valuation date of the Enron Plan and the ESOP reconciles with the amount detailed below which is included in "Other Assets" on the Consolidated Balance Sheet.

<TABLE>
<CAPTION>

(In Millions)	1996	1995
<S>	<C>	<C>
Actuarial present value of accumulated benefit obligation		
Vested	$(301)	$(276)
Nonvested	(4)	(27)
Additional amounts related to projected wage increases	(5)	(11)
Projected benefit obligation	(310)	(314)
Plan assets at fair value(a)	315	295
Plan assets in excess of (less than) projected benefit obligation	5	(19)
Unrecognized net loss	46	53

Unrecognized prior service cost	36	44
Unrecognized net asset at transition	(30)	(36)
Contributions	1	1
Prepaid pension cost at December 31	$ 58	$ 43
Discount rate	7.5%	7.5%
Long-term rate of return on assets	10.5%	10.5%
Rate of increase in wages	4.0%	4.0%

<FN>
(a) Includes plan assets of the ESOP of $137 million and $152 million for the years 1996 and 1995, respectively.
</TABLE>

Assets of the Enron Plan are comprised primarily of equity securities, fixed income securities and temporary cash investments. It is Enron's policy to fund all pension costs accrued to the extent required by Federal tax regulations.

12 BENEFITS OTHER THAN PENSIONS

Enron provides certain medical, life insurance and dental benefits to eligible employees and their eligible dependents. Benefits are provided under the provisions of contributory defined dollar benefit plans. Enron is currently funding that portion of its obligations under its postretirement benefit plan which is expected to be recoverable through rates by its regulated pipelines.

Enron accrues these postretirement benefit costs over the service lives of the employees expected to be eligible to receive such benefits. Enron is amortizing the transition obligation which existed at January 1, 1993 over a period of approximately 19 years.

The following table sets forth the plan's funded status reconciled with the amounts reported in the Consolidated Balance Sheet.

<TABLE>
<CAPTION>
(In Millions)	1996	1995
<S>	<C>	<C>
Actuarial present value of accumulated postretirement benefit obligation (APBO)		
Retirees	$(126)	$(114)
Fully eligible active plan participants	(2)	(2)
Other employees	(16)	(15)
Total APBO	(144)	(131)
Plan assets at fair value	15	10
APBO in excess of plan assets	(129)	(121)
Unrecognized transition obligation	66	70
Unrecognized prior service costs	20	19
Unrecognized net loss	33	26
Accrued postretirement benefit obligation	$ (10)	$ (6)

Discount rate	7.5%	7.5%
Health care cost trend rate(a)	11.0%	11.7%

<FN>
(a) This rate is assumed to decrease to 5.0% over 9 years.
</TABLE>

The components of net periodic postretirement benefit expense are as follows:

<TABLE>
<CAPTION>

(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Service costs	$ 1	$ 1	$ 1
Interest costs	10	9	8
Amortization and deferrals	6	6	6
Postretirement benefit expense	$17	$16	$15

</TABLE>

A 1% increase in the health care cost trend rate would have the effect of increasing the APBO and the net periodic expense by approximately $9 million and $1 million, respectively.

13 NATURAL GAS RATES AND REGULATORY ISSUES

Regulatory issues and rates on Enron's regulated pipelines are subject to final determination by the FERC. Enron's regulated pipelines currently apply accounting standards that recognize the economic effects of regulation and, accordingly, have recorded regulatory assets and liabilities related to their operations. Enron evaluates the applicability of regulatory accounting and the recoverability of these assets through rate or other contractual mechanisms on an ongoing basis. Net regulatory assets at December 31, 1996 and 1995, respectively, were $312 million and $291 million, which included transition costs incurred related to FERC Order 636 of $86 million and $125 million. The regulatory assets related to the FERC Order 636 transition costs are scheduled to be primarily recovered from customers by the end of 1998, while the remaining assets are expected to be recovered over varying time periods.

Enron's regulated pipelines have all successfully completed their transitions under FERC Order 636 although future transition costs may be incurred subject to ongoing negotiations and market factors. On March 1, 1995, Northern filed a general rate case proceeding with the FERC which fulfilled a commitment made during its FERC Order 636 restructuring proceeding. On March 15, 1996, Northern filed a settlement which resulted in Northern withdrawing the general rate case, thus leaving the previously effective rates in effect. The Commission approved this settlement on July 31, 1996.

Transwestern filed a settlement on May 21, 1996 (the May 21 Settlement) which modified, in part, the 1995 Global Settlement in which Transwestern and its customers resolved, among other things, the turnback of approximately 450,000 MMBtu/d of capacity

by Southern California Gas Company, effective November 1, 1996. The May 21 Settlement resolved all matters regarding pending transition costs and provided for a rate reduction of settled transportation rates, which are subject to escalation, effective on November 1, 1998. The Commission approved the May 21 Settlement on October 16, 1996.

Enron believes, based upon its experience to date and after considering appropriate reserves that have been established, that the ultimate resolution of pending regulatory matters will not have a material impact on Enron's financial position or results of operations.

14 LITIGATION AND OTHER CONTINGENCIES

Enron is party to various claims and litigation, the significant items of which are discussed below. Although no assurances can be given, Enron believes, based on its experience to date and after considering appropriate reserves that have been established, that the ultimate resolution of such items, individually or in the aggregate, will not have a materially adverse impact on Enron's financial position or, except as discussed below, its results of operations.

Litigation. In 1995, several parties (the Plaintiffs) filed suit in Harris County District Court in Houston, Texas against Intratex Gas Company (Intratex), Houston Pipe Line Company and Panhandle Gas Company (collectively, the Enron Defendants), each of which is a wholly-owned subsidiary of Enron. The Plaintiffs were either sellers or royalty owners under numerous gas purchase contracts with Intratex, many of which have terminated. Early in 1996, the case was severed by the Court into two matters to be tried (or otherwise resolved) separately. In the first matter, the Plaintiffs alleged that the Enron Defendants committed fraud and negligent misrepresentation in connection with the "Panhandle program," a special marketing program established in the early 1980s. This case was tried in October 1996 and resulted in a verdict for the Enron Defendants. In the second matter, the Plaintiffs allege that the Enron Defendants violated state regulatory requirements and certain gas purchase contracts by failing to take the Plaintiffs' gas ratably with other producers' gas at certain times between 1978 and 1988. The court has certified a class action with respect to ratability issues. The Enron Defendants have appealed the court's decision to certify a class action. The Enron Defendants deny the Plaintiffs' claims and have asserted various affirmative defenses, including the statute of limitations. The Enron Defendants believe that they have strong legal and factual defenses, and intend to vigorously contest the claims. Although no assurances can be given, Enron believes that the ultimate resolution of these matters will not have a materially adverse effect on its financial position or results of operations.

On March 29, 1996, Enron and two of its wholly-owned subsidiaries filed suit in the state district court of Harris County, Texas seeking a ruling that the Capacity Reservation and Transportation Agreement (CRTA) dated September 10, 1990 between Teesside Gas Transportation Limited (TGTL), an Enron subsidiary,

and the "CATS" parties has terminated due to consistent material breaches of that agreement by the CATS parties. The suit was removed to the federal district court in Houston, Texas. Proceedings in the Houston lawsuit have been enjoined by an English court. Enron is appealing the injunction. In April 1996, TGTL, reserving its position in the Houston lawsuit, notified the CATS parties in accordance with the provisions of the CRTA that as a result of their failure to make available the Transportation Service (as defined in the contract) by April 1, 1996, the CRTA was terminated. The CATS parties were to have provided transportation under the CRTA to ship gas through the Central Area Transmission System (CATS) pipeline, owned by the CATS parties. In a separate lawsuit filed in the English court, the CATS parties are suing TGTL and Enron (on the basis of its guarantee of TGTL's obligations under the CRTA) for allegedly failing to make quarterly "send-or-pay" payments under the CRTA. TGTL refused to make these payments for the same reasons that it terminated the CRTA: its position is that the Transportation Service (as defined in the CRTA) was not available. Termination of the CRTA may lead to termination of the "J-Block Contracts." Trial on these matters commenced in the English court on October 28, 1996. The trial concluded in early March 1997, and a decision is anticipated in June 1997.

The J-Block Contracts are long-term gas contracts that Enron entered into in March 1993 with Phillips Petroleum Company United Kingdom Limited, British Gas Exploration and Production Limited and Agip (U.K.) Limited to purchase future gas production from the J-Block field which is located in the North Sea offshore the United Kingdom. Such agreements provide for Enron to take or pay for certain quantities of gas at a fixed price (with possible escalations throughout the contract period) on an annual basis. The contract price is in excess of market prices as of February 1997, however, United Kingdom natural gas prices have been volatile. The agreements provide that gas paid for, but not taken, can be recovered in later contract years. In September 1995, Enron announced that, in accordance with its contractual rights, it had notified the J-Block sellers that Enron's nominations for gas from the J-Block fields were estimated to be zero from the first delivery date of September 25, 1996 through September 30, 1997. In addition, in accordance with its contractual rights, Enron made no estimated nominations for J-Block gas under the J-Block Contracts for the contract year ending September 30, 1998. While not challenging these actions, the J-Block sellers have, in a proceeding commenced in English court on March 29, 1996, sought a declaration that Enron should have agreed to a "Commissioning Date" (which might trigger Enron's take-or-pay obligations) of earlier than September 25, 1996, the date set forth in the J-Block Contracts as the Commissioning Date in the absence of an agreement on a earlier date. In October 1996, an English Court of Appeal ruled that Enron was not obligated to agree on an earlier Commissioning Date, thus making the contract period ending September 30, 1997 the first year in which Enron has a potential take-or-pay obligation. This ruling is being appealed to the House of Lords by the J-Block sellers.

Enron continues to believe that there are many reasons for the parties to resolve any contract issues commercially, but

efforts have not been successful to date. Unsuccessful settlement discussions, adverse litigation outcomes or market conditions could result in a material adverse impact on earnings in any given period. However, although no assurances can be given, based upon information currently available and Enron's expectation of the ultimate outcome of the matters discussed above, Enron anticipates that the J-Block and CRTA contracts will not have a materially adverse effect on its financial position.

Environmental Matters. Enron is subject to extensive Federal, state and local environmental laws and regulations. These laws and regulations require expenditures in connection with the construction of new facilities, the operation of existing facilities and for remediation at various operating sites. The implementation of the Clean Air Act Amendments is expected to result in increased operating expenses. These increased operating expenses are not expected to have a material impact on Enron's financial position or results of operations.

The Environmental Protection Agency (EPA) has informed Enron that it is a potentially responsible party at the Decorah Former Manufactured Gas Plant Site (the Decorah Site) in Decorah, Iowa, pursuant to the provisions of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, also commonly known as Superfund). The manufactured gas plant in Decorah ceased operations in 1951. A predecessor company of Enron purchased the Decorah Site in 1963 to connect its natural gas pipeline to the local distribution pipeline system servicing the city of Decorah. Enron's predecessor did not operate the gas plant and sold the Decorah Site in 1965. The EPA alleges that hazardous substances were released to the environment during the period in which Enron's predecessor owned the site, and that Enron's predecessor assumed the liabilities of the company that operated the plant. Enron contests these allegations. The EPA is interested in determining whether materials from the plant have adversely affected subsurface soils at the Decorah Site. Enron has entered into a consent order with the EPA by which it has agreed, although admitting no liability, to replace affected topsoil in certain areas of the tract where the plant was formerly located and to take deep soil samples in those areas where subsurface contamination would most likely be located. To date, the EPA has identified no other potentially responsible parties with respect to this site. Enron believes that expenses incurred in connection with this matter will not have a materially adverse effect on its financial position or results of operations.

Other. In connection with a Power Purchase Agreement between Dabhol Power Company, Enron's 80%-owned subsidiary, and the Maharashtra State Electricity Board (MSEB), Dabhol Power Company began developing Phase I of an electricity generating power plant south of Bombay, State of Maharashtra, India (the Project). On August 3, 1995, after construction had begun, a new coalition government in the State of Maharashtra announced the State government's intention to terminate the Project, and construction ceased on August 8, 1995. In response to these actions, Dabhol Power Company commenced arbitration proceedings in London against the State government for the actions it had taken to terminate

the Project, seeking to recover all of its construction and other expenses in addition to lost profits. After the arbitration proceedings had begun, Dabhol Power Company began renegotiating the Power Purchase Agreement with MSEB and the Maharashtra state government. Such renegotiations, which have been successfully completed, have resulted in a restructured transaction (that includes both Phase I and Phase II and that increases the planned capacity of the facility) on terms that are acceptable to Enron. All approvals for the restructured transaction have been received and, in December 1996, construction resumed on the project and Dabhol Power Company terminated the arbitration proceedings.

15 COMMITMENTS

Firm Transportation Obligations. Enron has firm transportation agreements with various joint venture pipelines. Under these agreements, Enron must make specified minimum payments each month. At December 31, 1996, the estimated aggregate amounts of such required future payments were $33 million, $33 million, $33 million, $34 million and $35 million for 1997 through 2001, respectively, and $335 million for later years. These amounts exclude disputed payments allegedly due in 1996 and future years totaling $994 million related to the CRTA which Enron believes has terminated. See Note 14.

The costs incurred under firm transportation agreements, including commodity charges on actual quantities shipped, totaled $30 million, $18 million and $20 million in 1996, 1995 and 1994, respectively. Enron has assigned firm transportation contracts with two of its joint ventures to third parties and guaranteed minimum payments under the contracts averaging approximately $35 million annually through 2001 and $3 million in 2002.

Other Commitments. Enron leases property, operating facilities and equipment under various operating leases, certain of which contain renewal and purchase options and residual value guarantees. Future commitments related to these items at December 31, 1996 were $141 million, $108 million, $80 million, $72 million and $69 million for 1997 through 2001, respectively, and $255 million for later years. Guarantees under the leases total $982 million at December 31, 1996.

Total rent expense incurred during 1996, 1995 and 1994 was $149 million, $147 million and $125 million, respectively.

Enron guarantees certain long-term contracts for the sale of electrical power and steam from a cogeneration facility owned by one of Enron's equity investees. Under terms of the contracts, which initially extend through June 1999, Enron could be liable for penalties should, under certain conditions, the contracts be terminated early. Enron also guarantees the performance of certain of its unconsolidated subsidiaries in connection with letters of credit issued on behalf of those unconsolidated subsidiaries. At December 31, 1996, a total of $449 million of such guarantees were outstanding, including $182 million on behalf of EOTT. In addition, Enron is a guarantor on certain liabilities of unconsolidated subsidiaries and other companies totaling approximately $820 million, including $424 million

related to EOTT trade obligations. The EOTT letters of credit and guarantees of trade obligations are fully secured by the assets of EOTT. Enron has also guaranteed $187 million in lease obligations for which it has been indemnified by an "Investment Grade" company. Management does not consider it likely that Enron would be required to perform or otherwise incur any losses associated with the above guarantees. In addition, certain commitments have been made related to 1997 planned capital expenditures and equity investments.

16 OTHER INCOME, NET

The components of Other income, net are as follows:

<TABLE>
<CAPTION>

	Year Ended December 31,		
(In Millions)	1996	1995	1994
<S>	<C>	<C>	<C>
Sales of assets and investments	$274	$467	$ 37
Regulatory, contingency and other adjustments	25	(20)	18
Foreign currency	-	(1)	8
Litigation adjustments and settlements, net	19	(8)	(1)
Interest income	40	27	39
Other	(25)	(4)	15
	$333	$461	$116

</TABLE>

During 1996, Enron sold approximately 12 million shares of EOG common stock. Proceeds from the sales totaled $307 million. Enron's ownership interest in EOG at December 31, 1996 was 53%. In December 1995, Enron sold 31 million outstanding shares of its EOG common stock, reducing its ownership interest from 80% to 61%. Enron received net proceeds totaling $650 million.

17 QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data is as follows:

<TABLE>
<CAPTION>

(In Millions, Except Per Share Amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Quarterly Results					
<S>	<C>	<C>	<C>	<C>	<C>
1996					
Revenues	$ 3,054	$ 2,961	$ 3,225	$ 4,049	$13,289
Income before interest, minority interests and					

income taxes	415	265	262	296	1,238
Net income	213	117	123	131	584
Earnings per share:					
Primary	$0.86	$0.46	$0.48	$0.52	$2.31(a)
Fully diluted	0.80	0.43	0.45	0.48	2.16(a)
1995					
Revenues	$ 2,304	$ 2,149	$ 2,186	$ 2,550	$ 9,189
Income before interest, minority interests and income taxes	371	230	239	325	1,165
Net income	195	94	101	130	520
Earnings per share:					
Primary	$0.79	$0.37	$0.40	$0.52	$2.07(a)
Fully diluted	0.73	0.35	0.37	0.49	1.94(a)

<FN>
(a) The sum of earnings per share for the four quarters may not equal the total earnings per share for the year due to changes in the average number of common shares outstanding.
</TABLE>

18 GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION

Enron's operations are classified into four business segments:

Transportation and Operation - Interstate transmission of natural gas. Construction, management and operation of pipelines and clean fuels plants. Investment in crude oil transportation activities.

Domestic Gas and Power Services - Purchasing, marketing and financing of natural gas, natural gas liquids, crude oil and electricity. Price risk management in connection with natural gas, natural gas liquids, crude oil and electricity transactions. Intrastate natural gas pipelines. Development, acquisition and promotion of natural gas fired power plants in North America. Extraction of natural gas liquids.

International Operations and Development - Independent (non-utility) development, acquisition and promotion of power plants, natural gas liquids facilities and pipelines outside of North America.

Exploration and Production - Natural gas and crude oil exploration and production primarily in the United States, Canada, Trinidad and India.

Financial information by geographic and business segment

follows for each of the three years in the period ended December 31, 1996.

Geographic Segments

(In Millions)	Year Ended December 31, 1996	1995	1994
Operating revenues from unaffiliated customers			
United States	$11,262	$ 7,855	$ 7,604
Foreign	2,027	1,334	1,380
	$13,289	$ 9,189	$ 8,984
Intersegment sales			
United States	$ 72	$ 24	$ 49
Foreign	128	159	116
	$ 200	$ 183	$ 165
Operating income			
United States	$ 490	$ 487	$ 609
Foreign	200	131	107
	$ 690	$ 618	$ 716
Income before interest, minority interests and income taxes			
United States	$ 938	$ 969	$ 755
Foreign	300	196	189
	$ 1,238	$ 1,165	$ 944
Identifiable assets			
United States	$11,580	$10,695	$ 9,597
Foreign	2,856	1,327	1,304
	$14,436	$12,022	$10,901

Business Segments

(In Millions)	Transportation and Operation	Domestic Gas and Power Services	International Operations and Development	Exploration and Production	Corporate and Other(c)(d)	Total
1996						
Unaffiliated revenues(a)	$ 748	$11,681	$ 213	$ 647	$ -	$13,289
Intersegment revenues(b)	58	167	-	177	(402)	-
Total revenues	806	11,848	213	824	(402)	13,289
Depreciation, depletion and amortization	82	123	15	251	3	474
Operating income (loss)	367	197	58	205		

(137)	690					
Equity in earnings of unconsolidated subsidiaries	47	84	84	-	-	215
Other income, net	156	(1)	10	(5)	173	333
Income before interest, minority interests and income taxes	570	280	152	200	36	1,238
Additions to property, plant and equipment	181	112	16	540	6	855
Identifiable assets	2,569	7,958	827	2,371	711	14,436
Investments in and advances to unconsolidated subsidiaries	563	484	521	-	133	1,701
Total assets	$3,132	$ 8,442	$1,348	$2,371	$ 844	$16,137
1995						
Unaffiliated revenues(a)	$ 805	$ 7,064	$ 839	$ 481	$ -	$ 9,189
Intersegment revenues(b)	26	(103)	44	278	(245)	-
Total revenues	831	6,961	883	759	(245)	9,189
Depreciation, depletion and amortization	83	104	27	216	2	432
Operating income (loss)	299	115	75	240	(111)	618
Equity in earnings of unconsolidated subsidiaries	23	6	58	-	(1)	86
Other income, net	37	36	9	1	378	461
Income before interest, minority interests and income taxes	359	157	142	241	266	1,165
Additions to property, plant and equipment	121	98	58	464	8	749
Identifiable assets	2,361	5,991	814	2,067	789	12,022
Investments in and advances to unconsolidated subsidiaries	533	157	468	-	59	1,217
Total assets	$2,894	$ 6,148	$1,282	$2,067	$ 848	$13,239
1994						
Unaffiliated revenues(a)	$ 937	$ 7,166	$ 392	$ 489	$ -	$ 8,984
Intersegment revenues(b)	39	13	7	290	(349)	-

Total revenues	976	7,179	399	779	(349) 8,984
Depreciation, depletion and amortization	88	94	15	242	2 441
Operating income (loss)	327	164	73	195	(43) 716
Equity in earnings of unconsolidated subsidiaries	49	18	45	-	- 112
Other income, net	27	20	30	3	36 116
Income before interest, minority interests and income taxes	403	202	148	198	(7) 944
Additions to property, plant and equipment	117	83	14	442	5 661
Identifiable assets	2,388	5,803	450	1,824	436 10,901
Investments in and advances to unconsolidated subsidiaries	528	162	351	-	24 1,065
Total assets	$2,916	$ 5,965	$ 801	$1,824	$ 460 $11,966

<FN>
(a) Unaffiliated revenues include sales to unconsolidated subsidiaries.
(b) Intersegment sales are made at prices comparable to those received from unaffiliated customers and in some instances are affected by regulatory considerations.
(c) Corporate and Other assets consist of cash and cash equivalents, investments in marketable securities, receivables transferred from subsidiaries in connection with the receivables sale program and miscellaneous other assets.
(d) Includes consolidating eliminations.
</TABLE>

19 OIL AND GAS PRODUCING ACTIVITIES (Unaudited except for Results of Operations for Oil and Gas Producing Activities)

The following information regarding Enron's oil and gas producing activities should be read in conjunction with Note 1. This information includes amounts attributable to a minority interest of 47% at December 31, 1996, 39% at December 31, 1995 and 20% at December 31, 1994 and 1993.

Capitalized Costs Relating to Oil and Gas Producing Activities

<TABLE>
<CAPTION>

(In Millions)	December 31, 1996	1995
<S>	<C>	<C>
Proved properties	$ 3,593	$ 3,254
Unproved properties	160	127

Total	3,753	3,381
Accumulated depreciation, depletion and amortization	(1,653)	(1,499)
Net capitalized costs	$ 2,100	$ 1,882

</TABLE>

Costs Incurred in Oil and Gas Property Acquisition, Exploration and Development Activities(a)

<TABLE>
<CAPTION>

(In Millions)	United States	Canada	Foreign Trinidad	India	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1996						
Acquisition of properties						
Unproved	$ 39	$ 4	$ 2	$ -	$ -	$ 45
Proved	69	-	-	-	-	69
Total	108	4	2	-	-	114
Exploration	61	8	2	4	17	92
Development	283	26	7	79	7	402
Total	$452	$38	$11	$83	$24	$608
1995						
Acquisition of properties						
Unproved	$ 16	$ 5	$ -	$ -	$ 1	$ 22
Proved	123	-	-	5	-	128
Total	139	5	-	5	1	150
Exploration	48	7	-	-	18	73
Development	217	28	33	17	1	296
Total	$404	$40	$33	$22	$20	$519
1994						
Acquisition of properties						
Unproved	$ 46	$ 6	$ -	$ -	$ -	$ 52
Proved	17	5	-	13	-	35
Total	63	11	-	13	-	87
Exploration	71	8	1	2	11	93
Development	223	36	61	-	1	

321
     Total $357 $55 $62 $15 $12
$501

<FN>
(a) Costs have been categorized on the basis of Financial Accounting
    Standards Board definitions which include costs of oil and gas producing
    activities whether capitalized or charged to expense as incurred.
</TABLE>

Results of Operations for Oil and Gas Producing Activities(a)

   The following tables set forth results of operations for oil and gas producing activities for the three years in the period ended December 31, 1996:

<TABLE>
<CAPTION>
                                                                  Foreign
(In Millions)   United States   Canada   Trinidad   India   Other
Total

<S>   <C>   <C>   <C>   <C>   <C>
<C>
1996
Operating revenues
  Associated companies $253 $14 $ - $ - $ -
$267
  Trade   282   48   84   21   -
435
  Gains on sales of
   reserves and related
   assets   19   1   -   -   -
20
     Total   554   63   84   21   -
722
Exploration expenses,
 including dry hole costs   45   5   2   1   15
68
Production costs   77   17   15   10   -
119
Impairment of unproved
 oil and gas properties   19   2   -   -   -
21
Depreciation, depletion and
 amortization   209   25   15   1   1
251
Income (loss) before
 income taxes   204   14   52   9   (16)
263
Income tax expense (benefit)   54   6   29   4   -
93
Results of operations $150 $ 8 $23 $ 5 $(16)
$170

1995
Operating revenues
  Associated companies $224 $ 7 $ - $ - $ -

$231					
Trade	122	37	72	15	-
246					
Gains on sales of reserves and related assets	63	-	-	-	-
63					
Total	409	44	72	15	-
540					
Exploration expenses, including dry hole costs	35	4	-	-	16
55					
Production costs	64	13	8	11	-
96					
Impairment of unproved oil and gas properties	22	2	-	-	-
24					
Depreciation, depletion and amortization	181	20	15	-	-
216					
Income (loss) before income taxes	107	5	49	4	(16)
149					
Income tax expense (benefit)	1	1	27	2	(1)
30					
Results of operations	$106	$ 4	$22	$ 2	$(15)
$119					

1994					
Operating revenues					
Associated companies	$316	$ 8	$ -	$ -	$ -
$324					
Trade	115	42	36	1	-
194					
Gains on sales of reserves and related assets	54	-	-	-	-
54					
Total	485	50	36	1	-
572					
Exploration expenses, including dry hole costs	42	4	1	3	9
59					
Production costs	69	13	5	-	-
87					
Impairment of unproved oil and gas properties	24	1	-	-	-
25					
Depreciation, depletion and amortization	218	17	7	-	-
242					
Income (loss) before income taxes	132	15	23	(2)	(9)
159					
Income tax expense (benefit)	(8)	6	12	(1)	(3)
6					
Results of operations	$140	$ 9	$11	$(1)	$(6)
$153					

<FN>
(a) Excludes net revenues associated with other marketing activities, interest charges, general corporate expenses and certain gathering and handling fees, which are not part of required disclosures about oil and gas producing activities.
</TABLE>

Oil and Gas Reserve Information

The following summarizes the policies used by Enron in preparing the accompanying oil and gas supplemental reserve disclosures, Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves and reconciliation of such standardized measure from period to period.

Estimates of proved and proved developed reserves at December 31, 1996, 1995 and 1994 were based on studies performed by Enron's engineering staff for reserves in the United States, Canada, Trinidad and India. Opinions by DeGolyer and MacNaughton, independent petroleum consultants, for the years ended December 31, 1996, 1995 and 1994 covering producing areas, in the United States and Canada, containing 64%, 60% and 59%, respectively, of proved reserves, excluding deep Paleozoic reserves, of Enron on a net-equivalent-cubic-feet-of-gas basis, indicate that the estimates of proved reserves prepared by Enron's engineering staff for the properties reviewed by DeGolyer and MacNaughton, when compared in total on a net-equivalent-cubic-feet-of-gas basis, do not differ by more than 5% from those prepared by DeGolyer and MacNaughton's engineering staff. In addition, the deep Paleozoic reserves were covered by the opinion of DeGolyer and McNaughton at December 31, 1995. All reports by DeGolyer and MacNaughton were developed utilizing geological and engineering data provided by Enron.

The standardized measure of discounted future net cash flows does not purport, nor should it be interpreted, to present the fair market value of Enron's crude oil and natural gas reserves. An estimate of fair value would also take into account, among other things, the recovery of reserves not presently classified as proved reserves, anticipated future changes in prices and costs and a discount factor more representative of the time value of money and the risks inherent in reserve estimates.

Enron's presentation of estimated proved oil and gas reserves excludes, for each of the years presented, those quantities attributable to future deliveries required under a volumetric production payment. In order to calculate such amounts, Enron has assumed that deliveries under the volumetric production payment are made as scheduled at expected British thermal unit factors, and that delivery commitments are satisfied through delivery of actual volumes as opposed to cash settlements.

Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves

<TABLE>
<CAPTION>

(In Millions)	United States	Canada	Trinidad	India	Total
<S>	<C>	<C>	<C>	<C>	<C>
1996					
Future cash inflows(a)	$ 9,391	$ 715	$ 709	$ 864	$11,679
Future production costs	(1,640)	(281)	(237)	(338)	(2,496)
Future development costs	(306)	(9)	(1)	-	(316)
Future net cash flows before income taxes	7,445	425	471	526	8,867
Future income taxes	(2,260)	(99)	(246)	(227)	(2,832)
Future net cash flows	5,185	326	225	299	6,035
Discount to present value at 10% annual rate	(2,693)	(100)	(68)	(105)	(2,966)
Standardized measure of discounted future net cash flows relating to proved oil and gas reserves(a)	$ 2,492(b)	$ 226	$ 157	$ 194	$ 3,069(b)
1995					
Future cash inflows(a)	$3,996	$ 503	$ 395	$ 396	$ 5,290
Future production costs	(747)	(204)	(152)	(202)	(1,305)
Future development costs	(298)	(7)	(4)	(13)	(322)
Future net cash flows before income taxes	2,951	292	239	181	3,663
Future income taxes	(696)	(46)	(105)	(82)	(929)
Future net cash flows	2,255	246	134	99	2,734
Discount to present value at 10% annual rate	(1,015)	(69)	(19)	(46)	(1,149)
Standardized measure of discounted future net cash flows relating to proved oil and gas reserves(a)	$1,240(b)	$ 177	$ 115	$ 53	$ 1,585(b)
1994					
Future cash inflows(a)	$2,315	$ 487	$ 318	$ 168	$ 3,288
Future production costs	(607)	(196)	(87)	(106)	(996)
Future development costs	(136)	(10)	(2)	(4)	(152)
Future net cash flows before income taxes	1,572	281	229	58	

2,140
Future income taxes (208) (57) (103) (22)
(390)
Future net cash flows 1,364 224 126 36
1,750
Discount to present value at
10% annual rate (401) (67) (23) (15)
(506)
Standardized measure of discounted
future net cash flows relating
to proved oil and gas reserves(a) $ 963(b) $ 157 $ 103 $ 21 $
1,244(b)

<FN>
(a) Based on year-end market prices determined at the point of delivery from the producing unit.
(b) Excludes $75 million, $36 million and $60 million at December 31, 1996, 1995 and 1994, respectively, associated with a volumetric production payment sold effective October 1, 1992, as amended, to be delivered over a seventy-eight month period beginning October 1, 1992.
</TABLE>

Changes in Standardized Measure of Discounted Future Net Cash Flows

<TABLE>
<CAPTION>
(In Millions) United States Canada Trinidad India
Total

<C> <C> <C> <C> <C>
<C>
December 31, 1993 $1,262 $160 $ 50 $ -
$1,472
Sales and transfers of oil
and gas produced, net
of production costs (340) (38) (31) -
(409)
Net changes in prices and
production costs (506) (66) 11 -
(561)
Extensions, discoveries, additions
and improved recovery, net of
related costs 225 51 97 -
373
Development costs incurred 70 7 7 -
84
Revisions of estimated development
costs 7 6 - -
13
Revisions of previous quantity
estimates (3) (3) 14 -
8
Accretion of discount 145 20 7 -
172
Net change in income taxes 168 20 (46) (8)
134
Purchases of reserves in place 17 3 - 29
49

Sales of reserves in place	(28)	-	-	-	(28)
Changes in timing and other	(54)	(3)	(6)	-	(63)
December 31, 1994	$ 963	$157	$103	$ 21	$1,244
Sales and transfers of oil and gas produced, net of production costs	(268)	(30)	(64)	(5)	(367)
Net changes in prices and production costs	12	(6)	(37)	8	(23)
Extensions, discoveries, additions and improved recovery, net of related costs	376(a)	38	54	46	514(a)
Development costs incurred	29	3	2	-	34
Revisions of estimated development costs	1	-	29	4	34
Revisions of previous quantity estimates	6	(5)	10	-	11
Accretion of discount	97	18	17	3	135
Net change in income taxes	(133)	11	(8)	(28)	(158)
Purchases of reserves in place	194	-	-	-	194
Sales of reserves in place	(54)	(1)	-	-	(55)
Changes in timing and other	17	(8)	9	4	22
December 31, 1995	$1,240(a)	$177	$115	$ 53	$1,585(a)
Sales and transfers of oil and gas produced, net of production costs	(437)	(46)	(69)	(11)	(563)
Net changes in prices and production costs	1,817	58	60	54	1,989
Extensions, discoveries, additions and improved recovery, net of related costs	581	63	62	150	856
Development costs incurred	58	2	2	-	62
Revisions of estimated development costs	(14)	(3)	1	14	(2)
Revisions of previous quantity estimates	7	(1)	80	-	86
Accretion of discount	137	18	20	9	184

Net change in income taxes	(656)	(30)	(74)	(87)	(847)
Purchases of reserves in place	162	-	-	-	162
Sales of reserves in place	(103)	(3)	-	-	(106)
Changes in timing and other	(300)	(9)	(40)	12	(337)
December 31, 1996	$2,492(a)	$226	$157	$194	$3,069(a)

<FN>
(a) Includes approximately $344 million and $77 million related to the reserves in the Big Piney deep Paleozoic formations at December 31, 1996 and 1995, respectively.
</TABLE>

Reserve Quantity Information

Enron's estimates of proved developed and net proved reserves of crude oil, condensate, natural gas liquids and natural gas and of changes in net proved reserves were as follows:

<TABLE>
<CAPTION>

	United States	Canada	Trinidad	India	Total
<C>	<C>	<C>	<C>	<C>	<C>
Net proved developed reserves					
Natural gas (Bcf)					
December 31, 1993	1,079.8(a)	250.6	71.4	-	1,401.8(a)
December 31, 1994	1,128.2(a)	288.3	206.2	-	1,622.7(a)
December 31, 1995	1,218.1(a)(b)	310.1	233.9	-	1,762.1(a)(b)
December 31, 1996	1,325.7(a)(b)	319.5	370.2	124.6	2,140.0(a)(b)
Liquids (MBbl)(c)					
December 31, 1993	11,165(a)	5,409	1,591	-	18,165(a)
December 31, 1994	16,770(a)	7,073	4,429	7,585	35,857(a)
December 31, 1995	19,977(a)	6,505	5,607	11,542	43,631(a)
December 31, 1996	24,868(a)	7,452	8,168	10,791	51,279(a)
Natural gas (Bcf)					
Net proved reserves at December 31, 1993	1,313.2(a)	271.0	100.5	-	1,684.7(a)
Revisions of previous estimates	(17.1)	(6.5)	15.0	-	(8.6)
Purchases in place	18.8	9.2	-	29.3	57.3

Extensions, discoveries and other additions	233.8	50.2	113.9	-	397.9
Sales in place	(29.3)	(1.0)	-	-	(30.3)
Production	(212.0)	(26.3)	(23.2)	-	(261.5)
Net proved reserves at December 31, 1994	1,307.4(a)	296.6	206.2	29.3	1,839.5(a)
Revisions of previous estimates	10.1	(8.1)	17.5	(29.3)	(9.8)
Purchases in place	174.8	-	-	-	174.8
Extensions, discoveries and other additions	1,391.6(b)	54.8	60.8	75.0	1,582.2(b)
Sales in place	(38.1)	(1.7)	-	-	(39.8)
Production	(191.7)	(27.7)	(39.0)	-	(258.4)
Net proved reserves at December 31, 1995	2,654.1(a)(b)	313.9	245.5	75.0	3,288.5(a)(b)
Revisions of previous estimates	3.6	(2.9)	79.6	-	80.3
Purchases in place	100.6	0.9	-	-	101.5
Extensions, discoveries and other additions	256.8	49.2	90.7	124.6	521.3
Sales in place	(58.4)	(4.3)	-	-	(62.7)
Production	(210.2)	(35.9)	(45.6)	-	(291.7)
Net proved reserves at December 31, 1996	2,746.5(a)(b)	320.9	370.2	199.6	3,637.2(a)(b)

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	United States	Canada	Trinidad	India	Total
<C>	<C>	<C>	<C>	<C>	<C>
Liquids (MBbl)(c)					
Net proved reserves at December 31, 1993	13,172	5,471	2,218	-	20,861
Revisions of previous estimates	2,179	(177)	455	-	2,457
Purchases in place	358	-	-	7,617	7,975
Extensions, discoveries and other additions	5,332	2,848	2,687	-	10,867
Sales in place	(257)	-	-	-	(257)

Production	(2,997)	(905)	(931)	(32)	(4,865)
Net proved reserves at December 31, 1994	17,787	7,237	4,429	7,585	37,038
Revisions of previous estimates	(413)	(351)	396	4,874	4,506
Purchases in place	4,264	-	-	-	4,264
Extensions, discoveries and other additions	8,703	729	3,896	-	13,328
Sales in place	(1,241)	(9)	-	-	(1,250)
Production	(3,701)	(1,021)	(1,851)	(917)	(7,490)
Net proved reserves at December 31, 1995	25,399	6,585	6,870	11,542	50,396
Revisions of previous estimates	339	191	1,835	-	2,365
Purchases in place	312	2	-	-	314
Extensions, discoveries and other additions	7,103	2,116	1,388	275	10,882
Sales in place	(447)	(121)	-	-	(568)
Production	(3,830)	(1,321)	(1,925)	(1,026)	(8,102)
Net proved reserves at December 31, 1996	28,876	7,452	8,168	10,791	55,287

<FN>
(a) Excludes approximately 37.5 Bcf, 54.2 Bcf, 70.9 Bcf and 87.5 Bcf at December 31, 1996, 1995, 1994 and 1993, respectively, associated with a volumetric production payment sold effective October 1, 1992, as amended, to be delivered over a seventy-eight month period beginning October 1, 1992.
(b) Includes 1,180.0 Bcf related to net proved Deep Paleozoic natural gas reserves.
(c) Includes crude oil, condensate and natural gas liquids.
</TABLE>

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To Enron Corp.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Enron Corp. and subsidiaries included in this Form 10-K and have issued our report thereon dated February 17, 1997. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a)2 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation

to the basic financial statements taken as a whole.

Arthur Andersen LLP

Houston, Texas
February 17, 1997

<PAGE>
<TABLE>

SCHEDULE II

ENRON CORP. AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994
(In Millions)

<CAPTION>

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts	For Purpose For Which Reserves Were Created	Deductions Balance at End of Year
<S>	<C>	<C>	<C>	<C>	<C>
1996					
Reserves deducted from assets to which they apply					
Allowance for doubtful accounts	$ 12	$ 3	$ -	$ 9	$ 6
Assets from price risk management activities	$207	$87	$(8)	$37	$249
Reserve for regulatory issues					
Current	$ 14	$ 1	$ -	$13	$ 2
Noncurrent	$ 37	$ -	$ -	$31	$ 6
Reserve for insurance claims and losses - noncurrent	$ 24	$12	$ -	$ 7	$ 29
Reserve for Clean Fuels Plant Operations	$ 75	$ -	$ -	$55	$ 20

1995					
Reserves deducted from assets to which they apply					
Allowance for doubtful accounts	$ 13	$ 4	$ -	$ 5	$ 12
Assets from price risk management activities	$130	$50	$ 45	$18	$207
Reserve for regulatory issues					
Current	$ 6	$13	$ -	$ 5	$ 14
Noncurrent	$ -	$37	$ -	$ -	$ 37
Reserve for insurance claims and losses - noncurrent	$ 25	$ 8	$ -	$ 9	$ 24
Reserve for Clean Fuels Plant Operations	$ -	$75	$ -	$ -	$ 75
1994					
Reserves deducted from assets to which they apply					
Allowance for doubtful accounts	$ 22	$ 5	$ -	$14(1)	$ 13
Assets from price risk management activities	$103	$13	$ 19	$ 5	$130
Reserve for regulatory issues					
Current	$ 22	$15	$ 5	$36	$ 6
Noncurrent	$ 21	$ 1	$ -	$22	$ -
Reserve for insurance claims and losses - noncurrent	$ 28	$ 2	$ -	$ 5	$ 25

<FN>
(1) Includes $11 million resulting from the sale of a majority interest in Enron's crude oil trading and transportation assets.
</TABLE>

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 28th day of

March, 1997.

ENRON CORP.
(Registrant)

By: RICHARD A. CAUSEY
(Richard A. Causey)
Senior Vice President and
Chief Accounting and
Information Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on March 28, 1997 by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Title
KENNETH L. LAY (Kenneth L. Lay)	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
RICHARD A. CAUSEY (Richard A. Causey)	Senior Vice President and Chief Accounting and Information Officer (Principal Accounting Officer)
ANDREW S. FASTOW (Andrew S. Fastow)	Senior Vice President, Finance (Principal Financial Officer)
ROBERT A. BELFER* (Robert A. Belfer)	Director
NORMAN P. BLAKE, JR.* (Norman P. Blake, Jr.)	Director
RONNIE C. CHAN* (Ronnie C. Chan)	Director
JOHN H. DUNCAN* (John H. Duncan)	Director
JOE H. FOY* (Joe H. Foy)	Director
WENDY L. GRAMM* (Wendy L. Gramm)	Director
ROBERT K. JAEDICKE* (Robert K. Jaedicke)	Director
CHARLES A. LeMAISTRE* (Charles A. LeMaistre)	Director
JEFFREY K. SKILLING*	Director and President and Chief

(Jeffrey K. Skilling) Operating Officer

JOHN A. URQUHART* Director
(John A. Urquhart)

JOHN WAKEHAM* Director
(John Wakeham)

CHARLS E. WALKER* Director
(Charls E. Walker)

HERBERT S. WINOKUR, JR.* Director
(Herbert S. Winokur, Jr.)

*By: PEGGY B. MENCHACA
(Peggy B. Menchaca)
(Attorney-in-fact for persons indicated)

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Exhibit 10.04

SECOND AMENDMENT TO
ENRON CORP. 1988 STOCK PLAN

WHEREAS, ENRON CORP. (the "Company") has heretofore adopted and maintains the Enron Corp. 1988 Stock Plan; and

WHEREAS, the Company desires to amend the Plan to revise the definition of "retirement";

NOW, THEREFORE, the Plan is amended as follows:

Paragraph 11.6 of the Plan is rescinded and the following new paragraph 11.6 is inserted in its place effective August 1, 1995:

"11.6 `Retirement' shall mean (i) with respect to an Employee of the Company or one of its Affiliates, after attainment of age 55 with at least 5 years of service, the Employee's termination of employment and

eligibility to receive benefits under the Enron Corp. Retirement Plan, and (ii) with respect to a Director of the Company, termination of service as a Director or Honorary Director, after at least five (5) years of continuous service, or upon or after the date the Director at the age 72."

AS AMENDED HEREBY, the Plan is specifically ratified and reaffirmed.

Date: August 7, 1995

ATTEST: ENRON CORP.

By: PEGGY B. MENCHACA
Corporate Secretary

By: PHILIP J. BAZELIDES
Title: Vice President, Corporate Human Resources

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Exhibit 10.09

THIRD AMENDMENT TO
ENRON CORP. 1988 DEFERRAL PLAN

WHEREAS, Enron Corp. (the "Company") has heretofore adopted the Enron Corp. 1988 Deferral Plan (the "Plan");

WHEREAS, the First Amendment to the Plan, effective December 13, 1988, provided that no new Participation Agreements may be entered into for Plan Years after 1988 until such time as may be approved by the Board; and

WHEREAS, the Board of Directors of the Company has determined and authorized that the Plan be amended to permit the Committee to again determine and designate which individuals will participate in the Plan and enter into new Participation Agreements;

NOW, THEREFORE, the Plan is amended effective as of December 1, 1990 as follows:

Paragraph 10.12, added by the First Amendment to the Plan is deleted from the Plan.

AS AMENDED HEREBY, the Plan is specifically ratified and reaffirmed.

Date: December 12, 1990

ENRON CORP.

By: JAMES G. BARNHART
James G. Barnhart
Sr. Vice President,
Administration & Human Resources

ATTEST:

ELAINE OVERTURF
Deputy Corporate Secretary

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Exhibit 10.10

FOURTH AMENDMENT TO
ENRON CORP. 1988 DEFERRAL PLAN

WHEREAS, ENRON CORP. (the "Company") has heretofore adopted the ENRON CORP. 1988 DEFERRAL PLAN (the "Plan"); and

WHEREAS, the Company desires to amend the Plan;

NOW, THEREFORE, the Plan shall be amended as follows, effective as of January 1, 1988:

1. The following new paragraph shall be added to Paragraph 7.7 of the Plan:

"Provisions of this Paragraph 7.7 to the contrary notwithstanding, a Participant may not prior to a termination of employment or retirement receive a distribution of any portion of such Participant's Deferred Benefit Account which is attributable to Compensation which was deferred and which was earned by such Participant for services rendered in the United Kingdom under circumstances pursuant to which such Compensation

would have been subject to taxation under the Inland Revenue laws of the United Kingdom."

2. As amended hereby, the Plan is specifically ratified and reaffirmed.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed this 7th day of May, 1992.

ATTEST: ENRON CORP.

PEGGY B. MENCHACA
Corporate Secretary

By: JAMES E. STREET
Title: Vice President, Human Resources

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Exhibit 10.11

FIFTH AMENDMENT TO
ENRON CORP. 1988 DEFERRAL PLAN

WHEREAS, Enron Corp. (the "Company") has heretofore adopted the Enron Corp. 1988 Deferral Plan (the "Plan"); and

WHEREAS, the Board of Directors of the Company has determined and authorized that the Plan be amended to provide for payment of benefits to a Participant in the event of an unforeseeable emergency;

NOW, THEREFORE, the Plan is amended as follows:

1. New section 2.30 is added to the end of Article H:

"2.30 Unforeseeable emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant or the Participant's beneficiary that would result in severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent (as defined in section 152(a) of the Code) of the Participant loss of the Participant s property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The Committee, in its sole discretion, shall determine whether an unforeseeable emergency has occurred with respect to any Participant."

2. Section 7.7 as designated "7.7 Early Distribution." is redesignated "7.7 A Early Distribution.", and new section 7.7 B is inserted after section 7.7 A:

"7.7 B Unforeseeable Emergency. In the event a Participant encounters an unforeseeable emergency, and upon approval by the Committee:

(i) if still actively employed, the Participant shall be entitled to make an early withdrawal from the vested unpaid portion of the Participant's Termination Deferred Benefit Account determined under paragraph 6. 1 hereof using the Termination Interest Yield, or

(ii) if no longer actively employed, the Participant shall be entitled to make an early withdrawal from the vested unpaid portion of the Participant's Deferred Benefit Account,

in either case, limited to an amount necessary to meet such emergency, as determined by the Committee in its sole discretion. Such an early withdrawal may not be made to the extent that such hardship is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under the Plan."

AS AMENDED HEREBY, the Plan is specifically ratified and reaffirmed.

Date: August 7, 1995 ENRON CORP.

By: PHILIP J. BAZELIDES
Title: Vice President,
Corporate Human Resources

ATTEST:

PEGGY B. MENCHACA
Title: Vice President & Secretary

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Exhibit 10.25

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made by and between ENRON CORP. ("Company") and KENNETH L. LAY ("Employee").

W I T N E S S E T H:

WHEREAS, Company presently employs Employee pursuant to an Employment Agreement made effective as of September 1, 1989, as the same has heretofore been amended from time to time (the "Prior Employment Agreement"); and

WHEREAS, Company is desirous of continuing to employ Employee in an executive capacity on the terms and conditions, and for the consideration, hereinafter set forth and Employee is desirous of continuing in the employ of Company on such terms and conditions and for such consideration;

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, Company and Employee agree as follows:

ARTICLE 1: EMPLOYMENT AND DUTIES

1.1 Employment; Effective Date. Company agrees to employ Employee and Employee agrees to be employed by Company, beginning as of December 9, 1996 (the "Effective Date"), and continuing for the period of time set forth in Article 2 of this Agreement, subject to the terms and conditions of this Agreement.

1.2 Position. During the term of employment under this Agreement, Company shall employ Employee in the position of Chairman and Chief Executive Officer of Company, or in such other executive positions as the parties mutually may agree.

1.3 Duties and Services. Employee agrees to serve in the position referred to in paragraph 1.2 and to perform diligently and to the best of his abilities the duties and services appertaining to such office as reasonably directed by Company. Employee's employment shall also be subject to the policies contained in Company's Conduct of Business Affairs booklet and other similar documents, all as amended from time to time.

1.4 Other Interests. Employee agrees, during the period of his employment by Company, to devote his full business time, energy and best efforts to the business and affairs of Company and its affiliates and not to engage, directly or indirectly, in any other business, investment,

or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interests of Company or any of its affiliates, or requires any significant portion of Employee's business time.

1.5 Duty of Loyalty. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of Company and to do no act which would injure the business, interests, or reputation of Company or any of its subsidiaries or affiliates. In keeping with these duties, Employee shall make full disclosure to Company of all business opportunities pertaining to Company's business and shall not appropriate for Employee's own benefit business opportunities concerning the subject matter of the fiduciary relationship.

1.6 Conflicts of Interest. It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect Company or any of its affiliates, involves a possible conflict of interest. In keeping with Employee's fiduciary duties to Company, Employee agrees that Employee shall not knowingly become involved in a conflict of interest with Company or any of its affiliates, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees that Employee shall disclose to Company's General Counsel any facts which might involve such a conflict of interest that has not been approved by Company's Board of Directors (the "Board of Directors"). Company and Employee recognize that it is impossible to provide an exhaustive list of actions or interests which constitute a "conflict of interest." Moreover, Company and Employee recognize there are many borderline situations. In some instances, full disclosure of facts by Employee to Company's General Counsel may be all that is necessary to enable Company or its affiliates to protect its interests. In others, if no improper motivation appears to exist and the interests of Company or its affiliates have not suffered, prompt elimination of the outside interest will suffice. In still others, it may be necessary for Company to terminate the employment relationship. Employee agrees that Company's determination as to whether a conflict of interest exists shall be conclusive. Company reserves the right to take such action as, in its judgment, will end the conflict.

ARTICLE 2: TERM AND TERMINATION OF EMPLOYMENT

2.1 Term. Unless sooner terminated pursuant to other provisions hereof, Company agrees to employ Employee for the period (the "Term") beginning on the Effective Date and ending on December 31, 2001, and thereafter for such period, if any, as may be agreed upon in writing by Employee and Company.

2.2 Company's Right to Terminate. Notwithstanding the provisions of paragraph 2.1, Company shall have the right to

terminate Employee's employment under this Agreement at any time prior to the expiration of the Term for any of the following reasons:

(i) upon Employee's death;

(ii) upon Employee becoming "Permanently Disabled," which, for purposes of this Agreement, shall mean Employee's becoming disabled so as to entitle him to benefits beyond 18 months of disability under Company's Long-Term Disability Plan;

(iii) for "Cause," which, for purposes of this Agreement, shall mean termination by action of the Board of Directors because of Employee's (A) conviction of a felony, (B) willful refusal without proper legal cause to perform Employee's duties and responsibilities which remains uncorrected for seven days following written notice to Employee by Company of such breach, (C) willfully engaging in conduct that he knows or should know may be materially injurious to Company or any of its affiliates, (D) involvement in a conflict of interest as referenced in paragraph 1.6 for which Company makes a determination to terminate the employment of Employee which remains uncorrected for 30 days following written notice to Employee by Company of such breach, (E) material breach of any material provision of this Agreement or corporate code or policy which remains uncorrected for 30 days following written notice to Employee by Company of such breach, or (F) violation of the Foreign Corrupt Practices Act or other applicable United States law as proscribed by paragraph 6.2; or

(iv) for any other reason whatsoever, in the sole discretion of the Board of Directors.

2.3 Employee's Right to Terminate. Notwithstanding the provisions of paragraph 2.1, Employee shall have the right to terminate his employment under this Agreement at any time prior to the expiration of the Term for any of the following reasons:

(i) for "Good Reason," which for purposes of this Agreement shall mean termination by Employee within 60 days of and in connection with or based upon (A) a transfer or assignment from Employee's present position to a position which involves an overall substantial and material reduction in the nature or scope of Employee's duties and responsibilities, (B) a reduction in Employee's annual base salary as established pursuant to paragraph 3.1 (including subsequent increases) or the failure to continue Employee's participation in any incentive compensation or employee benefit plan or program (except a compensation or benefit plan or program that is substantially comparable to an existing compensation or benefit plan or program) in which Employee is participating or is eligible to participate

prior to such reduction (other than as a result of the expiration of such plan or program), in each case other than as part of a general program to reduce compensation or employee benefits on a proportional basis relative to other employees of Company, (C) a permanent change and relocation of Employee from the city in which Employee was serving immediately prior to the time of such change to a place which is more than 50 miles away from such location, (D) a Change of Control (as such term is defined in paragraph 7.6 hereof), or (E) a material breach by Company of any material provision of this Agreement which remains uncorrected for 30 days following written notice of such breach by Employee to Company; or

(ii) for any other reason whatsoever, in the sole discretion of Employee.

2.4 Notice of Termination; Delegation to Board of Directors. If Company or Employee desires to terminate Employee's employment hereunder at any time prior to expiration of the Term pursuant to paragraph 2.2 or 2.3, respectively, it or he shall do so by giving written notice to the other party that it or he has elected to terminate Employee's employment hereunder and stating the effective date and reason for such termination; provided that no such action shall alter or amend any other provisions hereof or rights arising hereunder; and, provided further, that Company shall consult in good faith with Employee and provide a reasonable opportunity for Employee to be heard prior to terminating Employee's employment hereunder for Cause. It is expressly acknowledged and agreed that the decision as to whether Cause exists for termination of the employment relationship by Company is delegated to the Board of Directors for determination. If Employee disagrees with the decision reached by the Board of Directors, then the dispute will be limited to whether the Board of Directors reached its decision in good faith.

ARTICLE 3: COMPENSATION

3.1 Base Salary. During the period beginning on the Effective Date and ending on December 31, 1996, Employee shall receive an annual base salary equal to $990,000. Thereafter, during the period of this Agreement, Employee shall receive a minimum annual base salary equal to $1,200,000. Employee's base salary shall be reviewed annually and may be increased annually and from time to time by the Board of Directors (or the Compensation Committee of such Board) in its sole discretion and, after any such change, Employee's new level of base salary shall be Employee's base salary for purposes of this Agreement until the effective date of any subsequent change. Employee's annual base salary shall be paid in equal installments in accordance with Company's standard policy regarding payment of compensation to executives; provided, however, that Employee hereby irrevocably elects and agrees that any base salary payable to Employee pursuant to this paragraph 3.1 in

excess of $1,000,000 during any taxable year of Company shall be deferred under Company's 1994 Deferral Plan. Any amounts deferred under Company's 1994 Deferral Plan pursuant to this paragraph 3.1 shall be subject to all of the terms and conditions of such plan, including, without limitation, the time of payment provisions thereof.

3.2 Incentive Compensation. While Employee is actively employed under this Agreement, Employee shall be entitled to participate in the long term and annual incentive plans under Company's Executive Compensation Program, as the same is currently or hereinafter maintained by Company for its executives. As of the Effective Date, such program includes the award of stock options, awards under Company's Performance Unit Plan, and bonus opportunities under Company's Annual Incentive Plan.

3.3 Other Employee Benefits. While employed by Company, Employee shall be allowed to participate, on the same basis generally as other employees of Company, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by Company to Company's employees of Employee's office. Such benefits plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and pension plans. Nothing in this Agreement is to be construed or interpreted to provide greater rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly situated employees pursuant to the terms and conditions of such benefit plans and programs.

3.4 Changes Permitted. Company shall not by reason of paragraphs 3.2 and 3.3 be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any of such benefit plans or programs, so long as such actions are similarly applicable to covered employees generally. Unless specifically provided for in a written plan document adopted by the Board of Directors, none of the benefits or arrangements described in this Article shall be secured or funded in any way, and each shall instead constitute an unfunded and unsecured promise to pay money in the future exclusively from the general assets of Company.

3.5 Stock Option Grant Agreements. Contemporaneously with the execution of this Agreement, Company shall issue to Employee a Stock Option Grant Agreement substantially in the form attached hereto as Exhibit A pursuant to which Employee shall be awarded as of the Effective Date an option under Company's 1991 Stock Plan (the "1991 Stock Plan") to purchase 637,500 shares of Company's common stock at a purchase price per share equal to the Fair Market Value (as such term is defined in the 1991 Stock Plan) of a share of such stock on the Effective Date. On January 3, 1997, Company shall issue to Employee a Stock Option Grant Agreement substantially in the form attached hereto as Exhibit A pursuant to which Employee shall be awarded on

such date an option under the 1991 Stock Plan to purchase 637,500 shares of Company's common stock at a purchase price per share equal to the Fair Market Value (as such term is defined in the 1991 Stock Plan) of a share of such stock on such date.

3.6 Split Dollar Agreement. Contemporaneously with the execution of this Agreement, Company, Employee, and the KLL & LPL Family Partnership, Ltd. shall execute and enter into the Split Dollar Agreement attached to this Agreement as Exhibit B.

ARTICLE 4: PROTECTION OF INFORMATION

4.1 Disclosure to Employee. Company shall disclose to Employee, or place Employee in a position to have access to or develop, trade secrets or confidential information of Company or its affiliates; and/or shall entrust Employee with business opportunities of Company or its affiliates; and/or shall place Employee in a position to develop business good will on behalf of Company or its affiliates.

4.2 Disclosure to and Property of Company. All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which are conceived, made, developed, or acquired by Employee, individually or in conjunction with others, during Employee's employment by Company (whether during business hours or otherwise and whether on Company's premises or otherwise) which relate to Company's business, products, or services (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks) shall be disclosed to Company and are and shall be the sole and exclusive property of Company. Moreover, all documents drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, E-mail, voice mail, electronic databases, maps and all other writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, and inventions are and shall be the sole and exclusive property of Company. Upon termination of Employee's employment by Company, for any reason, Employee promptly shall deliver the same, and all copies thereof, to Company.

4.3 No Unauthorized Use or Disclosure. Employee will not, at any time during or after Employee's employment by Company, make any unauthorized disclosure of any confidential business information or trade secrets of Company or its affiliates, or make any use thereof, except in the carrying out of Employee's employment responsibilities hereunder. Affiliates of the Company shall be third party beneficiaries of Employee's obligations under

this paragraph. As a result of Employee's employment by Company, Employee may also from time to time have access to, or knowledge of, confidential business information or trade secrets of third parties, such as customers, suppliers, partners, joint venturers, and the like, of Company and its affiliates. Employee also agrees to preserve and protect the confidentiality of such third party confidential information and trade secrets to the same extent, and on the same basis, as Company's confidential business information and trade secrets.

4.4 Ownership by Company. If, during Employee's employment by Company, Employee creates any work of authorship fixed in any tangible medium of expression which is the subject matter of copyright (such as videotapes, written presentations, or acquisitions, computer programs, E-mail, voice mail, electronic databases, drawings, maps, architectural renditions, models, manuals, brochures, or the like) relating to Company's business, products, or services, whether such work is created solely by Employee or jointly with others (whether during business hours or otherwise and whether on Company's premises or otherwise), Company shall be deemed the author of such work if the work is prepared by Employee in the scope of Employee's employment; or, if the work is not prepared by Employee within the scope of Employee's employment but is specially ordered by Company as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, or as an instructional text, then the work shall be considered to be work made for hire and Company shall be the author of the work. If such work is neither prepared by Employee within the scope of Employee's employment nor a work specially ordered that is deemed to be a work made for hire, then Employee hereby agrees to assign, and by these presents does assign, to Company all of Employee's worldwide right, title, and interest in and to such work and all rights of copyright therein.

4.5 Assistance by Employee. Both during the period of Employee's employment by Company and thereafter, Employee shall assist Company and its nominee, at any time, in the protection of Company's worldwide right, title, and interest in and to information, ideas, concepts, improvements, discoveries, and inventions, and its copyrighted works, including without limitation, the execution of all formal assignment documents requested by Company or its nominee and the execution of all lawful oaths and applications for applications for patents and registration of copyright in the United States and foreign countries.

4.6 Remedies. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article by Employee, and Company shall be entitled to enforce the provisions of this Article by specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article,

but shall be in addition to all remedies available at law or in equity to Company, including the recovery of damages from Employee and his agents involved in such breach and remedies available to Company pursuant to other agreements with Employee.

ARTICLE 5: NON-COMPETITION OBLIGATIONS

5.1 In General. As part of the consideration for the compensation and benefits to be paid to Employee hereunder; to protect the trade secrets and confidential information of Company and its affiliates that have been and will in the future be disclosed or entrusted to Employee, the business good will of Company and its affiliates that has been and will in the future be developed in Employee, or the business opportunities that have been and will in the future be disclosed or entrusted to Employee by Company and its affiliates; and as an additional incentive for Company to enter into this Agreement, Company and Employee agree to the non-competition obligations hereunder: Employee will not, directly or indirectly for Employee or for others, in any geographic area or market where Company or any of its affiliates are conducting any business as of the date of termination of the employment relationship or have during the previous 12 months conducted such business:

(i) engage in any business similar or related to or competitive with the business conducted by Company or any of its affiliates as described under Company's "Business Unit Highlights" on page one of the Enron Corp. 1995 Annual Report to Shareholders and Customers (the "Core Business of Company");

(ii) render advice or services to, or otherwise assist, any other person, association, or entity who is engaged, directly or indirectly, in any business similar or related to or competitive with the Core Business of Company;

(iii) transact any business in any manner pertaining to suppliers or customers of Company or any of its affiliates which, in any manner, would have, or is likely to have, an adverse effect upon Company or any of its affiliates; or

(iv) induce any employee of Company or any of its affiliates to terminate his or her employment with Company or any of its affiliates, or hire or assist in the hiring of any such employee by any person, association, or entity not affiliated with Company.

These non-competition obligations shall extend until (A) the expiration of the Term if termination of the employment relationship is by Employee for Good Reason or by Company for any reason whatsoever other than death, Cause or Employee's becoming Permanently Disabled or (B) two years after termination of the employment relationship if such relationship is terminated for any reason not encompassed by

clause (A) of this sentence. If Company abandons a particular aspect of the Core Business of Company, that is, ceases such aspect of its business with the intention to permanently refrain from such aspect of its business, then this post-employment non-competition covenant shall not apply to such former aspect of Company's business.

5.2 Enforcement and Remedies. Employee understands that the restrictions set forth in paragraph 5.1 may limit Employee's ability to engage in certain businesses anywhere in the world during the period provided for above, but acknowledges that Employee will receive sufficiently high remuneration and other benefits under this Agreement to justify such restriction. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article by Employee, and Company shall be entitled to enforce the provisions of this Article by terminating any payments then owing to Employee under this Agreement and/or to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article, but shall be in addition to all remedies available at law or in equity to Company, including, without limitation, the recovery of damages from Employee and Employee's agents involved in such breach and remedies available to Company pursuant to other agreements with Employee.

5.3 Reformation. It is expressly understood and agreed that Company and Employee consider the restrictions contained in this Article to be reasonable and necessary to protect the proprietary information of Company. Nevertheless, if any of the aforesaid restrictions are found by a court having jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions therein set forth to be modified by such courts so as to be reasonable and enforceable and, as so modified by the court, to be fully enforced.

ARTICLE 6: STATEMENTS CONCERNING COMPANY; UNITED STATES FOREIGN CORRUPT PRACTICES ACT AND OTHER LAWS

6.1 Statements Concerning Company. Employee shall refrain, both during the employment relationship and after the employment relationship terminates, from publishing any oral or written statements about Company, any of its affiliates, or any of such entities' officers, employees, agents or representatives that are slanderous, libelous, or defamatory; or that disclose private or confidential information about Company, any of its affiliates, or any of such entities' business affairs, officers, employees, agents, or representatives; or that constitute an intrusion into the seclusion or private lives of Company, any of its affiliates, or any of such entities' officers, employees, agents, or representatives; or that give rise to unreasonable publicity about the private lives of Company, any of its affiliates, or any of such entities' officers,

employees, agents, or representatives; or that place Company, any of its affiliates, or any of such entities' officers, employees, agents, or representatives in a false light before the public; or that constitute a misappropriation of the name or likeness of Company, any of its affiliates, or any of such entities' officers, employees, agents, or representatives. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded the Company and its affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

6.2 United States Foreign Corrupt Practices Act and Other Laws. Employee shall at all times comply with United States laws applicable to Employee's actions on behalf of Company, including specifically, without limitation, the United States Foreign Corrupt Practices Act, generally codified in 15 U.S.C. 78 (the "FCPA"), as the FCPA may hereafter be amended, and/or its successor statutes. If Employee pleads guilty to or nolo contendere or admits civil or criminal liability under the FCPA or other applicable United States law, or if a court finds that Employee has personal civil or criminal liability under the FCPA or other applicable United States law, or if a court finds that Employee committed an action resulting in Company or any of its affiliates having civil or criminal liability or responsibility under the FCPA or other applicable United States law with knowledge of the activities giving rise to such liability or knowledge of facts from which Employee should have reasonably inferred the activities giving rise to liability had occurred or were likely to occur, such action or finding shall constitute "Cause" for termination under this Agreement unless the Board of Directors determines that the actions found to be in violation of the FCPA or other applicable United States law were taken in good faith and in compliance with all applicable policies of Company.

ARTICLE 7: EFFECT OF TERMINATION ON COMPENSATION

7.1 In General. If Employee's employment hereunder shall terminate upon expiration of the Term or if such employment shall be terminated by Employee or by Company prior to the expiration of the Term for any reason whatsoever, then, upon such termination, regardless of the reason therefor, all compensation and all benefits to Employee hereunder shall terminate contemporaneously with the termination of such employment, except that if Employee's employment is Involuntarily Terminated (as such term is defined in paragraph 7.6 hereof) prior to the expiration of the Term, then Employee shall be entitled to receive the following benefits although Employee's active employment shall cease:

(i) All payments of the annual base salary under paragraph 3.1 (in the amount in effect on the date Employee's employment is Involuntarily Terminated) and bonus payments under Company's Annual Incentive Plan

(based upon Employee's most recent bonus payment amount received prior to the date Employee's employment is Involuntarily Terminated) at such time and in such manner as if Employee's employment had continued through the Term;

(ii) Employee may participate in the incentive compensation programs provided for in paragraph 3.2 (excluding Company's Annual Incentive Plan, which is covered in clause (i) above) as if Employee's employment had continued through the Term;

(iii) Employee shall be provided coverage for the remainder of the Term essentially equivalent to that under Company's Contributory and Non-Contributory Life Insurance, Health and long-term disability plans for active employees (using Employee's annual base salary pursuant to paragraph 3.1 as the compensation base where relevant); and

(iv) Employee or Employee's surviving spouse shall be provided additional pension payments in the amount that Employee or his surviving spouse would have received under Company's Retirement Plan, Supplemental Retirement Plan, and Pension Plan for Deferral Plan Participants had Employee's employment continued through the Term.

Company reserves the right to provide the benefits and payments referred to in paragraphs 7.1(ii), 7.1(iii), and 7.1(iv) by making substantially equivalent payments to or purchasing substantially equivalent benefits for Employee under arrangements other than the plans referred to in said paragraphs if, in Company's sole discretion, the tax or compliance status of such plans may otherwise be jeopardized. Such equivalent payments shall be a liability of Company, shall be paid exclusively from the general assets of Company, and shall be an unfunded and unsecured promise to pay money in the future, unless Company elects to otherwise fund or secure such payments.

7.2 Certain Additional Payments by Company. Notwithstanding anything to the contrary in this Agreement, in the event that any payment or distribution by Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest or penalties, are hereinafter collectively referred to as the "Excise Tax"), Company shall pay to Employee an additional payment (a "Gross-up Payment") in an amount such that after payment by Employee of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed on any Gross-up Payment, Employee retains an amount of the Gross-up Payment equal to the Excise Tax

imposed upon the Payments. Company and Employee shall make an initial determination as to whether a Gross-up Payment is required and the amount of any such Gross-up Payment. Employee shall notify Company immediately in writing of any claim by the Internal Revenue Service which, if successful, would require Company to make a Gross-up Payment (or a Gross-up Payment in excess of that, if any, initially determined by Company and Employee) within five days of the receipt of such claim. Company shall notify Employee in writing at least five days prior to the due date of any response required with respect to such claim if it plans to contest the claim. If Company decides to contest such claim, Employee shall cooperate fully with Company in such action; provided, however, Company shall bear and pay directly or indirectly all costs and expenses (including additional interest and penalties) incurred in connection with such action and shall indemnify and hold Employee harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of Company's action. If, as a result of Company's action with respect to a claim, Employee receives a refund of any amount paid by Company with respect to such claim, Employee shall promptly pay such refund to Company. If Company fails to timely notify Employee whether it will contest such claim or Company determines not to contest such claim, then Company shall immediately pay to Employee the portion of such claim, if any, which it has not previously paid to Employee.

7.3 Offset of Severance Benefits. Any amount payable to Employee pursuant to this Article shall be offset against any amounts to which Employee may otherwise be entitled under any and all severance plans and policies of Company or its affiliates presently in effect or which may be hereafter adopted or amended.

7.4 No Duty to Mitigate Losses. Employee shall have no duty to find new employment following the termination of his employment under circumstances which require Company to pay any amount to Employee pursuant to this Article. Any salary or remuneration received by Employee from a third party for the providing of personal services (whether by employment or by functioning as an independent contractor) following the termination of his employment under circumstances pursuant to which paragraphs 7.1 or 7.2 apply shall not reduce Company's obligation to make a payment to Employee (or the amount of such payment) pursuant to the terms of any such paragraph.

7.5 Incentive and Deferred Compensation. This Agreement governs the rights and obligations of Employee and Company with respect to Employee's base salary and certain perquisites of employment. Employee's rights and obligations both during the term of his employment and thereafter with respect to stock options, restricted stock, performance units, life insurance policies insuring the life of Employee, and other benefits under the plans maintained by Company shall be governed by the separate agreements,

plans and other documents and instruments governing such matters; provided, however, that upon Employee's termination of employment hereunder for any reason whatsoever, the benefits payable to Employee under Company's 1988 Deferral Plan and the HNG Deferral Plan shall be paid, when distributable to Employee in accordance with the provisions of said plans, as if Employee had retired from Company.

7.6 Certain Defined Terms. For purposes of this Agreement, the following terms shall have the meanings ascribed to them below:

(i) "Beneficial Owner" shall be defined by reference to Rule 13(d)-3 under the Securities Exchange Act of 1934, as in effect on September 1, 1989; provided, however, and without limitation, any individual, corporation, partnership, group, association or other person or entity which has the right to acquire any Voting Stock at any time in the future, whether such right is contingent or absolute, pursuant to any agreement, arrangement or understanding or upon exercise of conversion rights, warrants or options, or otherwise, shall be the Beneficial Owner of such Voting Stock.

(ii) "Change of Control" shall mean (A) Company merges or consolidates with any other corporation (other than one of Company's wholly owned subsidiaries) and is not the surviving corporation (or survives only as the subsidiary of another corporation), (B) Company sells all or substantially all of its assets to any other person or entity, (C) Company is dissolved, (D) any third person or entity (other than the trustee or committee of any qualified employee benefit plan of Company) together with its affiliates and associates shall become, directly or indirectly, the Beneficial Owner of at least 30% of the Voting Stock of Company, or (E) the individuals who constitute the members of the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority thereof, provided that any person becoming a director whose election or nomination for election by Company stockholders was approved by a vote of at least 80% of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of Company in which such person is named as a nominee for director, without objection to such nomination) shall be, for purposes of this clause (E), considered as though such person were a member of the Incumbent Board.

(iii) "Involuntarily Terminated" shall mean termination of Employee's employment with Company (A) by Company for any reason whatsoever except for Cause or upon Employee's death or becoming Permanently Disabled or (B) by Employee for Good Reason.

(iv) "Voting Stock" shall mean all outstanding

shares of capital stock of Company entitled to vote generally in elections for directors, considered as one class; provided, however, that if Company has shares of Voting Stock entitled to more or less than one vote for any such share, such reference to a proportion of shares of Voting Stock shall be deemed to refer to such proportion of the votes entitled to be cast by such shares.

7.7 Liquidated Damages. In light of the difficulties in estimating the damages for an early termination of this Agreement, Company and Employee hereby agree that the payments, if any, to be received by Employee pursuant to paragraph 7.1 or paragraph 7.2 shall be received by Employee as liquidated damages.

ARTICLE 8: MISCELLANEOUS

8.1 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Company to: Enron Corp.
1400 Smith Street
Houston, Texas 77002
Attention: Corporate Secretary

If to Employee to: Mr. Kenneth L. Lay
2121 Kirby Drive, #137
Houston, Texas 77019

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

8.2 Applicable Law. This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Texas, excluding any conflict-of-law rule or principle that might refer the construction of this Agreement to the laws of another State or country. The parties agree that this Agreement is to be at least partially performed in Houston, Harris County, Texas.

8.3 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

8.4 Severability. It is a desire and intent of the parties that the terms, provisions, covenants and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term,

provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

8.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

8.6 Withholding of Taxes and Other Employee Deductions. Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city and other taxes as may be required pursuant to any law or governmental regulation or ruling and all other normal employee deductions made with respect to Company's employees generally.

8.7 Headings. The paragraph headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

8.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

8.9 Affiliate. As used in this Agreement, the term "affiliate" shall mean any entity which owns or controls, is owned or controlled by, or is under common ownership or control with, Company.

8.10 Cooperation by Employee. Employee shall cooperate with Company by furnishing any and all information requested by Company, taking such physical examinations as Company may deem necessary, and taking such other relevant action as may be requested by Company in order to facilitate the acquisition and maintenance of the life insurance policy on the life of Employee that is subject to the Split Dollar Agreement referenced in paragraph 3.6.

8.11 Assignment. This Agreement shall be binding upon and inure to the benefit of Company and any successor of Company, by merger or otherwise. Except as provided in the preceding sentence, this Agreement, and the rights and obligations of the parties hereunder, are personal and neither this Agreement, nor any right, benefit, or obligation of either party hereto, shall be subject to voluntary or involuntary assignment, alienation or transfer, whether by operation of law or otherwise, without the prior

written consent of the other party.

8.12 Term. This Agreement has a term co-extensive with the Term as provided in paragraph 2.1. Termination shall not affect any right or obligation of any party which is accrued or vested prior to such termination. Without limiting the scope of the preceding sentence, the provisions of Articles 4, 5, and 6 shall survive any termination of the employment relationship and/or of this Agreement.

8.13 Entire Agreement. Except as provided in (i) written company policies promulgated by Company dealing with issues such as securities trading, business ethics, governmental affairs and political contributions, consulting fees, commissions or other payments, compliance with law, investments and outside business interests as officers and employees, reporting responsibilities, administrative compliance, and the like, (ii) the written benefits, plans, and programs referenced in paragraphs 3.2 and 3.3, and (iii) any signed written agreements contemporaneously or hereafter executed by Company and Employee (including, but not limited to, the Split Dollar Agreement and the Stock Option Grant Agreements referenced in Article 3), this Agreement constitutes the entire agreement of the parties with regard to such subject matters, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to Employee's employment relationship with Employer and the term and termination of such relationship, and replaces and merges previous agreements and discussions pertaining to the employment relationship between Employer and Employee. Specifically, but not by way of limitation, the Prior Employment Agreement is hereby canceled and Employee hereby irrevocably waives and renounces all of Employee's rights and claims under the Prior Employment Agreement. Notwithstanding the preceding provisions of this paragraph 8.13, except as provided in paragraph 8.14, the execution of this Agreement shall not affect the rights of the parties pursuant to (A) the stock options and restricted stock previously awarded to Employee and currently outstanding under any and all stock plans maintained by Company, (B) the previous awards to Employee that are currently outstanding under Company's Performance Unit Plan, (C) that certain Split Dollar Life Insurance Agreement and related Collateral Agreement between Company and the KLL & LPL Family Partnership, Ltd. dated as of April 22, 1994, (D) that certain Loan Commitment Agreement between Company and Employee made effective as of September 1, 1989, as amended from time to time by amendments to the Prior Employment Agreement (the "Loan Commitment Agreement"), and (E) Section 2 of the Houston Natural Gas Corporation and Subsidiaries Executive Supplemental Benefit Agreement between Employee and Houston Natural Gas Corporation dated November 12, 1984 (the "HNG ESBA". Further, the execution of this Agreement shall not affect Employee's previous waiver, renouncement, and forfeiture of any and all of his rights to benefits under the Enron Executive Supplemental Survivor Benefits Plan, the Houston Natural Gas Corporation and Subsidiaries

Executive Post-Retirement Salary Continuation Agreement between Employee and Houston Natural Gas Corporation dated July 1, 1985, and the HNG ESBA (excluding all rights as described under the terms and provisions of Section 2 of the HNG ESBA). Each party to this Agreement acknowledges that no representation, inducement, promise or agreement, oral or written, has been made by either party, or by anyone acting on behalf of either party, which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Company, which is not contained in this Agreement, shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by the party to be charged.

8.14 Amendment to Loan Commitment Agreement. Effective as of the Effective Date, the Loan Commitment Agreement shall be and is hereby amended as follows: (i) the date "December 31, 2001" shall be substituted for the date "August 31, 1994" in each place such latter date appears in Sections 1.01 and 2.04 of the Loan Commitment Agreement; (ii) the date "January 1, 2001" shall be substituted for the dates "February 8, 1999," and "January 1, 1994" in each place such latter dates appear in Sections 2.01 and 2.03 of the Loan Commitment Agreement; and (iii) all references to the Prior Employment Agreement in the Loan Commitment Agreement shall be deleted and references to this Agreement shall be substituted therefor.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the 18th day of December, 1996, to be effective as of the Effective Date.

ENRON CORP.

By: CHARLES A. LeMAISTRE
Name: Charles A. LeMaistre
Title: Chairman, Compensation Committee of Board of Directors

"COMPANY"

KENNETH L. LAY
KENNETH L. LAY

"EMPLOYEE"

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EXHIBIT A

ENRON CORP.
STOCK OPTION GRANT AGREEMENT

GRANTEE: Kenneth L. Lay
2121 Kirby Drive, #137
Houston, Texas 77019

I. AWARD

Congratulations! You have been granted an Option ("Option") to purchase shares of $.10 par value common stock ("Stock") of Enron Corp. (the "Company") as follows:

Employee I.D.:	###-##-####
Non-Qualified Stock Option Grant No.:	_____
Stock Plan:	Enron Corp. 1991 Stock Plan
Date of Grant:	_____
Purchase Price per Share Subject to Option:	$_____
Total Number of Shares Subject to Option:	637,500

II. DEFINITIONS

For purposes of this Stock Option Grant Agreement (this "Agreement"), the following terms shall have the following meanings:

"Adjusted Average S&P 500 Return" means, with respect to a specified period, 120% of the Average S&P 500 Return for such period.

"Average S&P 500 Return" means, with respect to a specified period, the average of the Total Shareholder Returns during such period for the common stocks comprising the Standard & Poor's 500 Composite Stock Price Index.

"Cause" shall have the meaning assigned to such term in the Employment Agreement.

"Employee" shall mean Kenneth L. Lay.

"Employment Agreement" shall mean that certain Employment Agreement between Employee and the Company made effective as of December 9, 1996.

"Involuntarily Terminated" shall have the meaning assigned to such term in the Employment Agreement.

"Measurement Period" shall mean the period beginning on January 1, 1997, and ending on the last day of any subsequent Year.

"Nonvested Shares" shall mean 80% of the aggregate number of shares of Stock offered by this Option.

"Plan" shall mean the Enron Corp. 1991 Stock Plan, as amended from time to time.

"Retirement" shall mean the termination of Employee's employment with the Company on or after December 31, 2001, provided that Employee has remained continuously employed by the Company from the date of grant hereof through such termination date pursuant to the terms of the Employment Agreement.

"Total Enron Shareholder Return" means, with respect to a specified period, the Total Shareholder Return during such period for a share of Stock.

"Total Shareholder Return" means, with respect to a specified period, the sum during such period of the appreciation or depreciation in the price of a share of a company's common stock and the dividends paid, expressed on a percentage basis, as calculated by the Committee in a manner consistent with that used to calculate "Total Shareholder Return" under the Company's Performance Unit Plan as of the date of grant of this Option.

"Year" shall mean the 12-month period beginning on January 1 and ending on December 31.

Capitalized terms used in this Agreement but not defined herein are defined in the Plan and are used herein with the meanings ascribed to them in the Plan.

III. EXERCISE OF OPTION

Subject to the earlier expiration of this Option as herein provided and subject to the provisions of the Plan providing for the disposition of this Option upon the occurrence of certain transactions, this Option may be exercised, by written notice to the Company at its principal executive office addressed to the attention of such officer as is then responsible for administering agreements of this nature, at any time and from time to time after the date of grant hereof, but, except as otherwise provided below, this Option shall not be exercisable for more than a percentage of the aggregate number of shares offered by this Option determined in accordance with the following schedule:

Exercise Date	Percentage of Shares That May Be Purchased
Prior to November 1, 2003	20%
On or After November 1, 2003	100%

Notwithstanding the foregoing, this Option shall become exercisable with respect to 100% of the shares offered by this Option if Employee's employment with the Company is Involuntarily Terminated or if such employment is terminated by reason of Employee's death, Disability, or Retirement. Further, this Option shall become exercisable with respect to the Nonvested Shares prior to the occurrence of the dates or events set forth above as follows:

(1) As soon as practicable (but in no event more than 60 days) after the last day of December of each

Year (beginning with December 31, 1997), the Committee shall determine whether the Total Enron Shareholder Return for such Year equaled or exceeded the Adjusted Average S&P 500 Return for such Year.

(2) If the Total Enron Shareholder Return for such Year equaled or exceeded the Adjusted Average S&P 500 Return for such Year, then this Option shall become exercisable as of the last day of December of such Year with respect to one-third of the Nonvested Shares. If the Total Enron Shareholder Return for such Year was less than the Adjusted Average S&P 500 Return for such Year, then the one-third of the Nonvested Shares that did not become exercisable for such Year pursuant to the preceding sentence shall become exercisable as of the last day of such Year or any subsequent Year so long as the cumulative Total Enron Shareholder Return for the applicable Measurement Period equaled or exceeded the cumulative Adjusted Average S&P 500 Return for such Measurement Period. The Committee shall determine the cumulative Total Enron Shareholder Return and the cumulative Adjusted Average S&P 500 Return for any applicable Measurement Period.

This Option is not transferable by Employee otherwise than pursuant to Section 5.4(iii) of the Plan. This Option may be exercised only while Employee remains an employee of the Company, except that if Employee's employment with the Company is terminated for any reason whatsoever other than by the Company for Cause, then this Option may be exercised following such termination, but only as to the number of shares Employee was entitled to purchase hereunder as of the date Employee's employment so terminates (which shall be determined after giving effect to the provisions of the preceding paragraph that provide that this Option shall be exercisable with respect to 100% of the shares offered hereunder in the event Employee's employment is Involuntarily Terminated or such termination is by reason of Employee's death, Disability, or Retirement).

Notwithstanding any provision herein to the contrary, (a) this Option shall not be exercisable in any event after December 31, 2003, and (b) this Option shall not become exercisable with respect to any additional shares offered by this Option after the termination of Employee's employment with the Company.

IV. MISCELLANEOUS

This Option is governed by the terms and conditions of the Plan, which is attached hereto and made a part of this Agreement. This Option shall not constitute an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986.

Administrative Committee
Enron Corp. 1991 Stock Plan

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EXHIBIT B

SPLIT DOLLAR AGREEMENT

THIS SPLIT DOLLAR AGREEMENT (this "Agreement") is made and entered into effective as of December 13, 1996, by and among ENRON CORP., a Delaware corporation, with principal offices and place of business in Houston, Texas (hereinafter referred to as the "Company"), KENNETH L. LAY, an individual residing in Houston, Texas (hereinafter referred to as the "Employee"), and KLL & LPL FAMILY PARTNERSHIP, LTD., a Texas limited partnership with principal offices and place of business in Houston, Texas (hereinafter referred to as the "Partnership"),

WITNESSETH THAT:

WHEREAS, the Employee is currently employed by the Company; and

WHEREAS, the Partnership is the owner of a policy of life insurance insuring the life of the Employee in the event of the Employee's death (hereinafter referred to as the "Policy"), which is described in Exhibit A attached hereto and by this reference made a part hereof, and which was issued by Transamerica Occidental Life Insurance Company (hereinafter referred to as the "Insurer"); and

WHEREAS, the Policy was obtained on October 14, 1996, by the Partnership upon conversion of another life insurance policy on the life of the Employee that was owned by the Partnership and in which the Partnership had an economic interest valued at $200,112;

WHEREAS, the Company is willing to pay a portion of the premiums due on the Policy as an additional employment benefit for the Employee, on the terms and conditions hereinafter set forth; and

WHEREAS, the Partnership is the owner of the Policy and, as such, possesses all incidents of ownership in and to the Policy; and

WHEREAS, the Company wishes to have the Policy collaterally assigned to it by the Partnership, in order to secure the repayment of the amounts which it will pay toward the premiums on the Policy and certain other amounts;

NOW, THEREFORE, in consideration of the premises and of the mutual promises contained herein, the parties hereto agree as follows:

1. Acquisition of Policy. The Partnership has acquired the Policy from the Insurer in the total face amount of $11,887,900. The parties hereto have taken all

necessary action to cause the Insurer to issue the Policy, and shall take any further action which may be necessary to cause the Policy to conform to the provisions of this Agreement. The parties hereto agree that the Policy shall be subject to the terms and conditions of this Agreement and of the collateral assignment filed with the Insurer relating to the Policy.

2. Ownership of Policy. The Partnership shall be the sole and absolute owner of the Policy, and may exercise all ownership rights granted to the owner thereof by the terms of the Policy, except as may otherwise be provided herein.

3. Payment of Premiums; Provision of Information.

a. Except to the extent required for the Partnership to satisfy its obligations pursuant to section 5 below, the Partnership shall not be required to make any premium payments with respect to the Policy.

b. On or before the due date of each annual Policy premium, or within the grace period provided therein, the Company shall pay $250,000 to the Insurer, and shall, upon request, promptly furnish the Partnership evidence of timely payment of such premium. Except with the consent of the Partnership, the Company shall not pay less than the amount provided in the preceding sentence, but it may, in its discretion, at any time and from time to time, subject to acceptance of such amount by the Insurer, pay more than such amount or make other premium payments on the Policy. Notwithstanding any provision herein to the contrary, the Company shall have no obligation (1) to make more than five annual premium payments in the amount specified in the preceding provisions of this paragraph or (2) to make any premium payments on or after the date the Employee's employment with the Company terminates for any reason whatsoever.

c. The Company shall annually furnish to the Employee a statement of the amount of income reportable by the Employee for federal and state income tax purposes as a result of the insurance protection provided the Partnership's Policy beneficiary. The Partnership and the Employee shall promptly furnish the Company with (1) copies of any information or notices provided by the Insurer from time to time with respect to the Policy and (2) any other material or information relating to the Policy and reasonably requested by the Company from time to time.

4. Collateral Assignment. To secure the repayment to the Company of the amount of the premiums on the Policy paid by it hereunder and the other amounts due to the Company hereunder, the Partnership has, contemporaneously herewith, assigned the Policy to the Company as collateral under a separate assignment instrument. The collateral assignment of the Policy to the Company shall not be terminated, altered or amended by the Partnership, without the express written consent of the Company. The parties hereto agree to

take all action necessary to cause such collateral assignment to conform to the provisions of this Agreement and to be accepted by the Insurer. Without limiting the scope of the preceding provisions of this section, the parties hereto agree that the Company shall have an interest in the cash surrender value of the Policy to secure the amounts due to the Company hereunder, which interest shall in no event be less than the aggregate premium payments made with respect to the Policy by the Company pursuant to section 3(b) above.

5. Limitations on Partnership's Rights in Policy. The Partnership shall not sell, assign, transfer, borrow against or withdraw from the cash surrender value of the Policy, surrender, or cancel the Policy without, in any such case, the express written consent of the Company. Further, the Partnership shall not change the beneficiary designation provision of the Policy, change the elected death benefit option provisions thereof, decrease or increase the face amount of insurance, fail to make premium payments, take any other action, or fail to take any action if, as a result of any such action or inaction, (a) the aggregate death benefits payable under the Policy at any given time would be less than the portion of the death benefits payable to the Company pursuant to the first sentence of section 6(b) below if the Employee's death was to occur at such time or (b) the projected cash surrender value of the Policy upon Employee's attainment of 100 years of age (determined based upon the Insurer's assumptions prevailing at the time of any such action or inaction) would be less than $250,000.

6. Collection of Death Proceeds.

a. Upon the death of the Employee prior to the termination of this Agreement during the Employee's lifetime, the Company and the Partnership shall cooperate with the beneficiary or beneficiaries designated by the Partnership to take whatever action is necessary to collect the death benefit provided under the Policy. When such benefit has been collected and paid as provided herein, this Agreement shall thereupon terminate.

b. Upon the death of the Employee prior to the termination of this Agreement during the Employee's lifetime, the Company shall have the unqualified right to receive $1,250,000 of such death benefit in a single lump sum cash payment; provided, however, that if the Employee's employment with the Company has terminated for any reason whatsoever (other than death) prior to the date upon which the Company has paid all five of the annual premium payments provided for in section 3(b) above, then the amount of the death benefit payable to the Company shall be reduced to an amount equal to the aggregate premium payments made by the Company pursuant to section 3(b) above on or before the date of such termination. The balance of the death benefit provided under the Policy, if any, shall be paid directly to the beneficiary or beneficiaries designated by the Partnership, in the manner and in the amount or amounts

provided in the beneficiary designation provision of the Policy. In no event shall the amount payable to the Company hereunder exceed the insurance benefits payable at the death of the Employee. No amount shall be paid from such insurance benefits to the beneficiary or beneficiaries designated by the Partnership until the full amount due the Company hereunder has been paid. The parties hereto agree that the beneficiary designation provision of the Policy shall conform to the provisions hereof.

c. Notwithstanding any provision hereof to the contrary, in the event that, for any reason whatsoever, no death benefit is payable under the Policy upon the death of the Employee prior to the termination of this Agreement during the Employee's lifetime and in lieu thereof the Insurer refunds all or any part of the premiums paid for the Policy, the Company and the Partnership's designated beneficiary or beneficiaries shall have the unqualified right to share such premiums based on the respective cumulative contributions by the Company and the Partnership thereto. For purposes of the preceding sentence, the Partnership shall be deemed to have made a premium payment with respect to the Policy on the effective date of this Agreement in an amount equal to $200,112.

7. Termination of the Agreement During the Employee's Lifetime.

a. This Agreement may be terminated by the Partnership at any time during the Employee's lifetime upon written notice to the Company and payment to the Company by the Partnership at the time of such notice of a single lump sum cash payment in the amount of $1,250,000; provided, however, that if the Employee's employment with the Company has terminated for any reason whatsoever (other than death) prior to the date upon which the Company has paid all five of the annual premium payments provided for in section 3(b) above, then the amount of such required payment to the Company by the Partnership shall be reduced to an amount equal to the aggregate premium payments made by the Company pursuant to section 3(b) above on or before the date of such termination. Upon receipt of such amount, the Company shall release the collateral assignment of the Policy by the execution and delivery of an appropriate instrument of release.

b. This Agreement shall automatically terminate, during the Employee's lifetime, without notice, upon the occurrence of any of the following events: (1) total cessation of the Company's business; (2) bankruptcy, receivership or dissolution of the Company; or (3) mutual written consent of the parties. If this Agreement terminates for a reason described in the preceding sentence, then for sixty (60) days after the date of the termination of this Agreement, the Partnership shall have the option of obtaining the release of the collateral assignment of the Policy to the Company. To obtain such release, the Partnership shall repay to the Company the total amount of

the premium payments made by the Company hereunder, less any indebtedness secured by the Policy which was incurred by the Company and remains outstanding as of the date of such termination, including any interest due on such indebtedness. Upon receipt of such amount, the Company shall release the collateral assignment of the Policy by the execution and delivery of an appropriate instrument of release. If the Partnership fails to exercise such option within such sixty (60) day period, then, at the request of the Company, the Partnership shall execute any document or documents required by the Insurer to transfer the interest of the Partnership in the Policy to the Company. Alternatively, the Company may enforce its right to be repaid the amount of the premiums on the Policy paid by it from the cash surrender value of the Policy under the collateral assignment of the Policy; provided that in the event the cash surrender value of the Policy exceeds the amount due the Company, such excess shall be paid to the Partnership. Thereafter, neither the Partnership nor any person claiming under the Partnership shall have any further interest in and to the Policy, either under the terms thereof or under this Agreement.

8. Insurer Not a Party. The Insurer shall be fully discharged from its obligations under the Policy by payment of the Policy death benefit to the beneficiary or beneficiaries named in the Policy, subject to the terms and conditions of the Policy. In no event shall the Insurer be considered a party to this Agreement, or any modification or amendment hereof. No provision of this Agreement, nor of any modification or amendment hereof, shall in any way be construed as enlarging, changing, varying, or in any other way affecting the obligations of the Insurer as expressly provided in the Policy, except insofar as the provisions hereof are made a part of the Policy by the collateral assignment executed by the Partnership and filed with the Insurer in connection herewith.

9. Named Fiduciary. Determination of Benefits, Claims Procedure and Administration.

a. The Company is hereby designated as the named fiduciary under this Agreement. The named fiduciary shall have authority to control and manage the operation and administration of this Agreement, and it shall be responsible for establishing and carrying out a funding policy and method consistent with the objectives of this Agreement.

b. (1) Claim. A person who believes that he or she is being denied a benefit to which he or she is entitled under this Agreement (hereinafter referred to as a "Claimant") may file a written request for such benefit with the Company, setting forth his or her claim. The request must be addressed to the Company at its then principal place of business.

(2) Claim Decision. Upon receipt of a claim, the Company shall advise the Claimant that a reply

will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Company may, however, extend the reply period for an additional ninety (90) days for reasonable cause.

If the claim is denied in whole or in part, the Company shall adopt a written opinion, using language calculated to be understood by the Claimant, setting forth: (i) the specific reason or reasons for such denial; (ii) the specific reference to pertinent provisions of this Agreement on which such denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation why such material or such information is necessary; (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; and (v) the time limits for requesting a review under subsection (3) and for review under subsection (4) hereof.

(3) Request for Review. With sixty (60) days after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Company review its determination. Such request must be addressed to the Company, at its then principal place of business. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Company. If the Claimant does not request a review of the Company's determination within such sixty (60) day period, he or she shall be barred and estopped from challenging the Company's determination.

(4) Review of Decision. Within sixty (60) days after the Company's receipt of a request for review, it will review the determination. After considering all materials presented by the Claimant, the Company will render a written opinion, written in a manner calculated to be understood by the Claimant, setting forth the specific reasons for the decision and containing specific references to the pertinent provisions of this Agreement on which the decision is based. If special circumstances require that the sixty (60) day time period be extended, the Company will so notify the Claimant and will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review.

10. Amendment. This Agreement may not be amended, altered or modified, except by a written instrument signed by the parties hereto, or their respective successors or assigns, and may not be otherwise terminated except as provided herein.

11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Employee, the Partnership, and their respective successors, assigns, heirs, executors, administrators, and beneficiaries.

12. Notice. Any notice, consent or demand required or permitted to be given under the provisions of this Agreement shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed to a party hereto, it shall be sent by United States certified mail, postage prepaid, addressed to such party's last known address as shown on the records of the Company. The date of such mailing shall be deemed the date of notice, consent or demand.

13. Taxes. The Company makes no guarantees and assumes no obligations or responsibilities with respect to the Employee's or the Partnership's federal, state, or local income, estate, inheritance, and gift tax obligations, if any, under this Agreement, the Policy, or the collateral assignment of the Policy to the Company.

13. Governing Law. This Agreement, and the rights of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in triplicate on this the 18th day of December, 1996, effective as of December 13, 1996.

ENRON CORP.

By:CHARLES A. LeMAISTRE
Name: Charles A. LeMaistre
Title: Chairman, Compensation Committee of Board of Directors

"COMPANY"

KENNETH L. LAY
Kenneth L. Lay

"EMPLOYEE"

KLL & LPL FAMILY PARTNERSHIP, LTD.

By:KENNETH L. LAY
Name: Kenneth L. Lay
Title: Managing Partner

"PARTNERSHIP"

<PAGE>

EXHIBIT A

The following life insurance policy is subject to the attached Split Dollar Agreement:

Insurer: Transamerica Occidental Life Insurance Company

Insured: Kenneth L. Lay

Policy Number: 92539069

Face Amount: $11,887,900

Effective Date of Policy: October 14, 1996

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Exhibit 10.34

AGREEMENT

This Agreement is made and entered into by and between Enron Corp. ("Company") and Richard D. Kinder ("Kinder"), an individual residing in Houston, Texas, on and effective the 25th day of November, 1996 (the "Effective Date").

WITNESSETH:

WHEREAS, Company and Kinder have agreed that Kinder's employment with the Company will voluntarily terminate; and

WHEREAS, Company and Kinder have agreed upon the time, terms and conditions under which Kinder's employment with the Company will terminate;

NOW, THEREFORE, for and in consideration of the mutual covenants, promises and representations contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company and Kinder agree as follows:

1. Regarding Kinder's Employment with Company.

1.1. Employment. Kinder's voluntary resignation and termination of employment with Company shall be effective on February 15, 1997 ("Termination Date"). Effective December 31, 1996, Kinder shall resign as an officer, director and member of executive committees of Company and its subsidiaries and affiliated companies in which he holds office, directorship and/or membership; however, from December 31, 1996, until the Termination Date, Kinder will continue to perform the duties reasonably agreed to between

him and the Chairman and Chief Executive Officer of Company. In connection with his resignation as an officer, director and member of executive committees, Kinder agrees to sign a resignation letter to be placed in the corporate minute books of Company, its subsidiaries and affiliates. The parties agree that such resignation and continuation of employment, which results in a transfer of position and an overall substantial and material reduction in the nature and scope of his duties and responsibilities, shall not be an Involuntary Termination of Kinder's employment with Company. The parties agree that as of the Effective Date, there has occurred no event that is or could result in an Involuntary Termination of Kinder's employment with Company.

1.2. Employment Agreement. Subject to the provisions of this Agreement which shall be controlling and which are an amendment thereof, the Employment Agreement as amended from time to time, between Company and Kinder effective as of September 1, 1989 (the "Employment Agreement)" shall continue in effect until the Termination Date, whereupon Kinder's employment with Company shall voluntarily terminate.

1.3. Defined Terms. Terms and phrases used in this Agreement which are defined in the Employment Agreement shall have the same meaning as used in the Employment Agreement.

2. Consideration:

2.1. Payments. As consideration for covenants contained herein and the parties' agreement therewith, and subject to tax withholding requirements, Company shall pay to Kinder:

A. A payment in the sum of One Million Dollars ($1,000,000) which shall be paid to Kinder on January 1, 1997.

B. An amount as the annual bonus Kinder would receive for calendar year 1996 in the sum of One Million Five Hundred Thousand Dollars ($1,500,000), which shall be paid at the time bonus payments for calendar year 1996 are paid to executives of Company, but not later than the Termination Date.

2.2. Debt Cancellation. All principal in the amount of Three Million Fifty Three Thousand Eighty Six Dollars ($3,053,086) and all interest accrued through February 7, 1997 (Six Hundred Seventy Four Thousand Five Hundred Three Dollars ($674,503) as of September 30, 1996, plus interest accrued thereafter through February 7, 1996) under Kinder's Stock Finance Documents and Loan Commitment Documents are canceled and forgiven as of February 7, 1996, and shall be reported by Company as taxable income to Kinder.

2.3. Club Memberships. Company shall transfer to Kinder the memberships maintained by Company for Kinder at the Houston Racquet Club and the Petroleum Club, and such transfer of

memberships shall be reported by Company as taxable income to Kinder. Kinder shall pay fees and costs associated with continuation of such memberships in his name.

2.4 Vacation Days. Company shall pay Kinder accumulated unused vacation pay for 1996 on December 31, 1996 in the amount of Forty Six Thousand Ten Dollars ($46,010), and accumulated unused vacation pay for 1997 in the amount of Sixty Three Thousand Four Hundred Sixty Two Dollars ($63,462) on the Termination Date.

3. Employee Benefit Plans and Compensation Programs.

3.1. Entitlement to Benefits and Compensation. Except as otherwise provided in this Agreement, Kinder shall be entitled to receive benefits earned by and payable to him under all employee benefit plans and compensation plans and programs in which he participated or was covered by during his employment with Company, according to the terms and provisions thereof, and as provided for in the Employment Agreement. In furtherance thereof, the parties acknowledge and agree:

A. Kinder shall receive annual payments of One Hundred Twenty One Thousand Two Hundred Forty Five Dollars ($121,245.00) each, on or before each March 1 in the years 1997 through 2002.

B. Kinder shall receive not less than One Hundred Thousand Dollars ($100,000) as a result of the performance of the Performance Units granted to him under Company's Amended and Restated Performance Unit Plan, representing payment for 400,000 Performance Units granted to him on February 8, 1993 for the 1993 - 1996 Performance Period, and as communicated in a grant notification letter dated February 10, 1993.

C. Kinder has waived and forfeited all rights to post retirement benefits under the Enron Executive Supplemental Survivor Benefits Plan and all benefits under the Houston Natural Gas Corporation and Subsidiaries Executive Post-Retirement Salary Continuation Agreement dated July 1, 1985.

D. Vesting of all outstanding options granted to Kinder under stock plans of Company shall cease as of the Termination Date. Options which are vested and outstanding on the Termination Date shall be exerciseable as specified and provided for in the applicable grant agreements. Company agrees that as of December 31, 1996, Company will cause to vest in Kinder at least 213,334 options granted to Kinder pursuant to Grant No. 005109, dated February 8, 1994.

E. The benefits payable under Company's Deferral Plans and the HNG Deferral Plan will be paid, when distributable to Kinder in accordance with the provisions of said plans, as if Kinder had retired from

Company.

F. Kinder waives, and Company shall not be required to pay, any severance or severance benefits, in connection with the termination of his employment, whether from a Company sponsored severance plan or the general assets of Company. The consideration provided for under this Agreement are in lieu of and take the place of any severance pay or severance benefit, which Kinder forfeits.

G. Except as provided in this Agreement, all compensation and benefits to Mr. Kinder terminate contemporaneously with his termination of employment as of the Termination Date.

4. Ownership, Protection, Use and Marketing of Intellectual Property:

4.1. Disclosure. Kinder will promptly disclose to Company all of the information or technology that Kinder heretofore conceived, developed, reduced to practice, made, invented, created, or acquired in connection with Kinder's employment relationship with Company. This includes information and technology (including but not limited to, confidential information and trade secrets), improvements (whether or not patentable), inventions, designs, algorithms, formulas, processes, compositions of matter, mask works, computer programs, and all forms of expression of ideas and original works of authorship that are the subject matter of copyright. This applies to all information or technology, whether conceived, developed, reduced to practice, made, invented, created, or acquired solely or jointly with others, whether or not in the course and scope of Kinder's employment services, whether or not in Company's offices or at Kinder's home or elsewhere, and whether or not using Company's facilities.

4.2. Assignment. To the extent that the information or technology, particularly the forms of expression of ideas and original works of authorship constituting the subject matter of copyright, were during Kinder's employment by Company, conceived, developed, reduced to practice, made, invented, created, or acquired as a result of Kinder being commissioned or requested by Company to perform services for Company, to the fullest extent allowed by law it is intended that such information and technology shall be a "work for hire," both under the United States Copyright Act or otherwise. To the extent the information or technology is not a work for hire, Kinder hereby irrevocably assigns to Company all worldwide right, title and interest in and to the information and technology, including all intellectual property rights in or pertaining to such and technology. This assignment of intellectual property rights in or pertaining to the information and technology includes, but is not limited to (a) the right to maintain all such information and technology in confidence (including the right of first publication as specified in more detail

below), (b) the right to determine whether, when and under what circumstances to file applications for Unites States and foreign patents, (c) all rights of copy right, and (d) all "moral rights." The term "moral rights" means (i) the exclusive right of attribution (e.g., authorship, inventorship, etc.) of the information and technology, (ii) the right to object to or prevent the modification of the information or technology, (iii) the right to withdraw from circulation or control the publication or distribution of the information or technology, and/or (iv) any similar right existing under the judicial or statutory law in any country in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a "moral right." Kinder waives any such moral rights with respect to the information and technology; provided, however, Kinder retains a non-exclusive right to attribution (e.g., authorship, inventorship, etc.) of the information and technology.

4.3. Company Confidential Information. Kinder's employment relationship with Company creates a relationship of confidence and trust with respect to any information of a confidential or secret nature that is or has been conceived, developed, reduced to practice, made, invented, created, or acquired during Kinder's employment relationship with Company and is owned or possessed by Company or is or has been learned by Kinder from Company or its subsidiaries, affiliates or licensees and their suppliers and customers (all of which is referred to herein as the "Company Confidential Information"). The term Company Confidential Information includes not only technical information but also marketing plans, product plans, business strategies, financial information, personnel information, and customer lists. At all times both during the employment relationship with Company and thereafter, Kinder shall keep and hold such Company Confidential Information in strict confidence and trust, and will not use or disclose any of such Company Confidential Information without the prior written consent of Company, except as otherwise allowed by this Agreement.

4.4. Cooperation. Kinder will assist Company, and its subsidiaries, affiliates or licensees, in every proper way to obtain, maintain and enforce for Company and its subsidiaries, affiliates or licensees, as the case may be, all patents, copyrights, information mask work rights, confidentiality and trade secret rights, and other legal protections for the information and technology in the United States and all foreign countries. Kinder and Company will execute such documents as Company may reasonable request for use in obtaining, maintaining and enforcing such patents, copyrights, mask work rights, confidentiality and trade secret rights, and other legal protections for the information and technology, provided that Company shall compensate Kinder after the term of this Agreement for time or expense actually spent by Kinder at Company's request on such assistance. Kinder appoints the Secretary of Company as attorney-in-fact to execute documents on behalf of Kinder for this purpose.

5. Parties Shall Refrain From Publishing Statements:

5.1. Kinder Shall Refrain From Publishing Statements. Kinder shall refrain from publishing any oral or written statements about Company, any of its subsidiaries or affiliates, or any of such entities' officers, employees, agents or representatives that are slanderous, libelous, or defamatory; or that disclose private or confidential information about Company or any of its subsidiaries or affiliates, or any of such entities' business affairs, officers, employees, agents, or representatives; or that constitute an intrusion into the seclusion or private lives of Company or any of its subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives; or that give rise to unreasonable publicity about the private lives of Company or any of its subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives; or that place Company or any of its subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives in a false light before the public; or that constitute a misappropriation of the name or likeness of Company or any of its subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded the Company and its subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives under this provision are in addition to any and all rights and remedies otherwise afforded by law.

5.2. Company Shall Refrain from Publishing Statements. Company shall refrain from publishing any oral or written statements about Kinder that are slanderous, libelous, or defamatory; or that disclose private or confidential information about Kinder; or that constitute an intrusion into the seclusion or private life of Kinder; or that give rise to unreasonable publicity about the private life of Kinder; or that place Kinder in a false light before the public; or that constitute a misappropriation of Kinder's name. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded Kinder under this provision are in addition to any and all rights and remedies otherwise afforded by law.

6. Competition.

6.1 Non Inducement. After the Termination Date, Kinder shall not be subject to any restriction or limitation on his ability to engage in any business, whether on his own behalf or on the behalf of another, provided, however, for a period of two years following the Termination Date, Kinder shall not, directly or indirectly, on his own behalf or on the behalf of another, induce any employee of Company or any Affiliate to terminate his or her employment with Company or such Affiliate. Provided, however, this shall not prohibit the hiring of any such employee if Company terminates such

employee or such employee terminates employment with Company without such inducement by Kinder.

6.2. Provisions Survive. It is understood that the termination of Kinder's employment with Company and the Employment Agreement shall not relieve Kinder of any continuing obligations imposed upon Kinder hereunder, including, but not limited to, the obligations specified in this Article 6 and Articles 4 and 5 above.

7. Miscellaneous:

7.1. Governing Law. The laws of the State of Texas will govern the interpretation, validity and effect of this Agreement without regard to the place of execution or place of performance thereof.

7.2. Amendment to Employment Agreement. This Agreement is an amendment to the Employment Agreement. This Agreement may not be modified in any respect by any verbal statement, representation or agreement made by any employee, officer or representative of Company, or by any written document unless it is signed by an officer of Company.

7.3. Notices. For purposes of this Agreement, notices and all other communications shall be in writing and shall have been duly given when personally delivered or when mailed by United States certified or registered mail, addressed as follows:

If to Company:

Enron Corp.
1400 Smith Street, Suite 5029
Houston, Texas 77002
Attention: Corporate Secretary

If to Kinder:

Richard D. Kinder
101 Westcott Apt. 1801
Houston, Texas

or to any other address which either party may furnish to the other in writing, except that notices of changes of address shall be effective only upon receipt.

7.4. No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

7.5. Remedy for Breach of Contract. The parties agree that in the event there is any breach or asserted breach of the terms, covenants or conditions of this Agreement, the remedy of the parties hereto shall be in both law and in equity,

including but not limited to, injunctive relief for the enforcement of or relief from any provisions of this Agreement.

7.6. Severability. It is a desire and intent of the parties that the terms, provisions, covenants and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant or remedy of this Agreement or the application thereof to any person or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect. It is further the desire and intent of the parties that in the event of any breach of any portion of this Agreement, the remainder of this Agreement shall remain in effect as written and enforceable to the fullest extent permitted by law.

7.7. Withholding of Taxes. Company may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as may be required pursuant to any law or governmental regulation or ruling.

7.8. Headings. The paragraph headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate originals effective as of the Effective Date stated above.

ENRON CORP.

By: KENNETH L. LAY
Title: Chairman & CEO

RICHARD D. KINDER

RICHARD D. KINDER

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Exhibit 10.56

THIRD AMENDMENT TO
ENRON CORP. 1994 DEFERRAL PLAN

WHEREAS, Enron Corp. (the "Company") has heretofore adopted the Enron Corp. 1994 Deferral Plan (the "Plan'); and

WHEREAS, the Board of Directors of the Company has determined and authorized that the Plan be amended to prohibit hardship distribution from the Phantom Stock Agreement by participants who are subject to Section 16(b) of the Securities Exchange Act of 1934;

NOW, THEREFORE, the Plan is amended as follows:

1. The following new sentence is added to the end of Section 8.5 of the Plan:

"Notwithstanding anything to the contrary in this Section 8.5, hardship distribution from the Phantom Stock Agreement shall not be allowed by any Participant who is subject to Section 16(b) of the Securities Exchange Act of 1934."

AS AMENDED HEREBY, the Plan is specifically ratified and reaffirmed.

Date: 5-6-96 ENRON CORP.

By: PHILIP J. BAZELIDES
Title: VP Human Resources

ATTEST:

PEGGY B. MENCHACA
Title: Vice President & Secretary

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Exhibit 10.57

FOURTH AMENDMENT TO
ENRON CORP. 1994 DEFERRAL PLAN

WHEREAS, Enron Corp. (the "Company') has heretofore adopted the Enron Corp. 1994 Deferral Plan (the "Plan") and

WHEREAS Board of Directors of the Company has determined and authorized that the Plan be amended to provide that upon the transfer or change of employment of a Participant from or with Enron Corp. or other Employing affiliated employer of Enron Corp. that is not an Employing Company, under the Plan shall cease as of such transfer or change of employment, provided, however, for purposes of payments and benefits as provided for under part VIII of the Plan, employment shall be deemed to continue;

NOW, THEREFORE, the Plan is amended as follows:

1. Section 14.14 is rescinded and the following is inserted in its place:

14.14 Adoption by Other Employing Companies. It is contemplated that other corporations, associations, partnerships or proprietorships, with the approval of Enron Corp., may adopt this Plan and thereby become an Employing Company hereunder. Any such entity, whether or not presently may become, upon approval of Enron Corp., a party hereto by appropriate action of its board of or noncorporate counterpart. Adoption of and participation in the Plan by an Employing Company shall become effective only when it has been consented to and accepted by Enron Corp. either by the Directors or an agent or committee authorized by the Directors. -An Employing Company may terminate its participation in the Plan at any time by appropriate action of its board of directors or equivalent governing authority and giving notice in writing thereof to the Committee. In addition, the Directors may, in their sole discretion, by appropriate action terminate an Employing Company's participation in the Plan at any time by giving written notice thereof to the Employing Company. The provisions of the Plan shall apply separately and equally to each Employing Company and its employees in the same manner as is expressly provided for Enron Corp. and its employees, except that the power to appoint or otherwise affect the Committee or the Trustee and the power to amend or terminate the Plan and Trust Agreement shall be exercised by Enron Corp. alone. Nevertheless, any Employing Company may, with the consent of Enron Corp.,

incorporate in its adoption agreement or in an amendment document specific provisions relating to the operation of the Plan, and such provisions shall become a part of the Plan as to such Employing Company only. Upon the transfer or change of employment of a Participant with Enron Corp. or other Employing Company to an affiliated employer of Enron Corp. (an employer in which Enron Corp. has a direct or indirect ownership or proprietary interest as determined by the Committee) that is not an Employing Company, deferrals elected by a Participant under the Plan shall cease as of such transfer or change of employment, provided, however, for purposes of payments and benefits as provided for under part VIII of the employment shall be deemed to continue as long as such Participant is employed by an employer of Enron Corp. Any Employing Company may, by appropriate action of its board of directors or noncorporate counterpart, terminate its participation in the Plan- Moreover, Enron Corp. may, in its discretion, terminate an Employing Company's Plan participation at any time.

AS AMENDED HEREBY, the Plan is specifically ratified and reaffirmed.

Date: 8-11-96 ENRON CORP.

By: Philip J. Bazelides
Title: V.P. Compensation & Benefits

ATTEST:

PEGGY B. MENCHACA
Title: Vice President & Secretary

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Exhibit 10.58

FIFTH AMENDMENT TO
ENRON CORP. 1994 DEFERRAL PLAN

WHEREAS, Enron Corp. (the "Company") has heretofore adopted the Enron Corp. 1994 Deferral Plan (the "Plan"); and

WHEREAS, the Board of Directors of the Company has determined and authorized that the Plan be amended to provide that with respect to Participants who are employed in states which impose state income tax on Plan benefits, the Committee may determine the amount, manner and/or time of payment of benefits under the Plan, and to provide for the establishment of a new Stock Option Deferral Account in which Participants, designated by the Committee, may elect to defer receipt of shares of Enron Corp. common stock from the exercise of a stock option granted under a stock plan sponsored by Enron Corp., when such exercise is made by means of a stock swap using shares owned by the Participant;

NOW, THEREFORE, the Plan is amended as follows:

1. The following sentence is added to the end of Article VI:

"Notwithstanding any provision in this Article VI, or elsewhere in the Plan, with respect to Participants who are employed in states which impose state income tax on Plan benefits, the Committee may determine the amount, manner and/or time of payment of benefits under the Plan, including, but not limited to, a requirement of at least a ten year minimum payout period for Deferral Plan benefits."

2. New Section 3.5 is added to the end of Article III:

3.5 Stock Option Deferral. Participants, designated by the Committee, may make an advance written election to defer receipt of shares of Enron Corp. common stock from the exercise of a stock option granted under a stock plan sponsored by Enron Corp., when such exercise is made by means of a stock swap using shares owned by the Participant. Elections to defer receipt of such shares shall be made pursuant to guidelines established by the Committee, and the value of such shares shall be credited to a Stock Option Deferral Account in a Participant's name who makes such an election. A deferral credited to a Participant's Stock Option Deferral Account shall be in an amount equal to the number of shares deferred multiplied by the per share exercise price of the exercised stock option, and shall be treated as if the amount of the deferral had purchased shares of Enron Corp. common stock at such per share exercise price. Such deferrals will be credited with cumulative appreciation and/or depreciation based on the price of Enron Corp. common stock. Dividend equivalents will be credited quarterly to the Participant's Stock Option Deferral Account and treated as if reinvested in Enron Corp. common stock. Payments from a Participant's Stock Option Deferral Account will be made subject to applicable provisions

of the Plan and the Participant's deferral election, on a form acceptable to the Committee. The Committee shall cause such payments to be made in shares of Enron Corp. common stock.

AS AMENDED HEREBY, the Plan is specifically ratified and reaffirmed.

Date: December 10, 1996 ENRON CORP.

By: PHILIP J. BAZELIDES
Title: Vice President Human Resources

ATTEST:

PEGGY B. MENCHACA
Title: Vice President & Secretary

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<TYPE>EX-10.59
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Exhibit 10.59

ENRON POWER CORP.
EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and effective as of July 1, 1990 (the "Effective Date"), by and among Enron Power Corp., a Delaware corporation and subsidiary of Enron Corp. ("Enron") having its headquarters at 10077 Grogans Mill Road, Suite 475, The Woodlands, Texas 77380 ("EPC") and Thomas E. White, an individual currently residing at 25B Lee Avenue, Fort Myers, Virginia 22211 ("Employee").

WITNESSETH:

WHEREAS, EPC is desirous of employing Employee in an executive capacity on the terms and conditions, and for the consideration, hereinafter set forth, and

WHEREAS, Employee is desirous of entering the employ of EPC on such terms and conditions and for such consideration;

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and obligations contained herein, Enron and Employee agree as follows:

ARTICLE 1: EMPLOYMENT AND DUTIES

1.1 Term. EPC shall employ Employee, and Employee agrees to be employed by EPC, for the period set forth on Exhibit A hereto beside the heading "Term", subject to the terms and conditions of this Agreement, unless sooner terminated pursuant to other provisions hereof. Subsequent to such employment, EPC may assign this agreement to any successor or to any 90%-or-more owned subsidiary of Enron that is principally engaged in the business of owning, operating, developing, managing or administering electric power generation facilities.

1.2 Position and Duties. EPC shall maintain Employee in the position or positions set forth beside the heading "Title/Office" on Exhibit A (the "Officer Position", which may include more than one office or title), or in such other positions as the parties mutually may agree. Employee agrees to serve in the Officer Position, and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such position(s) as set forth in the bylaws of EPC, as well as such additional duties and services appropriate to such office(s) which he from time to time may be reasonably directed to perform by the Board of Directors of EPC. Employee agrees to comply with such company policies and procedures of EPC as EPC may establish from time to time.

1.3 Exclusivity. Employee shall, during the period of his employment by EPC, devote such portion of his business time, energy and best efforts to the business and affairs of EPC as is necessary to fulfill his obligations under Section 1.2. Employee may not engage, directly or indirectly, in any other business, investment or activity that shall violate the provisions of Article 5, interferes with Employee's performance of his duties hereunder, be contrary to the interests of EPC or Enron or require any significant portion of Employee's business time.

ARTICLE 2: COMPENSATION AND BENEFITS

2.1 Base Salary. Employee's base salary during the term hereof shall be not less than the amount set forth beside the heading "Base Salary" on Exhibit A, and shall be reviewed periodically for adjustment Employee's base salary shall be earned and paid in equal semimonthly installments in accordance with EPC's standard payroll practice.

2.2 Perquisites and Benefits. Employee shall be entitled to the perquisites and benefits applicable to other senior e officers of EPC (other than John B. Wing), and such additional ones as may from time to time be

approved for Employee by EPC's Board of Directors.

2.3 Vacation. During each year of his employment, Employee shall be entitled to the amount of vacation per calendar year set forth beside the heading "Vacation" on Exhibit A.

2.4 Phantom Equity Interests. A. Grant of Phantom Equity. Employee is hereby granted the contingent rights set forth beside the heading "Phantom Equity %" on Exhibit A, the terms of which rights are set forth and governed by the provisions in this Section 2.4 and in the Enron Power Corp. Phantom Equity Plan (the "Plan") attached as Exhibit B. Employee understands and agrees that in the event of a termination of Employee's employment other than an Involuntary Termination, or a voluntary redemption by Employee of Phantom Equity prior to the end of the Term hereof the amount paid to Employee pursuant to the Phantom Equity will not be based on its or EPC's market value and therefore may be substantially less than would be payable upon an Involuntary Termination or at the expiration of the Term of this Agreement. Employee further understands and agrees that Employee was offered the opportunity to execute this Agreement for a Term equal to the Vesting Schedule on Exhibit A, and that if Employee elected a shorter term and the Term hereof expires prior to the end of the Vesting Schedule on Exhibit A, and Employee and the Company are unable to agree on terms of continued employment and Employee's employment with the Company terminates, the portion of the Phantom Equity that had not yet vested will never vest and will be forever lost and forfeited by Employee. Employee further understands and agrees that an inherent feature of the Phantom Equity is the right and duty of the Board of Directors or a committee designated by it to reasonably determine the value of the Phantom Equity under certain circumstances, without any initial input or verification from Employee. Employee shall not be entitled to sell participate out, transfer or otherwise dispose of any Phantom Equity interest otherwise than by will or the laws of descent and distribution.

B. Redemption of Phantom Equity. Subject to the earlier expiration of this grant of Phantom Equity as herein provided, the Phantom Equity and/or the Accumulated Phantom Dividends (as defined in the Plan) may be redeemed in whole or in part by written notice to the Company (a "Redemption Request"), during any Redemption Period (as defined in the Plan) applicable to Employee, in the manner and for the values set forth in the Plan, but shall not be redeemed for more than a percentage of the aggregate amount of Phantom Equity awarded by this grant determined in accordance with the Vesting Schedule on Exhibit A.

C. Calculation of Redemption Payment. The calculation of the amount which Employee is entitled upon making a proper Redemption Request shall be made in accordance with the Plan. Such calculation shall utilize

the Company's Market Value as the Company Value (as defined in the Plan) if such redemption occurs (i) pursuant to an Accelerated Vesting Date (as defined below), (ii) after the expiration of the Term hereof if Employee's employment has continued throughout such Term without termination, or (iii) under other circumstances where the Plan may from time to time expressly provide for such Market Value calculation. All other redemption payments shall be calculated using Book Value as the Company Value (as defined in the Plan).

D. Special Vesting and Redemption Provisions

(i) General Rule. Except as provided below in this Section 2.4 or in the Plan, the Phantom Equity may be redeemed, during Employee's lifetime, only by Employee (or Employee's guardian or legal representative) and (a) during a Redemption Period occurring while Employee remains an employee of the Company or (b) during the first Redemption Period after expiration of the Term hereof.

(ii)Employment Termination. If Employee's employment with Company terminates prior to the end of the Term hereof as a result of termination without cause by Employee or a Termination for Cause of Employee by the Company, all rights of Employee to Phantom Equity shall immediately terminate, expire, and be void as if such Employee's Phantom Equity % had always been zero.

(iii) Death, Disability, Involuntary Termination. Notwithstanding the provisions of Exhibit A, in the event Employee dies, becomes permanently disabled or is Voluntarily Terminated prior to all Phantom Equity becoming vested (the date on which such event occurs or is effective being the "Accelerated Vesting Date"), all nonvested Phantom Equity shall immediately fully vest (i) in the case of death or Involuntary Termination, upon the Accelerated Vesting Date as if the Vesting Schedule had been completed, and (ii) in the case of permanent disability, in accordance with the Vesting Schedule irrespective of whether employment continues or is terminated. In either such case, the Phantom Equity may be redeemed by Employee (or Employee's estate, legal guardian, or person who acquires the Phantom Equity by reason of bequest or inheritance) any time during the Special Redemption Period (as defined in the Plan) following such Accelerated Vesting Date (as defined in the Plan), and during subsequent Redemption Periods in the event of permanent disability, at "Market Value" as set forth in Section 5B(2) of the Plan. As used herein, "permanent disability" shall have the same meaning as the term "Total Disability" has in the Long Term Disability Plan of the Company.

(iv) Six-Month Restriction. Notwithstanding anything to the contrary herein, if Employee is then an officer, director or affiliate of the Company at a time when the Company has securities registered under the

Securities Exchange Art of 1934, as amended, the Phantom Equity may not be redeemed prior to the expiration of six months from the date of grant hereof (except in the event of the death or incapacity of Employee prior to the expiration of such six-month period), and thereafter any voluntary redemption that results in the receipt of cash shall be exercisable only during a period beginning on the third business day and ending on the twelfth business day following the date of release by the Company for publication of quarterly and annual summary statements of sales and earnings.

(v) Notwithstanding any other provision hereof, the Phantom Equity shall not be redeemable in any event after the expiration of six years from the date of grant hereof, provided, that the provision shall not terminate redemptions requested prior to the end of such six-year period until such redemptions have been fully paid and all disputes resolved in accordance with the provisions of the Plan.

2.5 Effect of Termination, Death or Disability on Compensation and Benefits. Except as otherwise provided in Section 2.4, if Employee's employment hereunder shall be terminated by EPC or by Employee, upon such termination, regardless of the reason therefor, all compensation and all benefits to Employee under this Agreement shall terminate contemporaneously with the termination of such employment, except that in the case of an Involuntary Termination (as defined in Article 3) prior to expiration of the Term of employment established in Section 1.1, Employee shall in consideration of Employee's continuing obligations hereunder after such termination, be entitled to receive (i) the compensation described in Section 2.1 of this Article 2 as if Employee's employment (which shall cease) had continued for the full Term of this Agreement, and (ii) the benefits described in Section 2.2 applicable to active senior executive officers of EPC (or the essential equivalent in the case of insurance and disability plans) for the same period as Employee's compensation hereunder is con pursuant to clause 2.5(i), using such annual compensation amount as the compensation base where relevant. In addition, Employee or Employee's surviving spouse shall be provided additional pension payments in the amount that such person would have received, pursuant to the retirement, supplemental retirement and pension plans of EPC to which Employee was entitled pursuant to Section 2.2 had Employee's employment continued through the Term of this Agreement.

2.6 Benefits Unsecured and Unfunded. Unless EPC specifically specifies in writing to the contrary, none of the benefits or arrangements described in this Article 2 shall be secured or funded in any way, and each shall instead constitute a general liability of EPC to be paid exclusively from the general assets of EPC, and shall be an unfunded and unsecured promise to pay money in the future.

ARTICLE 3: TERMINATION PRIOR TO EXPIRATION OF TERM

3.1 Generally. The termination of Employee's employment by EPC prior to the expiration of the term described in Section 1.1 shall constitute a "Termination for Cause" if made in accordance with the provisions of Section 3.2 below and otherwise shall constitute an "Involuntary Termination" as described in Section 3.3 below. The termination of Employee's employment by Employee prior to the expiration of the Term set forth in Section 1.1 shall constitute an "Involuntary Termination" if made in accordance with the provisions of paragraph 3.3(ii) below and shall otherwise constitute termination without cause.

3.2 Termination for Cause. As used in this Agreement, "Termination for Cause" shall mean termination by action of EPC's Board of Directors because of Employee's (i) conviction of a felony (which, through lapse of time or otherwise, is not subject to appeal); refusal without proper legal cause to perform Employee's duties and responsibilities; (iii) material breach of a material provision of this Agreement; or (iv) engaging in conduct which Employee has reason to know is materially injurious to EPC or its parents or subsidiaries. Such termination shall be effected by notice thereof delivered by EPC to Employee and shall be effective as of the date of such notice; provided, however, that if such termination is pursuant to (ii) or (iii) above and within seven days (in the case of a refusal) or thirty days (in the case of a material breach) following the date of such notice Employee shall cease such refusal or breach and shall use his best efforts to perform such duties and responsibilities or correct such breach, the termination shall not be effective; and, provided further, that EPC shall consult m good faith with Employee and provide an opportunity for Employee to be heard prior to effecting any termination under this section and that failure to do so shall constitute Involuntary Termination.

3.3 Involuntary Termination. As used in this Agreement, "Involuntary Termination" or "Involuntarily Terminated" shall mean termination of Employee's employment with EPC if such termination results from:

(i) termination by EPC on any grounds whatsoever except "Termination for Cause" as defined in Section 3.2 above and except upon Employee's death or Permanent Disability;

(ii) termination by Employee within 60 days of and in connection with or based upon any of the following:

(a) a substantial and material reduction in the nature or scope of Employee's

responsibilities, which results in Employee not having a senior officer position in EPC or Enron Power (U.K.) Limited or results in an overall material and substantial reduction from the level of responsibility and stature that accompany the Officer Position as of the effective date of this Agreement or later agreed to by Employee and EPC, which reduction remains in place and uncorrected for thirty (30) days following written notice of such breach to EPC by Employee;

(b) a change in the location for the primary performance of Employee's services under this Agreement from London or The Woodlands to a city which is more than 50 miles away from both such locations, which change is not approved by Employee;

(c) a material breach by EPC of any material provision of this Agreement, which breach, if correctable, remains uncorrected for 30 days following written notice of such breach to EPC or Enron (as applicable) by Employee;

To effect a termination t to Section 3.3(ii) of this, Employee shall give written notice to EPC that he has elected to terminate his employment hereunder and stating the effective date and reason for such termination, provided that such action shall not terminate this Agreement or alter or amend any other provisions hereof or rights hereunder. Employee shall not be under any duty or obligation to seek or accept other employment following Involuntary Termination and no amount, payment or benefit due Employee hereunder or otherwise shall be reduced or suspended if Employee accepts subsequent employment.

3.4 Effect of Death, Retirement or Disability on Involuntary Termination Benefits. In the event of Employee's death, retirement or Permanent Disability following Employee's Involuntary Termination, Employee or Employee's legal representatives shall be entitled to receive the balance of any unpaid amounts payable under Article 3. However, in no event will Employee or Employee's legal representatives receive payments under this Article 3 if Employee dies, retires or becomes Permanently Disabled prior to an event that, but for such death, retirement or Permanent Disability, would have constituted an Involuntary Termination of Employee.

3.5 Offset of Severance Benefits. The compensation and benefits payable to Employee under this Agreement shall be offset against any amounts to which Employee may otherwise be entitled under any and all severance plans

and policies of EPC or an affiliate of EPC presently in effect or which may be adopted or amended in the future.

ARTICLE 4: CONFIDENTIAL INFORMATION

4.1 EPC Information. Employee acknowledges that the business of EPC, Enron and their affiliates is highly competitive and that EPC's project development strategies, books, records and documents, EPC's technical information concerning its products, equipment, services and processes, procurement procedures and pricing techniques, the names of and other information (such as credit and financial data) concerning EPC' customers and business affiliates, all comprise confidential business information and trade secrets of EPC which are valuable, special and unique assets of EPC, which EPC uses in its business to obtain a competitive advantage over EPC'S competitors which do not know or use this information. Employee further acknowledges that protection of EPC'S confidential business information and trade secrets against unauthorized disclosure and use, is of critical importance to EPC in maintaining its competitive position. Accordingly, Employee hereby agrees that he or she will not, at any time during or after his or her employment by EPC, make any unauthorized disclosure of any confidential business information or trade secrets of EPC, or make any use thereof for the benefit of, and on behalf of, EPC. For the purposes of this Section 4.1, the term "EPC" shall also include EPC, Enron and their affiliates, and Enron shall be a third party beneficiary of the provisions of this Section 4.1.

4.2 Third Party Information. Employee acknowledges that, as a result of his employment by EPC, he may from time to time have access to, or knowledge of, confidential business information or trade secrets of third parties, such as customers, suppliers, partners, joint venturers, and the like, of EPC. Employee agrees to preserve and protect the confidentiality of such third party confidential information and trade secrets to the same extent, and on the same basis, as EPC confidential business information and trade secrets.

4.3 Return of Documents. All written materials, records and other documents made by, or coming into the possession of, Employee during the period of his employment by EPC which contain or disclose EPC confidential business information or trade secrets shall be and remain the property of EPC. Upon termination of Employee's employment by EPC, for any reason, he promptly shall deliver the same, and all copies thereof to EPC.

ARTICLE 5: NON-COMPETITION

5.1 Term and Scope. As part of the consideration for the compensation to be paid to Employee hereunder, and as an additional incentive for EPC to enter into this Agreement, the parties agree to the non-competitive

provisions of this Article 5, and Employee agrees that (i) during the Term hereof, and (ii) in the event Employee's employment with EPC terminates (other than under circumstances constituting an Involuntary Termination or upon expiration of the term set forth in Section 1.1), for a period of one year following such termination of employment Employee will not, directly or indirectly for himself or for others, in any foreign country where EPC, Enron or any of their affiliates are then conducting any business or have, during the previous twelve months, conducted any business, or in any state of the United States:

(i) engage in or render advice or services to or otherwise assist any other person or entity who is engaged, directly or indirectly, in any business similar or related to or competitive with (i) the business of generation for sale of electric power (including as a vendor, supplier or customer of an electric generation or plant), or (ii) the gas supply and marketing business conducted by Enron or its affiliates;

(ii) transact any business in any manner pertaining to suppliers or customers of EPC, Enron or any. of their affiliates which, in any manner, would have, or is likely to have, an adverse effect upon EPC, Enron or any of their affiliates; or

(iii) induce any employee of EPC, Enron or any of their affiliates to terminate his or her employment with any of EPC, Enron or such affiliates, or hire or assist in the hiring of any such employee by an entity not affiliated with Enron.

As used in this Article 5, "Enron" and "EPC" shall include their respective affiliates and any entity in which Enron Power (U.K.) Limited owns at least 20% of the securities entitled to vote in the election of directors or management committee members.

5.2 Effect of Provisions. Employee understands that the foregoing restrictions may limit his or her ability to engage in business similar to those described in clause (i)-(iii) above anywhere in the world during the period provided for above, but acknowledges that Employee will receive sufficiently high remuneration and other benefits under this Agreement to justify such restriction. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article 5 by Employee, and Enron or EPC shall be entitled to enforce the provisions of this Article 5 by terminating any payments then owing to Employee under this Agreement and/or to specific performance and injunctive relief as

remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article 5, but shall be in addition to all remedies available at law or in equity to Enron or EPC, including the recovery of damages from Employee and his or her agents involved in such breach.

5.3 Enforceability. It is expressly understood and agreed that Enron, EPC, and Employee consider the restrictions contained in this Article 5 to be reasonable and necessary for the proprietary information of Enron and EPC. Nevertheless, if any of the aforesaid restrictions are found by a court having jurisdiction to be unreasonable, or over broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions therein set forth to be modified by such courts so as to be reasonable and enforceable and, as so modified by the court, to be fully enforced.

ARTICLE 6: MISCELLANEOUS

6.1 Definitions. For purposes of this Agreement the following terms shall have the meanings ascribed to them below:

A. "Affiliate" or "affiliated" is used to indicate a relationship to a specified person or entity and shall mean a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person or entity.

B. "Permanent Disability" shall mean such permanent disability supported by written medical opinion of a physician acceptable to EPC that Employee is permanently incapable of performing his duties for physical or mental reasons, and that qualifies Employee for benefits under EPC's long-term disability plan, if any.

6.2 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to EPC, to: Enron Power Corp.
10077 Grogans Mill Road
The Woodlands, Texas 77380
Attention: Chief Financial Officer

With a copy to: Enron Corp.
1400 Smith
Houston, Texas 77002
Attention: Corporate Secretary

If to Employee, to the address shown on the first page hereof.

or to such other address as any party may furnish to the others in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

6.3 Applicable Law. This contract shall be governed in all respects by the laws of the State of Texas.

6.4 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

6.5 Remedy for Breach of Contract. The parties agree that in the event there is any breach or asserted breach of the terms, covenants or conditions of this Agreement, the remedy of the parties hereto shall be in law and in equity and injunctive relief shall lie for the enforcement of or relief from any provisions of this Agreement. If any remedy or relief is sought and obtained by any party against one of the other parties pursuant to this Section 6.5, the other party shall, in addition to the remedy of relief so obtained, be liable to the party seeking such remedy or relief for the expenses incurred by such party in successfully obtaining such remedy or relief, in the fees and expenses of such successful party's counsel.

6.6 Severability. It is a desire and intent of the parties that the terms, provisions, covenants and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant or remedy of this Agreement or the application thereof to any person or circumstances shall to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant or remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

6.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

6.8 Withholding of Taxes. EPC may withhold from any benefits or amounts payable under this Agreement all federal state, city or other taxes as may be required pursuant to any law or governmental regulation or ruling.

6.9 Headings. The paragraph headings have been

inserted for purposes of convenience and shall not be used for interpretive- purposes.

6.10 Successors and Assignments. This Agreement automatically shall be binding upon and inure to the benefit of EPC and any corporation or other entity which may hereafter acquire or succeed to all or substantially all of the business or assets of EPC by any means whether direct or indirect, by purchase, merger, consolidation or otherwise. As used in this Section 6.10, "EPC" shall mean EPC as defined on the first page of this Agreement and any successor to its business or assets by operation of law or otherwise. Employee's rights and obligations under Article 1 hereof are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated or transferred, whether by operation of law or otherwise, without the prior written consent of EPC. This Agreement shall otherwise be binding upon and inure to the benefit of Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, legatees, and permitted assigns including but not limited to the rights set forth in Articles 2 and 3. Except as expressly provided herein, this Agreement is not intended to confer upon any person any rights or remedies hereunder.

6.11 Entire Agreement; Modification. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof and contains all of the covenants, promises, representations, warranties and agreements between the parties with respect to employment of Employee by EPC. This Agreement is personal to each of the parties, and is not part of a plan or program involving others. Each party to this Agreement acknowledges that no representation, inducement, promise or agreement, oral or written, has been made by either party, which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by EPC that is not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby provided that any such modification must be authorized or approved by the Board of Directors of EPC.

6.12 Cancellation of Prior Agreements. By execution of this Agreement, Employee hereby forever waives, releases and forgives all rights, benefits and compensation ("rights") which Employee may have or be entitled to under any and all other individual employment agreements or individual severance agreements, between Employee and EPC (or any affiliate or subsidiary or EPC), or rights under any compensation plans or programs thereof. entered into or granted to Employee prior to the effective date of this Agreement (and this Section 6.12 constitutes a modification of any such agreements or

arrangements which terminates the provisions thereof).

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

ENRON POWER CORP.

By: JOHN B. WING
John B. Wing
Chairman of the Board
of Directors

THOMAS E. WHITE
Thomas E. White
EMPLOYEE

<PAGE>

ENRON POWER CORP.

EXHIBIT A
TO
EMPLOYMENT AGREEMENT

Employee Name:	Thomas E. White
Term:	Effective Date through June 30, 1995
Title/Office:	Executive Vice President
Base Salary:	$135,000
Vacation:	4 weeks
Phantom Equity %:	.5%
Vesting Schedule:	20% of Phantom Equity vests on each anniversary of the Effective Date over five years, as follows:

Time	Aggregate Vested Portion
Prior to 1st anniversary of Effective Date	0%
On and after 1st anniversary of Effective Date . .	20%
On and after 2nd anniversary of Effective Date . .	40%
On and after 3rd anniversary of Effective Date . .	60%
On and after 4th anniversary of Effective Date . .	80%
On and after 5th anniversary of Effective Date . .	100%

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Exhibit 10.60

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement, made and entered into and effective as of the 9th day of September, 1991, by and between Enron Power Corp., a Delaware corporation ("EPC") and Thomas E. White, Jr. ("Employee"), an individual, is an amendment to that certain Employment Agreement entered into between the parties the 1st day of July, 1990.

WHEREAS, the parties desire to amend the Employment Agreement;

NOW, THEREFORE, in consideration of the Employee's continued employment with Company and of the covenants contained herein, the parties agree as follows:

1. The Term set forth on Exhibit A to the Employment Agreement is amended to extend until the last day of June, 1996.

2. 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 POWER CORP.

By: DAVID H. ODORIZZI
Name: David H. Odorizzi
Title: Executive Vice President and Chief Financial Officer

THOMAS E. WHITE, JR.

THOMAS E. WHITE, JR.

</TEXT>

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<SEQUENCE>13
<DESCRIPTION>SECOND AMENDMENT EMPLOYMENT AGREEMENT-THOMAS E. WHITE
<TEXT>

Exhibit 10.61

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement, entered into and made effective as of May 2, 1994, by and between Enron Power Corp. ("Company"), a Delaware corporation having its headquarters at 1400 Smith Street, Houston, Texas 77002, Enron Operations Corp. ("EOC"), a Delaware corporation having its headquarters at 1400 Smith Street, Houston, Texas 77002, and Thomas E. White, Jr. ("Employee"), an individual residing in Houston, Texas, is an amendment to that certain Employment Agreement between the parties entered into and made effective as of July 1, 1990 (the "Employment Agreement").

WHEREAS, the parties desire to amend the Employment Agreement to provide for assignment of the Employment Agreement by Company to, and assumption of the Employment Agreement by, EOC, and to make other amendments to the Employment Agreement as provided herein;

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

1. The Employment Agreement is assigned by Company to, and assumed by, EOC. Any reference to the "Company" in the Employment Agreement shall mean EOC. Employee consents to such assignment and assumption, and releases Company from every obligation under the Employment Agreement. EOC assumes every obligation of Company under the Employment Agreement.

2. The Term of Employment set forth in Exhibit "A" to the Employment Agreement is amended to provide that the Initial Term shall extend to and terminate on the last day of the month of June, 1998 or on any subsequent date as may be agreed upon in writing by Employee and Company.

3. In consideration hereof, Company hereby awards to Employee a grant of One Hundred Thousand (100,000) stock options from the Enron Corp. 1991 Stock Plan effective May 2, 1994, which is attached hereto as Exhibit "A".

This Agreement is a second amendment to the Employment Agreement, and the parties agree that all other terms, conditions and stipulations contained in the Employment Agreement, and any amendments thereto, 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 POWER CORP.

By: RICHARD D. KINDER
Name: Richard D. Kinder
Title:

ENRON OPERATIONS CORP.

By: STANLEY C. HORTON
Name: Stanley C. Horton
Title:

THOMAS E. WHITE, JR.

THOMAS E. WHITE, JR.

</TEXT>

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<SEQUENCE>14
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<TEXT>

Exhibit 10.62

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement, entered into and made effective as of January 3, 1997, by and between Enron Operations Corp. ("Company"), a Delaware corporation having its headquarters at 1400 Smith Street, Houston, Texas 77002, Enron Ventures Corp. ("EVC"), a Delaware corporation having its headquarters at 1400 Smith Street, Houston, Texas 77002, and Thomas E. White, Jr. ("Employee"), an individual residing in Houston, Texas, is an amendment to that certain Employment Agreement between the parties entered into and made effective as of July 1, 1990 (the "Employment Agreement").

WHEREAS, the parties desire to amend the Employment Agreement to provide for assignment of the Employment Agreement by Company to, and assumption of the Employment Agreement by, EVC, and to make other amendments to the Employment Agreement as provided herein;

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

1. The Employment Agreement is assigned by Company to, and assumed by, EVC. Any reference to the "Company" in the Employment Agreement shall mean EVC. Employee consents to such assignment and assumption, and releases Company from every obligation under the Employment Agreement. EVC assumes every obligation of Company under the Employment Agreement.

2. The Term of Employment set forth in Exhibit "A" to the Employment Agreement is amended to provide that the Initial Term shall extend to and terminate on the last day of the month of December, 2000 or on any subsequent date as may be agreed upon in writing by Employee and Company.

3. In consideration hereof, Company hereby awards to Employee a grant of One Hundred Twenty-Five Thousand (125,000) stock options from the Enron Corp. 1991 Stock Plan effective January 3, 1997, which is attached hereto as Exhibit "A".

This Agreement is a third amendment to the Employment Agreement, and the parties agree that all other terms, conditions and stipulations contained in the Employment Agreement, and any amendments thereto, 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 OPERATIONS CORP.

By: PEGGY B. MENCHACA
Name: Peggy B. Menchaca
Title: Vice President & Secretary

ENRON VENTURES CORP.

By: PEGGY B. MENCHACA
Name: Peggy B. Menchaca
Title: Vice President & Secretary

THOMAS E. WHITE, JR.

THOMAS E. WHITE, JR.

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</DOCUMENT>
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<TYPE>EX-10.63
<SEQUENCE>15
<DESCRIPTION>EMPLOYMENT AGREEMENT BETWEEN ECT AND JEFFREY K. SKILLING
<TEXT>

Exhibit 10.63

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into between Enron Capital Trade & Resources Corp., a Delaware corporation and subsidiary of Enron Corp. ("Enron"), having offices at 1400 Smith Street, Houston, Texas 77573 ("Employer"), and Jeffrey K. Skilling, an individual currently residing at 2238 Albans Road, Houston, Texas 77005 ("Employee"), to be effective as of 1st day of January, 1996 (the "Effective Date").

Employer presently employs Employee pursuant to an Employment Agreement dated August 1, 1990 entered into between Enron Finance Corp. and Employee. Employer is desirous of continuing to employ Employee pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of continuing in the employ of Employer pursuant to such terms and conditions and for such consideration. As such, this Agreement shall cancel and supersede Employee's existing August 1, 1990 Agreement.

Employee also has been granted rights under Employer's existing Enron Capital Trade & Resources Corp. Second Amended and Restated Compensation Plan (the "Existing Compensation Plan"). This Agreement does not cancel or supersede such rights, but it is intended that in the future Employer shall create a new Retail Phantom Equity Plan pursuant to which Employee shall be granted the interest specified herein and that Employee's rights under the Existing Compensation Plan shall be subject to a separate future waiver and consent agreement.

Now, therefore, for and in consideration of the mutual promises, covenants, and obligations contained herein, Employer and Employee agree as follows:

Article 1: Employment and Duties:

1.1. The term of employment under this Agreement shall be for five years, from January 1, 1996 through December 31, 2000 (the "Term"). Employer agrees to employ Employee, and Employee agrees to be employed by Employer, beginning as of January 1, 1996, and continuing through December 31, 2000, subject to the terms and conditions of this Agreement.

1.2. Employee initially shall be employed in the position of Chairman and Chief Executive Officer of Employer. Employer may subsequently assign Employee to a different position or modify Employee's duties and responsibilities. Moreover, Employer may assign this Agreement and Employee's employment to Enron or any affiliates of Enron. It is agreed, however, that Employee shall not be permanently relocated to a city more than 50 miles from the Houston area and shall not be demoted from the position of Chairman and Chief Executive Officer of Employer. Employee agrees to serve in the assigned position and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such position as determined by Employer, as well as such additional or different duties and services appropriate to such position which Employee from time to time may be reasonably directed to perform by Employer. Employee shall at all times comply with and be subject to such policies and procedures as Employer may establish from time to time.

1.3. Employee shall, during the period of Employee's employment by Employer, devote Employee's full business time, energy, and best efforts to the business and affairs of Employer. Employee may not engage, directly or indirectly, in any other business, investment, or activity that interferes with Employee's performance of Employee's duties hereunder, is contrary to the interests of Employer or Enron, or requires any significant portion of Employee's business time.

1.4. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act at all times in the best interests of the Employer and to do no act which would injure Employer's business, its interests, or its reputation. It is agreed that any direct or indirect interest in, connection with, or benefit from any outside activities, particularly commercial activities, which interest might in any way adversely affect Employer, Enron, or any of their affiliates, involves a possible conflict of interest. In keeping with Employee's fiduciary duties to Employer, Employee agrees that Employee shall not knowingly become involved in a conflict of interest with Employer, Enron, or their affiliates, or upon discovery thereof, allow such a conflict to continue. Moreover, Employee agrees that Employee shall disclose to or discuss with Enron's General Counsel any facts or circumstances which might involve such a conflict of interest that has not been discussed or approved by Enron's Office of the Chairman.

1.5. Employer and Employee recognize that it is impossible to provide an exhaustive list of actions or interests which constitute a "conflict of interest." Moreover, Employer and Employee recognize there are many borderline situations. In some instances, full disclosure of facts by the Employee to Enron's General Counsel may be all that is necessary to enable Employer, Enron, or their affiliates to protect its interests. In others, if no improper motivation appears to exist and the interests of Employer, Enron, or their affiliates have not suffered, prompt elimination of the outside interest will suffice. In still others, it may be necessary for Employer to terminate the employment relationship. Employer and Employee agree that Employer's determination as to whether a conflict of interest exists shall be conclusive. Employer reserves the right to take such action as, in its judgment, will end the conflict. Employer's termination of the employment relationship solely because Employee violates this Section 1.5 shall be an Involuntary Termination, and subject to the provisions of Section 3.5 hereof.

Article 2: Compensation and Benefits:

2.1. Employee's initial monthly base salary during the Term shall be Thirty Three Thousand Three Hundred and Thirty Three Dollars and 33/100 ($33,333.33), which shall be paid in semi-monthly installments in accordance with Employer's standard payroll practice. Employee's base salary shall be reviewed annually and may be changed annually and from time to time (but not less than his initial base salary) by Employer in its discretion and, after any such change, Employee's new level of base monthly salary shall be Employee's base monthly salary for purposes of this Agreement until the effective date of any subsequent change.

2.2. Employee shall be eligible for an annual bonus in accordance with the terms of Enron's Annual Incentive Plan or any appropriate replacement bonus plan of Enron or Employer, which bonus may be paid in any combination of cash, stock, or stock options. Whether Employee is entitled to a bonus, the amount of the bonus, and the manner of payment of the bonus are within the sole discretion of the Office of the Chairman of Enron.

2.3. (a) It is intended that Employer shall adopt a new Retail Phantom Equity Plan (referred to herein as the "Plan") providing to certain employees additional economic benefits with respect to certain aspects of Employer's business, pursuant to which it is intended that Employer and Employee shall execute an Award Agreement. Employee shall have no rights under the Plan unless and until Employer and Employee execute a written Award Agreement pursuant to the Plan, at which time the Plan and the Award Agreement shall become effective as to Employee. Employer and Employee shall enter into a separate written Award Agreement pursuant to which Employee shall be granted a five (5%) percent full value grant under the Plan. The written Award Agreement shall provide that twenty-five (25%) percent of such full

value grant shall, subject to the terms and conditions of the Plan and the Award Agreement, vest on January 1, 1997, and that an additional twenty-five (25%) percent of the full value grant shall vest on each of January 1, 1998, January 1, 1999, and January 1, 2000. Provided, however, that the entirety of such full value grant shall vest immediately upon the employment relationship being Involuntarily Terminated by Employer pursuant to Section 3.1(ii) or by Employee pursuant to Section 3.2(i) or (ii) and Employer shall at that time buy-out Employee's vested interest in the Plan. Provided further, however, it is agreed that if the employment relationship has not been terminated Employer shall have the option to buy-out one-fifth of such grant (i.e., one percentage point of the five percentage points granted to Employee) exercisable during the thirty-one day period of time from January 1, 1998 to January 31, 1998 by providing to Employee a written notice during such thirty-one day period of time. The one percentage point shall be acquired pro rata from Employee's vested and non-vested interests, and, if Employer exercises such buy-out option, thereafter the twenty-five (25%) percent that vests on each of January 1, 1999 and January 1, 2000 shall apply against the reduced percent of the full value grant, that is, 25% of a four (4%) full value grant. The Plan or Employee's award agreement under the Plan shall provide that Employer's buy-out price for such one percentage point shall be as follows: If Employer has created a subsidiary corporation and transferred to such subsidiary the retail aspects of Employer's business and an initial public offering ("IPO") of the common stock of such retail subsidiary has occurred prior to January 1, 1998, the buy-out price shall be based upon the average trading price of the common stock of such retail subsidiary of Employer during all trading days [but not to exceed 30 trading days] preceding January 1, 1998, less the value of Access Energy and Enron Energy Concepts, L.P. as of year end 1995. If no such IPO occurred prior to January 1, 1998, the buy-out price shall be as determined by an investment banker under the terms and conditions of the Plan, which shall provide that the buy-out price shall be the then current value of the retail subsidiary less the value of Access Energy and Enron Energy Concepts, L.P. as of year end 1995. The Plan or Employee's award agreement under the Plan shall provide that if Employee disagrees with the determination of the investment banker, Employee shall have the right to submit the issue of buy-out price to arbitration in accordance with the terms and conditions of the agreement to arbitrate contained in the Plan or Employee's award agreement under the Plan. The purchase price for the buy-out shall be paid by Employer to Employee as soon as reasonably possible. The purchase price for the buy-out may be paid in cash, shares of Enron's stock, or shares of common stock of the IPO company, or combination thereof, at Employer's option.

(b) The Plan or Employee's award agreement under the Plan shall provide that Employer's retail business shall include the direct sales of gas and electricity to small industrial, commercial, and residential customers and all

future business activities related thereto as well as the business activities of Access Energy and Enron Energy Concepts, L.P.

(c) The Plan or Employee's award agreement under the Plan shall specify the buy-out process and the buy-out price for any other right [other than Employer's right under the option specified in Section 2.3(a)] or obligation on the part of Employer to buy-out Employee's interest in the Plan. The Plan, as modified by Employee's award under the Plan, shall be modeled after the rights and obligations of the Enron Gas Services Group and Employee under the Enron Gas Services Group Phantom Equity Plan signed by Employee on November 8, 1991, provided, however, that the valuation process shall in all cases deduct the value of Access Energy and Enron Energy Concepts, L.P. as of year end 1995.

2.4. On August 29, 1994, Enron and Employee entered into an agreement pursuant to which Employee was granted the option (the "Option") to acquire 500,000 shares of Enron common stock ("Enron Stock") subject to the terms and conditions of the Enron Corp. 1991 Stock Plan (As Amended and Restated Effective May 3, 1994). The exercise price per share of the Option was $30.25. The First Amendment to the August 29, 1994 agreement is attached hereto as Exhibit "A."

2.5. The Office of the Chairman of Enron and Employee shall endeavor in good faith to agree upon an enhanced position and job title for Employee that is commensurate with and accurately reflects Employee's job responsibilities for Employer or its affiliates. If a mutually satisfactory enhanced position and job title have not been agreed to by Employee and the Office of the Chairman of Enron by February 1, 1997, then Employee shall be entitled to a payment equal to two and one-half (2.5) times his annualized base monthly salary then in effect on such date pursuant to Section 2.1.

2.6. While employed by Employer during the Term of this Agreement, Employee shall also be allowed to participate, on the same basis generally as other employees of Employer, in all general employee benefit plans and programs, including improvements or modifications of the same, which on the effective date or thereafter are made available by Employer to all or substantially all of Employer's employees. Such benefits, plans, and programs may include, without limitation, medical, health, and dental care, life insurance, disability protection, and pension plans. Unless specifically set out herein, nothing in this Agreement is to be construed or interpreted to provide greater rights, participation, coverage, or benefits under such benefit plans or programs than provided to similarly situated employees pursuant to the terms and conditions of such benefit plans and programs.

2.7. Employer shall not by reason of this Article 2 be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any such incentive compensation or employee benefit program or plan, so long as such actions

are similarly applicable to covered employees generally. Moreover, unless specifically provided for in a written plan document adopted by the Board of Directors of either Employer or Enron, none of the benefits or arrangements described in this Article 2 shall be secured or funded in any way, and each shall instead constitute an unfunded and unsecured promise to pay money in the future exclusively from the general assets of Employer.

2.8. Employer may withhold from any compensation, benefits, or amounts payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

Article 3: Termination Prior to Expiration of Term and Effects of such Termination:

3.1. Notwithstanding any other provisions of this Agreement, Employer shall have the right to terminate Employee's employment under this Agreement at any time prior to the expiration of the Term for any of the following reasons:

(i) For "cause" upon the determination by Employer's Board of Directors or Enron's management committee (or, if there is no Enron management committee, the highest applicable level of Enron management) that "cause" exists for the termination of the employment relationship. As used in this Section 3.1(i), the term "cause" shall mean [a] Employee has been convicted of a felony (which, through lapse of time or otherwise, is not subject to appeal); [b] Employee has willfully refused without proper legal reason to perform the duties and responsibilities required of Employee under this Agreement which remains uncorrected for thirty (30) days following written notice to Employee by Employer of such breach; [c] Employee has willfully engaged in conduct that Employee knows or should know is materially injurious to Employer, Enron, or any of their respective subsidiaries; or [d] Employee violates the Foreign Corrupt Practices Act or other applicable United States law as proscribed by Section 4.1. It is expressly acknowledged and agreed that the decision as to whether "cause" exists for termination of the employment relationship by Employer is delegated to Employer's Board of Directors or Enron's management committee (or, if there is no Enron management committee, the highest applicable level of Enron management) for determination. If Employee disagrees with the decision reached by Employer's Board of Directors or Enron's management committee (or, if there is no Enron management committee, the highest applicable level of Enron management), the dispute will be limited to whether Employer's Board of Directors or Enron's management committee (or, if

there is no Enron management committee, the highest applicable level of Enron management) reached its decision in good faith; or

(ii) for any other reason whatsoever, with or without cause, in the sole discretion of Employer's Board of Directors or Enron's management committee (or, if there is no Enron management committee, the highest applicable level of Enron management); or

(iii) upon Employee's death; or

(iv) upon Employee's becoming disabled so as to entitle him to benefits under Enron's long-term disability plan.

The termination of Employee's employment by Employer prior to the expiration of the Term shall constitute a "Termination for Cause" if made pursuant to Section 3.1(i); the effect of such termination is specified in Section 3.4. The termination of Employee's employment by Employer prior to the expiration of the Term shall constitute an "Involuntary Termination" if made pursuant to Section 3.1(ii); the effect of such termination is specified in Section 3.5. The effect of the employment relationship being terminated pursuant to Section 3.1(iii) as a result of Employee's death is specified in Section 3.6. The effect of the employment relationship being terminated pursuant to Section 3.1(iv) as a result of the Employee becoming disabled is specified in Section 3.7.

3.2. Notwithstanding any other provisions of this Agreement, Employee shall have the right to terminate the employment relationship under this Agreement at any time prior to the expiration of the Term of employment for any of the following reasons:

(i) Employee is required by Employer to be permanently relocated to a city more than 50 miles from the Houston area or is demoted from the position of Chairman and Chief Executive Officer of Employer, within sixty days after such relocation or demotion Employee provides Employer with a written notice that such relocation or demotion has occurred and that Employee intends to terminate the employment relationship under this provision, and thereafter such relocation or demotion is not corrected by Employer within thirty days.

(ii) any other material breach by Employer of any material provision of this Agreement which remains uncorrected for 30 days following written notice of such breach by Employee to Employer; or

(iii) for any other reason whatsoever, in the sole discretion of Employee.

The termination of Employee's employment by Employee prior

to the expiration of the Term shall constitute an "Involuntary Termination" if made pursuant to Sections 3.2(i) or 3.2(ii); the effect of such termination is specified in Section 3.5. The termination of Employee's employment by Employee prior to the expiration of the Term shall constitute a "Voluntary Termination" if made pursuant to Section 3.2(iii); the effect of such termination is specified in Section 3.3.

3.3. Upon a "Voluntary Termination" of the employment relationship by Employee prior to expiration of the Term, all future compensation to which Employee is entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination. Employee shall be entitled to pro rata salary through the date of such termination, but Employee shall not be entitled to any individual bonuses or individual incentive compensation not yet paid at the date of such termination. The Plan or Employee's award agreement under the Plan shall provide that upon Voluntary Termination of the employment relationship by Employee, Employee shall be entitled only to such percentage of the grant as had vested prior to such termination.

3.4. Upon a "Termination for Cause" of the employment relationship by Employer prior to expiration of the Term, all future compensation to which Employee is entitled and all future benefits for which Employee is eligible shall cease and terminate as of the date of termination. Employee shall be entitled to pro rata salary through the date of such termination, but Employee shall not be entitled to any individual bonuses or individual incentive compensation not yet paid at the date of such termination. The Plan or Employee's award agreement under the Plan shall provide that upon termination of the employment relationship for Cause then all of Employee's interests under the Plan shall be canceled effective as of the date of such termination of employment and no amounts (including without limitation Plan payments that may be payable on or before the date of such termination of employment) shall be payable under the Plan to Employee from and after the date of such termination of employment.

3.5. Upon an Involuntary Termination of the employment relationship by either Employer or Employee prior to expiration of the Term, Employee shall be entitled, in consideration of Employee's continuing obligations hereunder after such termination (including, without limitation, Employee's non-competition obligations), to receive the following as if Employee's employment (which shall cease on the date of such Involuntary Termination) had continued for the full Term of this Agreement: One Million Three Hundred Thousand ($1,300,000) Dollars per calendar year (to be prorated in the calendar year in which the Involuntary Termination occurs if such termination occurs on any date other than January 1st), payable annually, monthly, or bi-weekly at the option of Employer. Employee shall not be under any duty or obligation to seek or accept other employment following Involuntary Termination and, subject to

Employee complying with his continuing obligations (including non-competition obligations), the amounts due Employee hereunder shall not be reduced or suspended if Employee accepts subsequent employment. Employee's rights under this Section 3.5 are Employee's sole and exclusive rights against Employer, Enron, or their affiliates, and Employer's sole and exclusive liability to Employee under this Agreement, in contract, tort, or otherwise, for any Involuntary Termination of the employment relationship. Employee covenants not to sue or lodge any claim, demand, or cause of action against Employer based on Involuntary Termination for any monies other than those specified in this Section 3.5. If Employee breaches this covenant, Employer shall be entitled to recover from Employee all sums expended by Employer (including costs and attorneys fees) in connection with such suit, claim, demand, or cause of action. The Plan or Employee's award agreement under the Plan shall provide that upon Involuntary Termination of the employment relationship by either Employer or Employee, the entirety of Employee's full value grant referenced in Section 2.3 shall vest immediately upon such termination of the employment relationship and Employer shall at that time buy-out Employee's vested interest in the Plan as specified in Plan or Employee's award agreement under the Plan.

3.6. Upon termination of the employment relationship as a result of Employee's death, Employee's heirs, administrators, or legatees shall be entitled to Employee's pro rata salary through the date of such termination, but Employee's heirs, administrators, or legatees shall not be entitled to any individual bonuses or individual incentive compensation not yet paid to Employee at the date of such termination. The Plan or Employee's award agreement under the Plan shall provide that upon Employee's death, Employee's heirs, administrators, or legatees shall be entitled only to such percentage of the grant as had vested prior to Employee's death.

3.7. Upon termination of the employment relationship as a result of Employee becoming disabled, Employee shall be entitled to his or her pro rata salary through the date of such termination and rights under any disability insurance or program then in effect, but Employee shall not be entitled to any individual bonuses or individual incentive compensation not yet paid to Employee at the date of such termination. The Plan or Employee's award agreement under the Plan shall provide that upon Employee becoming disabled, Employee shall be entitled only to such percentage of the grant as had vested prior to Employee's disability.

3.8. In all cases, the compensation and benefits payable to Employee under this Agreement upon termination of the employment relationship shall be offset against any amounts to which Employee may otherwise be entitled under any and all severance plans and policies of Employer, Enron, or its affiliates.

3.9. Termination of the employment relationship does

not terminate those obligations imposed by this Agreement which are continuing obligations, including, without limitation, Employee's obligations under Articles 5 and 6.

3.10. Should Employee remain employed by Employer beyond the expiration of the Term, such employment shall convert to a month-to-month relationship terminable at any time by either Employer or Employee for any reason whatsoever, with or without cause. Upon such termination of the employment relationship by either Employer or Employee for any reason whatsoever, Employee shall be entitled to pro rata salary through the date of such termination, but Employee shall not be entitled to any individual bonuses or individual incentive compensation not yet paid at the date of such termination and all other future compensation to which Employee is entitled and all future benefits for which Employee is eligible shall cease and terminate.

4. United States Foreign Corrupt Practices Act and Other Laws:

4.1. Employee shall at all times comply with United States laws applicable to Employee's actions on behalf of Employer, including specifically, without limitation, the United States Foreign Corrupt Practices Act, generally codified in 15 USC 78 (FCPA), as the FCPA may hereafter be amended, and/or its successor statutes. If Employee pleads guilty to or nolo contendere or admits civil or criminal liability under the FCPA, or if a court finds that Employee has personal civil or criminal liability under the FCPA, or if a court finds that Employee personally committed an action resulting in any Enron entity having civil or criminal liability or responsibility under the FCPA with knowledge of the activities giving rise to such liability or knowledge of facts from which Employee should have reasonably inferred the activities giving rise to liability had occurred or were likely to occur, such action or finding shall constitute "cause" for termination under this Agreement unless (i) such action or finding was based on the activities of others and Employee had no personal involvement or knowledge of such activities, or (ii) Employer's Board of Directors or Enron's management committee (or, if there is no Enron management committee, the highest applicable level of Enron management) determines that the actions found to be in violation of the FCPA were taken in good faith and in compliance with all applicable policies of Employer and Enron.

Article 5: Ownership and Protection of Information; Copyrights:

5.1. Employer shall disclose to Employee, or place Employee in a position to have access to or develop, trade secrets or confidential information of Employer, Enron, or their affiliates; and/or shall entrust Employee with business opportunities of Employer, Enron, or their affiliates; and/or shall place Employee in a position to develop business good will on behalf of Employer, Enron, or their affiliates.

5.2. All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which are conceived, made, developed or acquired by Employee, individually or in conjunction with others, during Employee's employment by Employer (whether during business hours or otherwise and whether on Employer's premises or otherwise) which relate to Employer's business, products or services (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing and trading terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names, and marks) shall be disclosed to Employer and are and shall be the sole and exclusive property of Employer. Moreover, all documents, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, E-mail, voice mail, electronic databases, maps and all other writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, and inventions are and shall be the sole and exclusive property of Employer.

5.3. If, during Employee's employment by Employer, Employee creates any original work of authorship fixed in any tangible medium of expression which is the subject matter of copyright (such as videotapes, written presentations on acquisitions, computer programs, drawings, maps, architectural renditions, models, manuals, brochures, or the like) relating to Employer's business, products, or services, whether such work is created solely by Employee or jointly with others (whether during business hours or otherwise and whether on Employer's premises or otherwise), Employee shall disclose such work to Employer. Employer shall be deemed the author of such work if the work is prepared by Employee in the scope of his or her employment; or, if the work is not prepared by Employee within the scope of his or her employment but is specially ordered by Employer as a contribution to a collective work, as a part of a motion picture or other audio-visual work, as a translation, as a supplementary work, as a compilation, or as an instructional text, then the work shall be considered to be work made for hire and Employer shall be the author of the work. If such work relating to Employer's business is neither prepared by the Employee within the scope of his or her employment nor a work specially ordered and is deemed to be a work made for hire, then Employee hereby agrees to assign, and by these presents does assign, to Employer all of Employee's worldwide right, title, and interest in and to such work and all rights of copyright therein. If such work has no relation to Employer's business, then the title and rights of copyright related thereto will belong to Employee.

5.4. Employee acknowledges that the business of

Employer, Enron, and their affiliates is highly competitive and that their strategies, methods, books, records, and documents, their technical information concerning their products, equipment, services, and processes, procurement procedures and pricing techniques, the names of and other information (such as credit and financial data) concerning their customers and business affiliates, all comprise confidential business information and trade secrets which are valuable, special, and unique assets which Employer, Enron, or their affiliates use in their business to obtain a competitive advantage over their competitors. Employee further acknowledges that protection of such confidential business information and trade secrets against unauthorized disclosure and use is of critical importance to Employer, Enron, and their affiliates in maintaining their competitive position. Employee hereby agrees that Employee will not, at any time during or after his or her employment by Employer, make any unauthorized disclosure of any confidential business information or trade secrets of Employer, Enron, or their affiliates, or make any use thereof, except in the carrying out of his or her employment responsibilities hereunder; provided, however, that these restrictions shall not apply to (i) such portions of any information treated as confidential information or trade secrets by Employer, Enron or their affiliates which in fact become publicly available other than through the action of Employee, or (ii) such portions of information which, although it was treated as confidential or a trade secret at the time of its creation, is no longer confidential or a trade secret at the time of termination of Employee's employment by Employer, and provided further that such restrictions shall not apply to the portions of such information which is or becomes part of Employee's general business knowledge or experience. Enron and its affiliates shall be third party beneficiaries of Employee's obligations under this Section. As a result of Employee's employment by Employer, Employee may also from time to time have access to, or knowledge of, confidential business information or trade secrets of third parties, such as customers, suppliers, partners, joint venturers, and the like, of Employer, Enron, and their affiliates. Employee also agrees to preserve and protect the confidentiality of such third party confidential information and trade secrets to the same extent, and on the same basis, as Employer has agreed to protect and preserve such third party confidential information and trade secrets. These obligations of confidence apply irrespective of whether the information has been reduced to a tangible medium of expression (e.g., is only maintained in the minds of Enron's employees) and, if it has been reduced to a tangible medium, irrespective of the form or medium in which the information is embodied (e.g., documents, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, E-mail, voice mail, electronic databases, maps and all other writings or materials of any type).

5.5. Upon termination of Employee's employment with Employer, for any reason, Employee promptly shall deliver to Employer all written materials, records, videotape, computer

programs, drawings, maps, architectural renditions, models, manuals, brochures, and other documents made by, or coming into the possession of, Employee during the period of Employee's employment by Employer which are owned by Employer, Enron, or their affiliates or which contain or disclose confidential business information or trade secrets of Employer, Enron, or their affiliates, and all copies thereof.

5.6. Both during the period of Employee's employment by Employer and thereafter, Employee shall assist Employer and its nominee, at any time, at Employer's cost, in the protection of Employer's worldwide right, title, and interest in and to information, ideas, concepts, improvements, discoveries, and inventions, and its copyrighted works, including without limitation, the execution of all formal assignment documents requested by Employer or its nominee and the execution of all lawful oaths and applications for applications for patents and registration of copyright in the United States and foreign countries.

5.7. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article 5 by Employee. After provision of fifteen (15) days advance written notice specifying Employer's basis for belief that Employee may have violated the provisions of Article 5, and if Employee fails to remedy such alleged breach within such fifteen (15) period of time, Employer shall be entitled to enforce the provisions of this Article 5 by terminating any payments then owing to Employee under this Agreement and/or to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article 5, but shall be in addition to all remedies available at law or in equity to Employer, including the recovery of damages from Employee and his or her agents involved in such breach and remedies available to Enron or Employer pursuant to other agreements with Employee.

Article 6: Non-competition Obligations:

6.1. Employer shall disclose to Employee, or place Employee in a position to have access to or develop, trade secrets or confidential information of Employer, Enron, or their affiliates; and/or shall entrust Employee with business opportunities of Employer, Enron, or their affiliates; and/or shall place Employee in a position to develop business good will on behalf of Employer, Enron, or their affiliates.

6.2. As part of the consideration for the compensation and benefits to be paid to Employee hereunder; to protect the trade secrets and confidential information of Employer, Enron, or their affiliates that will be disclosed or entrusted to Employee, the business good will of Employer, Enron, or their affiliates that will be developed in Employee, or the business opportunities that will be

disclosed or entrusted to Employee by Employer, Enron, or their affiliated companies; and as an additional incentive for Employer to enter into this Agreement, Employer and Employee agree to the non-competition provisions of this Article 6. Employee agrees that during the period of Employee's non-competition obligations hereunder, Employee will not, directly or indirectly for Employee or for others, in any geographic area or market where Employer or Enron or any of their affiliated companies are conducting any business as of the date of termination of the employment relationship or have during the previous twelve months conducted any business:

(i) engage in any business competitive with the business conducted by Employer;

(ii) render advice or services to, or otherwise assist, any other person, association, or entity who is engaged, directly or indirectly, in any business competitive with the business conducted by Employer;

(iii) induce any employee of Employer or Enron or any of their affiliates to terminate his or her employment with Employer, Enron, or their affiliates, or hire or assist in the hiring of any such employee by any person, association, or entity not affiliated with Enron.

These non-competition obligations shall extend for so long as Employee is employed by Employer or, if the employment relationship terminates prior to the expiration of the Term, until the expiration of the Term.

6.3. Employee understands that the foregoing restrictions may limit his or her ability to engage in certain businesses anywhere in the world during the period provided for above, but acknowledges that Employee will receive sufficiently high remuneration and other benefits (e.g., the right to receive compensation under Section 3.5 for the remainder of the Term upon Involuntary Termination) under this Agreement to justify such restriction. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article 6 by Employee, and Employer shall be entitled to enforce the provisions of this Article 6 by terminating any payments then owing to Employee under this Agreement and/or to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article 6, but shall be in addition to all remedies available at law or in equity to Employer, including, without limitation, the recovery of damages from Employee and his or her agents involved in such breach and remedies available to Employer or Enron pursuant to other agreements with Employee.

6.4. It is expressly understood and agreed that

Employer and Employee consider the restrictions contained in this Article 6 to be reasonable and necessary to protect the proprietary information of Employer. Nevertheless, if any of the aforesaid restrictions are found by a court having jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions therein set forth to be modified by such courts so as to be reasonable and enforceable and, as so modified by the court, to be fully enforced.

Article 7: Miscellaneous:

7.1. For purposes of this Agreement the terms "affiliates" or "affiliated" means an entity who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with Enron or Employer.

7.2. Employee shall refrain, both during the employment relationship and after the employment relationship terminates, from publishing any oral or written statements about Employer, Enron, any of their respective subsidiaries or affiliates, or any of such entities' officers, employees, agents or representatives that are slanderous, libelous, or defamatory; or that disclose private or confidential information about Employer, Enron, any of their respective subsidiaries or affiliates, or any of such entities' business affairs, officers, employees, agents, or representatives; or that constitute an intrusion into the seclusion or private lives of Employer, Enron, any of their respective subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives; or that give rise to unreasonable publicity about the private lives of Employer, Enron, any of their respective subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives; or that place Employer, Enron, any of their respective subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives in a false light before the public; or that constitute a misappropriation of the name or likeness of Employer, Enron, any of their respective subsidiaries or affiliates, or any of such entities' officers, employees, agents, or representatives. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded the Enron entities and affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

7.3. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employer, to:

Enron Capital Trade & Resources Corp.
1400 Smith Street
Houston, Texas 77002
Attention: Managing Director, Control and Legal
With a copy to:

Enron Corp.
1400 Smith Street
Houston, Texas 77002
Attention: Corporate Secretary

If to Employee, to:

Jeffrey K. Skilling
2238 Albans Road
Houston, Texas 77005

Either Employer or Employee may furnish a change of address to the other in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

7.4. This Agreement shall be governed in all respects by the laws of the State of Texas, excluding any conflict-of-law rule or principle that might refer the construction of the Agreement to the laws of another State or country.

7.5. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

7.6. If a dispute arises out of or related to this Agreement, other than a dispute regarding Employee's obligations under Articles 5 or 6, and if the dispute cannot be settled through direct discussions, then Employer and Employee agree to first endeavor to settle the dispute in an amicable manner by mediation, before having recourse to any other proceeding or forum. Thereafter, if either party to this Agreement brings legal action to enforce the terms of this Agreement, the party who prevails in such legal action, whether plaintiff or defendant, in addition to the remedy or relief obtained in such legal action shall be entitled to recover its, his, or her expenses incurred in connection with such legal action, including, without limitation, costs of Court and attorneys fees.

7.7. It is a desire and intent of the parties that the terms, provisions, covenants, and remedies contained in this Agreement shall be enforceable to the fullest extent permitted by law. If any such term, provision, covenant, or remedy of this Agreement or the application thereof to any person, association, or entity or circumstances shall, to any extent, be construed to be invalid or unenforceable in whole or in part, then such term, provision, covenant, or

remedy shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. In any case, the remaining provisions of this Agreement or the application thereof to any person, association, or entity or circumstances other than those to which they have been held invalid or unenforceable, shall remain in full force and effect.

7.8. This Agreement shall be binding upon and inure to the benefit of Employer and any other person, association, or entity which may hereafter acquire or succeed to all or substantially all of the business or assets of Employer by any means whether direct or indirect, by purchase, merger, consolidation, or otherwise. Employee's rights and obligations under Agreement hereof are personal and such rights, benefits, and obligations of Employee shall not be voluntarily or involuntarily assigned, alienated, or transferred, whether by operation of law or otherwise, without the prior written consent of Employer.

7.9. Except as provided in (1) written company policies promulgated by Employer or Enron dealing with issues such as securities trading, business ethics, governmental affairs and political contributions, consulting fees, commissions or other payments, compliance with law, investments and outside business interests as officers and employees, reporting responsibilities, administrative compliance, and the like, (2) the written benefits, plans, and programs referenced in Section 2.6, the August 29, 1994 agreement pursuant to Enron Corp.'s 1991 Stock Plan, and Employee's existing rights under the Existing Compensation Plan (which it is contemplated shall be the subject of a separate waiver and consent agreement), or (3) any signed written agreements contemporaneously or hereafter executed by Employer and Employee (including the Plan), this Agreement constitutes the entire agreement of the parties with regard to such subject matters, and contains all of the covenants, promises, representations, warranties, and agreements between the parties with respect to Employee's employment relationship with Employer and the term and termination of such relationship, and replaces and merges previous agreements and discussions pertaining to the employment relationship between Employer and Employee. Specifically, but not by way of limitation, the Employment Agreement dated August 1, 1990 between Enron Finance Corp. and Employee is hereby canceled and Employee hereby irrevocably waives and renounces all of Employee's rights and claims under such August 1, 1990 Employment Agreement. Any modification of this Agreement will be effective only if it is in writing and signed by each party whose rights hereunder are affected thereby, provided that any such modification must be authorized or approved by the Board of Directors of Employer and the Office of the Chairman of Enron.

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement in multiple originals to be effective on the date first stated above.

ENRON CAPITAL TRADE & RESOURCES CORP.

By: PEGGY B. MENCHACA
Title: Vice President & Secretary
This 4th day of March, 1996

JEFFREY K. SKILLING
JEFFREY K. SKILLING
This 4th day of March, 1996

</TEXT>

</DOCUMENT>
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<TYPE>EX-10.64
<SEQUENCE>16
<DESCRIPTION>FIRST AMENDMENT TO EMPLOYMENT AGREEMENT-JEFFREY SKILLING
<TEXT>

Exhibit 10.64

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement, made and entered into on this 31st 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, 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:

> "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: KENNETH L. LAY	By: PEGGY B. MENCHACA

Title: Title: Vice President
& Secretary

JEFFREY K. SKILLING

JEFFREY K. SKILLING

</TEXT>

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<DESCRIPTION>STATEMENT OF CALCULATION OF EARNINGS PER SHARE
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Exhibit 11

ENRON CORP. AND SUBSIDIARIES
Calculation of Earnings Per Share
(Unaudited)

<CAPTION>

	Year Ended December 31,		
	1996	1995	1994
	(in millions except per share amounts)		
<S>	<C>	<C>	<C>
Primary Earnings Per Share			
Earnings on common stock			
Net income	$ 584	$ 520	$ 453
Preferred stock dividends	(16)	(16)	(15)
	$ 568	$ 504	$ 438
Average number of common shares outstanding	246	244	243
Primary earnings per share of common stock	$2.31	$2.07	$1.80
Fully Diluted Earnings Per Share			
Adjusted earnings on common stock			
Net income	$ 584	$ 520	$ 453
Preferred stock dividends	(16)	(16)	(15)
Add back:			
Dividends on convertible preferred stock	16	16	15

	$ 584	$ 520	$ 453
Average number of common shares outstanding on a fully diluted basis			
Average number of common shares outstanding	246	244	243
Additional shares issuable upon:			
Conversion of preferred stock	18	19	20
Exercise of stock options reduced by the number of shares which could have been purchased with the proceeds from exercise of such options	7	5	3
	271	268	266
Fully diluted earnings per share of common stock	$2.16	$1.94	$1.70

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<DESCRIPTION>STATEMENT OF COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
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Exhibit 12

ENRON CORP. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
(Unaudited)

<CAPTION>

(In Millions)	Year Ended December 31,				
	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Earnings available for fixed charges					
Income from continuing operations	$ 584	$ 520	$ 453	$333	$329
Less:					
Undistributed earnings and losses of less than 50% owned affiliates	(39)	(14)	(9)	(20)	(33)
Capitalized interest of nonregulated companies	(10)	(8)	(9)	(26)	(66)
Add:					
Fixed charges(1)	454	436	487	471	452
Minority interest	75	27	30	28	18
Income tax expense	297	310	190	148	88

Total	$1,361	$1,271	$1,142	$934	$788
Fixed charges					
Interest expense(1)	$ 404	$ 386	$ 445	$436	$430
Rental expense representative of interest factor	50	50	42	35	22
Total	$ 454	$ 436	$ 487	$471	$452
Ratio of earnings to fixed charges	3.00	2.92	2.34	1.98	1.74

<FN>
(1) Amounts exclude costs incurred on sales of accounts receivable.
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<TYPE>EX-21
<SEQUENCE>19
<DESCRIPTION>ENRON CORP. AND SUBSIDIARY COMPANIES
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Exhibit 21

ENRON CORP.
AND SUBSIDIARY COMPANIES

Subsidiary Companies and Limited Partnerships:

Atlantic Commercial Finance B.V. (The Netherlands)
Atlantic Commercial Finance, Inc. (Delaware)
- Atlantic India Holdings Ltd. (Cayman Islands)
- B-Share China Holdings Ltd. (Cayman Islands)
- EDC Atlantic Ltd. (Cayman Islands)
- Enron Agua Colombia Holdings Ltd. (Cayman Islands)
  - Enron Agua Colombia Investments Ltd. (Cayman Islands)
  - Enron Agua Colombia Ltd. (Cayman Islands)(99%)
- Enron Agua Philippines Holdings Ltd. (Cayman Islands)
  - Enron Agua Philippines Investments Ltd. (Cayman Islands)
  - Enron Agua Philippines Ltd. (Cayman Islands)(99%)
- Enron Colombia Energy B.V. (The Netherlands)
  - Enron Power Colombia C.V. (The Netherlands)(99%)
- Enron Colombia Investments Ltd. (Cayman Islands)
- Enron Colombia Transportation B.V. (The Netherlands)
  - Enron Colombia Transportation B.V. Colombia Branch (Columbia)
- Enron Development Spain Ltd. (Cayman Islands)
- Enron do Brazil Holdings Ltd. (Cayman Islands)
  - Enron do Brazil Investments Ltd. (Cayman Islands)
- Enron ERE Holdings Ltd. (Cayman Islands)
  - Enron Entre Rios Expansion Ltd. (Cayman Islands)(99%)
  - Enron ERE Investments Ltd. (Cayman Islands)
- Enron Ghana Holdings Ltd. (Cayman Islands)
  - Enron Ghana Investments Ltd. (Cayman Islands)
  - Enron Ghana Ltd. (Cayman Islands)(99%)
- Enron International B.V. (The Netherlands)

Enron International C.V. (The Netherlands)(.10%)
Enron LNG Atlantic Holdings Ltd. (Cayman Islands)
Enron LNG Atlantic Investments Ltd. (Cayman Islands)
Enron LNG Atlantic Ltd. (Cayman Islands)(99%)
Enron LNG Holdings Ltd. (Cayman Islands)
Enron LNG Investments Ltd. (Cayman Islands)
Enron LNG Services Ltd. (Cayman Islands)(99%)
Enron LNG Power (Atlantic) Ltd. (Cayman Islands)
Buenergia Gas & Power Ltd. (Cayman Islands)(99%)
Buenergia Enron de Puerto Rico Ltd. (Cayman Islands)
Buenergia Ltd. (Cayman Islands)
Buenergia B.V. (Cayman Islands)
EcoElectrica L.P. (Bermuda) (50%)
Enron Polska B.V. (The Netherlands)
Enron Reserve 4 B.V. (The Netherlands)
Enpak Power (Private) Company (Pakistan)
Enron Reserve 6 B.V. (The Netherlands)
Enron Development International C.V. (The Netherlands) (.10%)
Enron Reserve 7 B.V. (The Netherlands)
Enron (Bolivia) C.V. (The Netherlands) (1%)
Enron Reserve 8 B.V. (The Netherlands)
Enron Caribe C.V. (The Netherlands)(1%)
Enron Power I C.V. (The Netherlands)(1%)
Enron Power Honduras S. de R.L. de C.V.**(Honduras)(99%)
Enron Reserve 9 B.V. (The Netherlands)
Enron Power II C.V. (The Netherlands)(1%)
Enron Reserve I B.V. (The Netherlands)
Smith/Enron Cogeneracion Internacional, S.A.(Dominican - Republic)(50%)
Smith/Enron Cogeneration Limited Partnership (Turks & Caicos Isles) (1%)
Smith/Enron O&M Limited Partnership (Turks & Caicos Isles)(1%)
Enron Reserve II B.V. (The Netherlands)
Offshore Power Operations C.V. (The Netherlands)(.10%)
Enron Tamil Power Ltd. (Cayman Islands)
Enron Water Vietnam Holdings Ltd. (Cayman Islands)
Enron Water Vietnam Investments Ltd. (Cayman Islands)
Enron Water Vietnam Ltd. (Cayman Islands)(99%)
Enron Wenchang Holdings Company Ltd. (Cayman Islands)
Enron Wenchang Investments Ltd. (Cayman Islands)
Hainan Holdings Ltd. (Cayman Islands)(50%)
Enron Reserve III B.V. (The Netherlands)
Enron Wenchang Power C.V. (The Netherlands)(1%)
Hainan Funding LLC (Turks & Caicos Isles)(50%)
Hainan Meinan Power Services Company, Limited (China)
Hainan Meinan Power Company CJV (China)(1%)
India Electric Maintenance Ltd. (Cayman Islands)
Mesquite Holdings B.V. (The Netherlands)
Enron Power Management B.V. (The Netherlands)
Enron Design C.V. (The Netherlands)(1%)
Enron Proje Yonetimi Limited Sirketi (Turkey)(95%)
Enron Turkey Energy B.V. (The Netherlands)
Enron Power Holdings C.V. (The Netherlands)(1%)
Trakya Elektrik Uretim ve Ticaret A.S. (Turkey)(50%)
Travamark Two B.V. (The Netherlands)
Offshore Power Production C.V. (The Netherlands)(.20%)
Enron Mauritius Company (Mauritius)
Dabhol Power Company (India)

Enron India Holdings Ltd. (Cayman Islands)
DPC Holdings C.V. (The Netherlands)

Belco Petroleum Corporation (Delaware)
Belo Horizonte Power Ltd. (Cayman Islands)
Bolivia Holdings Ltd. (Cayman Islands)
Brazil Power Investments Ltd. (Cayman Islands)
EGP Fuels Company (Delaware)
Energy Caribbean Finance Company (Cayman Islands)
Enpak Holdings Ltd. (Cayman Islands)
Enpak Investments Ltd. (Cayman Islands)
Enpak Power Company Ltd. (Cayman Islands)(99%)
Enron Aguaven Holdings Ltd. (Cayman Islands)
Enron Aguaven Investments Ltd. (Cayman Islands)
Enron Agua Venezuela Ltd. (Cayman Islands) (99%)
Enron Americas, Inc. (Delaware)
The Protane Corporation (Delaware)
Citadel Corporation Limited (Cayman Islands)
Citadel Venezolana, S.A. (Venezuela)
Interruptores Especializados Lara, S.A.(Venezuela)(66%)
Industrial Gases Limited (Jamaica)
Manufacturera de Aparatos Domesticos, S.A.(MADOSA)
(Venezuela)(45.58%)
Enron Americas Energy Services, Inc. (Puerto Rico)
Enron Americas Limited (Cayman Islands)
ProCaribe Division of The Protane Corporation
Progasco, Inc. (Puerto Rico)
V. Holdings Industries, S.A. (Venezuela)
Finven Financial Institution Limited (Cayman Islands)
Smith Dominicana Holding Limited Partnership (Cayman
Islands)(99%)
Industrias Ventane, S.A. (Venezuela)
Duck Lake International A.V.V. (Aruba)(97%)
Industrial Larcada, S.A.(Venezuela)
Servicios Consolidados Ventane, S.A. (Venezuela)
Servicios Vengas, S.A. (Venezuela)
Transporte Mil Ruedas, S.A. (Venezuela)
Vengas de Caracas, S.A. (Venezuela)
Vengas de Occidente, S.A. (Venezuela)
Vengas de Oriente, S.A. (Venezuela)
Vengas del Centro, S.A. (Venezuela)
Enron Argentina Holding, Inc. (Delaware)
Enron Capital & Trade Resources Argentina S.A.(Argentina)(99.99%)
Enron Argentina Investments, Inc. (Delaware)
Enron CHESA Delaware Limited Liability Company(Delaware)(1%)
Enron CHESA Texas Limited Liability Company(Delaware)(1%)
Compania Hidroelectrica Enron S.A. (Argentina)(99.99%)
Enron Argentina Ventures, Inc.(Delaware)
Enron Atlantic LNG Ltd. (Cayman Islands)
Enron Border Holdings Ltd. (Cayman Islands)
Enron Border Investments Ltd.(Cayman Islands)
Enron SAM Border Ltd. (Cayman Islands)(99%)
Enron Brazil Services Ltd. (Cayman Islands)
Enron Brazil Ltd. (Cayman Islands)
Enron Servicos do Brasil Ltda. (Brazil)(99%)
Enron Capital & Trade Resources Corp. (Delaware)
Clinton Gas Marketing, Inc. (Ohio)
Cusiana-Cupiagua Oil Securitization 1996 Ltd. (Cayman Islands)

Cypress Acadian Exploration Corp. (Delaware)
Cypress Acadian Exploration Limited Partnership I (1%)(Delaware)
Cypress Acadian Exploration Limited Partnership II (1%)(Delaware)
ECT Cayman Reserve 5 Ltd. (Cayman Islands)
    Enron Distribuidora de Petroleo e Derivados Ltda.(Brazil)(99%)
ECT Cayman Reserve 6 Ltd. (Cayman Islands)
ECT International Holdings Ltd. (Cayman Islands)
    ECT Venezuela Investments Ltd. (Cayman Islands)
    ECT Venezuela Development Ltd. (Cayman Islands)(99%)
ECT Investments Inc. (Delaware)
ECT Securities Corp. (Delaware)
ECT Strategic Value Corp. (Delaware)
EGS Hydrocarbons Corp. (Texas)
EGS New Ventures Corp. (Delaware)
    LGMI, Inc. (Delaware)
    LRCI, Inc. (Delaware)
    Louisiana Gas Marketing Company (Delaware)
      Louisiana Gas Pipeline Company Limited
        Partnership(Oklahoma)(99%)
    Louisiana Resources Company (Delaware)
      Louisiana Resources Pipeline Company Limited
        Partnership(Oklahoma)(99%)
Enron Administrative Services Corp. (Delaware)
Enron Cactus III Corp. (Delaware)
    Cactus Hydrocarbon III Limited Partnership (Delaware)(1%)
Enron Capital & Trade Resources Canada Corp. (Alberta)
Enron Capital & Trade Resources International Corp. (Delaware)
    Enron Capital & Trade Resources International Corp.-Singapore
      Branch
    Enron Europe Finance & Trading Limited (England)
    Enron Finland Energy Oy (Finland)
    Enron Nordic Energy - Swedish branch of ECTRIC
    Enron Nordic Energy - Norwegian branch of ECTRIC
Enron CASH Company No. 1 (Delaware)
Enron CASH Company No. 2 (Delaware)
Enron CASH Company No. 3 (Delaware)
Enron Cushing Oil Marketing, Inc.(Delaware)
Enron Energy Concepts, L.P. (Delaware)
Enron Field Services Company (Delaware)
Enron Finance Corp. (Delaware)
    Enron Hydrocarbons Marketing Corp. (Delaware)
    Enron Reserve Acquisition Corp. (Delaware)
Enron GasBank, Inc. (Delaware)
Enron Global de Guatemala, S.A. (Guatemala)
Enron Minority Development Corp. (Delaware)
   Cook Inlet Energy Supply, Limited Partnership (30%)
Enron Natural Gas Marketing Corp.(Delaware)
Enron Power Investments, Inc. (Texas)
   Enron Power Investments Limited (England)
Enron Power Marketing, Inc. (Delaware)
Enron TDF Ltd. (Cayman Islands)
Enron Capital Corp.(formerly JILP-G.P., Inc.) (Delaware)
   Enron Capital Management Limited Partnership (Delaware) (1%)
     Joint Energy Development Investments Limited Partnership
       (Delaware) (50%)
       CGAS, Inc. (Ohio)(97%)
         CGAS Exploration, Inc. (Ohio)
           Eagle Mountain Energy Corporation (Ohio)

CGAS Investment Corp. (Ohio)
CGAS Services Corporation (Ohio)
CGAS Securities, Inc. (Ohio)
Clinton Nominee Corporation (Ohio)
Haulco, Inc. (Ohio)
LDC Securities, Inc. (Ohio)
Metertech, Inc. (Ohio)
Ohio Gasportation, Inc. (Ohio)
Coda Energy, Inc. (Delaware)(98.50%)
Diamond Energy Operating Company (Oklahoma)
Taurus Energy Corp. (Texas)
Electra Resources, Inc. (Texas)
Gantry Corp.(Delaware)
Gantry Acquisition Corp. (Delaware)
JEDI Capital L.L.C. (Delaware)(99%)
JEDI Hydrocarbon Finance I Limited Partnership (Delaware)(1%)
JEDI Hydrocarbon Finance Limited Partnership (Delaware)(1%)
JEDI Hydrocarbon Investments I Limited Partnership (Delaware)(1%)
Mariner Holdings, Inc. (Delaware)
Mariner Energy, Inc. (Delaware)
Pinto Holdings B.V. (The Netherlands)
Explorer Holdings B.V. (The Netherlands)
JILP-L.P., Inc. (Delaware)
Kenobe, Inc. (Delaware)
EnSerCo, L.L.C. (Delaware)(1%)
Mid-Gulf Drilling Corp.(Delaware)
OBI-1 Holdings, L.L.C. (Delaware)
Oilfield Business Investments-1, L.L.C. (Delaware)
Enron Capital LLC (Turks & Caicos Islands)(99%)
Enron Capital Resources, L.P. (Delaware)(99%)
Enron Capital & Trade Resources South America S.A.(Argentina)(99%)
Enron Capital Trust I (Delaware)
Enron Capital Trust II (Delaware)
Enron Caribe I Ltd. (Cayman Islands)
Enron Caribe II Ltd. (Cayman Islands)
Enron Caribe III Ltd. (Cayman Islands)
Enron Cayman Reserve 4 Ltd. (Cayman Islands)
Enron Cayman Reserve 6 Ltd. (Cayman Islands)
Enron Cayman Reserve 12 Ltd. (Cayman Islands)
Enron Ceska Republika Ltd. (The Netherlands)
Enron China Holdings Ltd. (Cayman Islands)
Enron China Fuels Ltd. (Cayman Islands)
Enron Lan Yan Limited (Cayman Islands)(99%)
Enron China Power Holdings Ltd. (Cayman Islands)
Enron Clean Electricity Ltd. (Cayman Islands)
Enron Coal Company (Delaware)
Enron Coal Pipeline Company (Delaware)
Enron Development (Australia) Ltd. (Cayman Islands)
Enron Development (Bangladesh) Ltd. (Cayman Islands)
Enron Development Belo Horizonte Ltd. (Cayman Islands)
Enron Brazil Development C.V. (The Netherlands)(1%)
Enron Development Brazil Ltd.(Cayman Islands)
Enron Electric Power Brazil C.V. (The Netherlands)(1%)
Enron Development (Costa Rica) Ltd. (Cayman Islands)
Enron Development Funding Ltd. (Cayman Islands)
Enron Development Management Ltd. (Cayman Islands)
Enron Guam Piti Corporation (Guam)

Enron Development (Myanmar) Ltd. (Cayman Islands)
Enron Development Piti Corp. (Delaware)
Enron Development Piti Holdings Corp. (Delaware)
   Enron Development Piti L.L.C. (Delaware)
Enron Development (Philippines) Ltd. (Cayman Islands)
Enron Development Turkey Ltd. (Cayman Islands)
Enron Development (West Africa) Ltd. (Cayman Islands)
Enron Development Vietnam L.L.C. (Delaware)(99%)
Enron Dutch Holdings B.V. (The Netherlands)
Enron Ecuador Holdings Ltd.(Cayman Islands)
Enron Egypt Power Ltd. (Cayman Islands)
Enron Electric (Bolivia) Ltd. (Cayman Islands)
Enron Energia de la Region del Cauca Holdings, Ltd. (Cayman Islands)
   Termovalle Ltda. (Columbia)(84%)
   Enron Energia de la Region del Cauca Investments, Ltd. (Cayman Islands)
       Enron Energia del Valle 1 Ltd. (Cayman Islands)(50.25%)
       Enron Energia del Valle 2 Ltd. (Cayman Islands)(50.25%)
          Termovalle & Cia, S.C.A. (Columbia)(63.15%)
       Enron Energia del Valle 3 Ltd. (Cayman Islands)(50.25%)
       Enron Energia del Valle 4 Ltd. (Cayman Islands)(50.25%)
       Enron Energia del Valle 5 Ltd. (Cayman Islands)(50.25%)
Enron Energy Natal Ltd. (Cayman Islands)
Enron Energy of Peru Ltd. (Cayman Islands)
Enron Epicycle Three B.V. (The Netherlands)
Enron Epicycle Five B.V. (The Netherlands)
Enron Epicycle Six B.V. (The Netherlands)
Enron Epicycle Seven B.V. (The Netherlands)
Enron Epicycle Eight B.V. (The Netherlands)
Enron Equity Corp. (Delaware)(73%)
       ECT Colombia Pipeline Holdings 1 Ltd. (Cayman Islands)
           ECT Colombia Pipeline Holdings 2 Ltd. (Cayman Islands)
           ECT Colombia Pipeline Holdings 3 Ltd. (Cayman Islands)
              Enron Colombia Holdings de ECT Cayman Reserve 3 Ltd.
               & CIA, S.en C. (Columbia)(1%)
           ECT Colombia Pipeline Holdings 4 Ltd. (Cayman Islands)
       Enron Holding Company L.L.C. (Delaware)(72%)
           Enron Global Power & Pipelines L.L.C. (Delaware) (52%)
               EGPP Services Inc. (Delaware)
               Enron Commercial Finance Ltd. (Cayman Islands)
                   Enron Cayman Reserve 5 Ltd.
                       Enron Colombia Transportation Ltd. (Cayman Islands)
                         Enron Colombia Investments Ltd Partnership
                          Cayman Islands)(1%)
                         Enron Pipeline Colombia Limited Partnership
                         (Cayman Islands)(1%)
                            Enron Colombia Operations Limited
                           Partnership (Cayman Islands)(1%)
               Enron Dominican Republic Ltd. (Cayman Islands)
                   B-Share Holdings Ltd.
               Enron Dominican Republic Operations Ltd. (Cayman Islands)
               Enron Pipeline Company - Argentina S.A. (Argentina)
                   Compania de Inversiones de Energia S.A. (Argentina)(25%)
                       Transportadora de Gas del Sur S.A. (Argentina)(70%)
                   Enron CIESA Holding L.L.C. Ltd.(Cayman Islands)(51%)
                   EPCA CIESA Holding L.L.C. Ltd.
                      EPCA CIESA Inversiones Limitada (Chile)(99%)
               Enron Power Philippines Corp. (Republic of Philippines)
                   Batangas Power Corp. (Republic of Philippines) (50%)

Subic Power Corp. (Republic of Philippines)(50%)
Puerto Quetzal Power Corp. (Delaware)(50%)
Electricidad del Pacifico, S.A.(Guatemala)
Western Caribbean Finance L.P. (Texas)(98%)
Enron Light Hydrocarbons France (France)
Norelf Limited (Bermuda)(50%)
Enron Expat Services Inc. (Delaware)
Enron Foundation (Nebraska)
Enron Hainan Ltd. (Cayman Islands)
Enron Holding Equity Corp. (Delaware)
Enron Holdings, Ltd. (Cayman Islands)
Enron Ecuador Ltd. (Cayman Islands)
Enron Ecuadorian Pipeline (Cayman Islands)(99%)
Enron Hrvatska Development B.V. (The Netherlands)
Enron International Holdings Ltd. (Cayman Islands)
Enron International Investments Ltd. (Cayman Islands)
Enron International Development Ltd. (Cayman Islands)(99%)
Enron International Inc. (Delaware) (45%)
Electricidad Enron de Guatemala, Sociedad Anonima (Guatemala)
Enron Global Capital Co. (Delaware)
Enron Global Inc. (Delaware)
Enron International Development Services, Inc. (Delaware)
Enron Java Power Corp. (Delaware)
P.T. East Java Power Corp. (in formation)(50.10%)
Enron Mauritius Services Company Ltd. (Mauritius)
Enron Pasuruan Power Corp. (Delaware)
Enron Pipeline Company - Colombia G.P. Inc. (Texas)
Enron Pipeline Company - Colombia, Ltd. (Texas)(1%)
India Power Ventures Inc. (Delaware)
Verdenergia Enron de Puerto Rico, Inc. (Delaware)
Enron Joint Venture Management Corp.(Delaware)
Enron Joint Venture Management Americas Corp. (Delaware)
Enron Joint Venture Management Europe Corp. (Delaware)
Enron JVM Sarlux Corp. (Delaware)
Enron Joint Venture Management Asia Corp. (Delaware)
Enron Kalimantan Power Corp. (Delaware)
Enron LNG India Ltd. (Cayman Islands)
Enron LNG Middle East Ltd. (Cayman Islands)
Enron Latvia Holdings (Cayman Islands)
Enron Latvia Investments Ltd. (Cayman Islands)
Enron Latvia Development Ltd. (Cayman Islands)(99%)
Enron Latvia Limited (Latvia)
Baltic Energy Corporation (Latvia)(50%)
Enron Liquid Fuels, Inc. (Delaware)
Clyde River Inc. (Liberia)(99%)
Hudson River Inc. (Liberia)(99%)
Enron Liquids Holding Corp. (Delaware)
Engas, Inc. (Delaware)
Enron Gas Liquids, Inc. (Delaware)
Enron Capital & Trade Resources Singapore Pte. Ltd. (Singapore)
Enron Gas Liquids Europe S.A.R.L. (France)
Enron Gas Liquids Holding B.V. (The Netherlands)
Enron Gas Liquids B. V. (The Netherlands)
Enron Liquid Hydrocarbons Latin America Inc. (Delaware)
Halton International Limited (Liberia)
Enron Gas Liquids Far East, Ltd. (Liberia)
Mundogas (Storage) Inc. (Liberia)
Mundo Services Ltd. (Liberia)

Mundogas Trading Ltd. (Liberia)
Enron Gas Processing Company (Delaware)
Enron Equipment Company (Delaware)
Enron Louisiana Energy Company (Delaware)
Sabine Pass Plant Facility Joint Venture (81.05%)
Enron Louisiana Transportation Company (Delaware)
Enron Methanol Company (Delaware)
Enron Liquids Pipeline Company (Delaware)
Enron Liquids Pipeline Operating Limited Partnership (Delaware)(1.01%)
Enron Natural Gas Liquids Corporation (Delaware)
Enron Transportation Services, L.P. (Delaware)(1%)
Enron Liquids Pipeline, L.P. (Delaware)(1%)
Enron Products Pipeline, Inc. (Delaware)
EOTT Energy Corp. (Delaware)
EOTT Canada Ltd. (Alberta)
EOTT Energy Canada Limited Partnership (Delaware)
EOTT Energy Operating Limited Partnership (Delaware)
EOTT Energy Partners, L.P. (Delaware)
EOTT Energy Pipeline Limited Partnership (Delaware)
Enron Far East Pte. Ltd. (Singapore)
NGP Pipeline Company (Delaware)
Enron Management, Inc. (Delaware)
Enron Mexico Holdings Ltd.(Cayman Islands)
Enron Mexico Investments Ltd. (Cayman Islands)
Enron Mexico Development Ltd. (Cayman Islands)(99%)
Enron Energia de Merida S.R.L. de C.V. (89%)
Enron Mexico Pipeline Holdings Ltd. (Cayman Islands)
Enron Mexico Pipeline Investments Ltd.(Cayman Islands)
Enron Mexico Pipeline Ltd. (Cayman Islands)(99%)
Gasoductos Enron de Yucatan, S.R.L. de C.V. (Mexico)(99%)
Enron Minerals Company (Delaware)
Enron Netherlands Holding B.V. (The Netherlands)
Enron Oil & Gas Company (Delaware)(80%)
EOG Expat Services, Inc. (Delaware)
ERSO, Inc. (Delaware)
Enron Oil & Gas - Carthage, Inc. (Delaware)
Enron Oil & Gas International, Inc. (Delaware)
EOGI - Algeria, Inc. (Delaware)
Enron Oil & Gas Algeria Ltd. (Cayman Islands)
EOGI - Australia, Inc. (Delaware)
EOGI Australia Company (Cayman Islands)
Enron Exploration Australia Pty Ltd. (Australia)
EOGI - China, Inc. (Delaware)
Enron Oil & Gas China Ltd. (Cayman Islands)
EOGI - China (Sichuan), Inc. (Delaware)
Enron Oil & Gas China (Sichuan) Ltd. (Cayman Islands)
EOGI - France, Inc. (Delaware)
Enron Exploration France S.A. (France)
EOGI - India, Inc.(Delaware)
Enron Oil & Gas India Ltd. (Cayman Islands)
EOGI - Kazakhstan, Inc. (Delaware)
Enron Oil & Gas Kazakhstan Ltd. (Cayman Islands)
EOGI - Kuwait, Inc. (Delaware)
Enron Oil & Gas Kuwait Ltd. (Cayman Islands)
EOGI - Mozambique, Inc. (Delaware)
Enron Oil & Gas Mozambique Ltd. (Cayman Islands)
EOGI - Qatar, Inc. (Delaware)

Enron Oil & Gas Qatar Ltd. (Cayman Islands)
EOGI - Russia, Inc. (Delaware)
EOGI - Trinidad, Inc. (Delaware)
EOGI Trinidad Company (Cayman Islands)
Enron Gas & Oil Trinidad Limited (Trinidad)
Enron Oil & Gas Capital Management I, Ltd. (Cayman Islands)(99%)
Enron Oil & Gas International Finance B.V. (The Netherlands)
EOGI - Trinidad U(a) Block, Inc. (Delaware)
EOGI Trinidad - U(a) Block Company (Cayman Islands)
Enron Gas & Oil Trinidad - U(a) Block Limited (Cayman Islands)(99%)
EOGI - United Kingdom, Inc. (Delaware)
EOGI United Kingdom Company B.V. (The Netherlands)
Enron Oil U.K. Limited (England)
EOGI - Uzbekistan, Inc. (Delaware)
Enron Oil & Gas Uzbekistan Ltd. (Cayman Islands)
EOGI - Venezuela (Guarico), Inc. (Delaware)
EOGI - Venezuela, Inc. (Cayman Islands)
EOGI Venezuela Company (Cayman Islands)
Enron Oil & Gas Venezuela Ltd. (Cayman Islands)
Administradora del Golfo de Paria Este, S.A. (Venezuela)(58.50%)
Gulf of Paria East Operating Company (Cayman Islands)
Enron Oil & Gas Jordan Ltd. (Cayman Islands)
Enron Oil & Gas Venezuela - Guarico Ltd. (Cayman Islands)
Enron Oil & Gas Investments, Inc. (Delaware)
Enron Oil & Gas Marketing, Inc. (Delaware)
Enron Oil & Gas Property Management, Inc. (Delaware)
Enron Oil & Gas Acquisitions L.P. (Delaware)(1%)
EOG - Canada, Inc. (Delaware)
EOG Company of Canada (Nova Scotia)
EOG Canada Company Ltd. (Alberta)
Enron Oil Canada Ltd. (Alberta)
Nilo Operating Company (Delaware)
Enron Oman Investments Ltd. (Cayman Islands)
Enron Operating Services Corp. (Delaware)
Enron Operations Corp. (Delaware)
Enron Gathering Company (Delaware)
Enron Gathering Limited Partnership (Delaware)
Enron Gulf Coast Gathering Limited Partnership (Delaware)
Enron Liquid Services Corp. (Delaware)
Port Arthur Olefins, L.L.C. (Delaware) (50%)
Enron Mountain Gathering Inc. (Delaware)
Enron Permian Gathering Inc. (Delaware)
NBP Services Corporation (Delaware)
Enron Oregon Corp. (Delaware)
Enron Overthrust Pipeline Company (Delaware)
Enron Papua New Guinea Ltd. (Cayman Islands)
Enron Pipeline Company (Delaware)
Black Marlin Pipeline Company (Texas)
Enron Operations Services Corp. (Delaware)
Enron Services, L.P. (Delaware) (2%)
Enron Preferred Capital Corp. (Delaware)
Northern Natural Gas Company (Delaware)
Transwestern Gathering Company (Delaware)
Transwestern Pipeline Company (Delaware)
Enron Power Corp. (Delaware)

Enron Development Corp. (Delaware)
    Enron-Citizens of Panama, S.A. (Panama)
    Enron Reserve Holdings (Turks & Caicos Isles)
    Enron LNG Development Corp. (Delaware)
      Enron India Natural Gas, Inc. (Delaware)
      Enron Transportation Services Ltd. (Cayman Islands)
Enron Development Corp. - Colombia Branch (Columbia)
    Centragas - Transportadora de Gas de la Region Central
       (Columbia)
    de Enron Development & Cia, S.C.A. (Columbia)(1%)
Enron Development Corp. - UK Branch (England)
Enron Europe Limited (England)
    Enron Capital & Trade Resources Limited (England)
      Enron Petrochemicals B.V. (The Netherlands)
    Enron Europe Construction Limited (England)
    Enron Europe Liquids Processing (England)(99%)
    Enron Europe Operations Limited (England)
      Enron Pakistan Operating (Private) Company (Pakistan)(99%)
    Enron Gas Construction   (England) (99%)
    Enron Gas Processing (U.K.) Limited (England)
    Enron Guc Santrallari Isletme Limited Sirketi (Turkey)(99%)
    Enron Power (Europe) Limited (England)
      Enrici Power Marketing Limited (England)
    Enron Power Construction Limited (England)
      Enron Gas Processing (Europe) Limited (England)
    Enron Power Operations Limited (England)
      Enron Power Operations Teesside (England)(50%)
    Enron Power Trading Limited (England)
    Falco UPG, Limited (England)
      UPG Falco Limited (England)
    Flotilla Power (England)
    Flotilla Power (UK) Limited (England)
    IPG Engineering Services Company (England)(99%)
    IPG Holdings Limited (England)
      Independent Power Generators Limited (England)(75%)
         IPG Power (England)(99%)
         Sutton Bridge Power Limited
    IPG Operations & Maintenance (England) (99%)
    Kent Power Limited (England)
    Teesside Gas Processing Limited (England)
    Teesside Gas Transportation Limited (England)
    Teesside Power Holdings Limited (England)(85%)
    Teesside Power Limited (England)(50%)
    Trenron Limited (England)
    Wallerscote Engineering Services Company (England)(99%)
    Wallerscote Holdings Limited (England)
      Wallerscote Power Holdings (England)(90%)
         Wallerscote Power (England)(99%)
    Wallerscote Operations & Maintenance (England) (99%)
    Wallerscote Power Operations Limited (England)
Enron Power Corp. - U.S. (Delaware)
    Enron Equipment Installation Company (Delaware)
    Enron Equipment Procurement Company (Delaware)
      Enron/CNF Equipment, L.P. (1%)
      Enron/CNF Equipment Joint Venture (50%)
    Enron Export Sales Ltd. (Barbados)
    Enron Fuels International, Inc. (Delaware)
    Enron Milford Operating Company (Delaware)

Enron Onshore Procurement Company (Delaware)
Enron Power I (Puerto Rico), Inc. (Delaware)
Enron/CNF Power Construction, L.P. (1%)
Enron/CNF Power Construction Partnership (50%)
Enron Power Construction Company (Delaware)
Enron Power Oil Supply Corp. (Delaware)
Enron Power Philippine Operating Corp. (Delaware)
Enron-Richmond Power Corp. (Delaware)
Richmond Power Enterprise L.P. (Delaware)
Enron Power Enterprise Corp. (Delaware)
Enron Power Holdings B.V. (The Netherlands)
Enron Power Holdings GmbH (Germany)
Kraftwerk Bitterfeld GmbH (Germany)(50%)
Enron Power Operating Company (Delaware)
Enron Subic Power Corp. (Republic of Philippines) (99%)
Enron/Dominion Cogen Corp. (Delaware)(50%)
Enron Cogeneration Five Company (Delaware)
Enron Cogeneration One Company (Delaware)
Cogenron Inc. (Delaware)
Enron Cogeneration Three Company (Delaware)
Clear Lake Cogeneration Limited Partnership (Texas)(2%)
Milford Power Associates, Inc. (Massachusetts)
Enron Power Israel Ltd. (Cayman Islands)
Enron Power Jordan Ltd. (Cayman Islands)
Enron Preferred Funding, L.P. (Delaware)
Enron Preferred Funding II, L.P. (Delaware)
Enron Property Company (Delaware)
Access Real Estate Advisors, Inc. (Delaware)
Enron Property & Services Corp. (Delaware)
Enron Qatar Holdings Ltd. (Cayman Islands)
Enron Qatar Investments Ltd. (Cayman Islands)
Enron Qatar Ltd. (Cayman Islands)(99%)
Enron Qatar LNG Marketing Ltd. (Cayman Islands)(99%)
Enron Renewable Energy Corp. (Delaware)
SFMC Corp.
Enron Russia Development, Inc. (Delaware)
Enron Saudi Energy Ltd. (Cayman Islands)
Enron Servicios de Electricidad Holdings Ltd. (Cayman Islands)
Enron Servicios de Electricidad Colombia Ltd. (Cayman Islands)(99%)
Enron Servicios de Electricidad Investments Ltd. (Cayman Islands)
Enron Servicios de Energia, S.A. (Bolivia)
Enron Sichuan Holdings Ltd. (Cayman Islands)
Enron Sichuan Investments Ltd. (Cayman Islands)
Enron Sichuan Ltd. (Cayman Islands)(99%)
Enron Solar Energy, Inc. (Delaware)
Amoco/Enron Solar Partnership (General Partnership) (Delaware)(50%)
Amoco/Enron Solar Power Development International, Inc. (Cayman Islands)
Amoco/Enron Solar Power Development Global, Inc. (Cayman Islands)
Amoco Enron Solar Mauritius, Inc. (Mauritius) (99%)
Indo-Star Energy (India) (stock ownership in process)
Enron Southern Africa Holdings (Cayman Islands)
Enron Southern Africa Investments (Cayman Islands)
Enron Southern Africa Development Ltd. (Cayman Islands)(99%)
Enron S. A. Holdings Ltd. (Cayman Islands)
Enron South Africa Ltd. (Cayman Islands)(99%)
Enron S. A. Investments Ltd. (Cayman Islands)

Enron Storage Company (Delaware)
   Napoleonville Storage Company Limited Partnership (Texas)(1%)
Enron Thai Holdings Ltd. (Cayman Islands)
   Enron Thai Investments Ltd. (Cayman Islands)
   Enron Thai Development Ltd. (Cayman Islands)(99%)
Enron Trailblazer Pipeline Company (Delaware)
Enron Transportadora de Bolivia Ltd. (Cayman Islands)
   Enron Transportadora (Bolivia) S.A. (Bolivia)
Enron Transportadora Uruguay Ltd. (Cayman Islands)
Enron Tunisia Holdings Ltd. (Cayman Islands)
   Enron Tunisia Investments Ltd. (Cayman Islands)
   Enron Tunisia Power Ltd. (Cayman Islands)(99%)
Enron Venezuela Holdings Ltd. (Cayman Islands)
Enron Venture Capital Company (Delaware)
Enron Vietnam Holdings Ltd. (Cayman Islands)
   Enron Vietnam Investments Ltd. (Cayman Islands)
   Enron Vietnam Gas Ltd. (Cayman Islands)(99%)
Enron Vietnam Power Ltd. (Cayman Islands)
   Enron Ba Ria Power Company Ltd. (Cayman Islands)
       Vung Tau Power Ltd. (Cayman Islands)
Enron Washington, Inc. (Delaware)
Enron West Africa Power Ltd. (Cayman Islands)
Enron-Mex Services Ltd. (Cayman Islands)
Enron Sports Corp. (Delaware)
Fujian Holdings Ltd. (Cayman Islands)
   Fujian Investments Ltd. (Cayman Islands)
   Enron Clean Electricity II Ltd. (Cayman Islands)(99%)
Gulf Company Ltd. (Vermont)
Hainan Funding Ltd. (Cayman Islands)
Houston Pipe Line Company (Delaware)
   Citrus Corp. (Delaware)(50%)
       Citrus Energy Services, Inc. (Delaware)
       Citrus Trading Corp. (Delaware)
       Florida Gas Transmission Company (Delaware)
         Border Gas, Inc. (Delaware)(3.33%)
   Coal Properties Corporation (Illinois)
   Enron Engineering & Construction Company (Texas)
       Enron Advisory Services, Inc. (Delaware)
   Enron Industrial Natural Gas Company (Delaware)
   Enron Interstate Pipeline Company (Delaware)
   Enron Texoma Gas Company (Texas)
   HT Gathering Company (Texas)(50%)
   Houston Pipe Line Marketing Company (Texas)
   HPL Resources Company (Delaware)
   Intratex Gas Company (Delaware)
   MidTexas Pipeline Company (Joint Venture) (50%)
   Panhandle Gas Company (Delaware)
   Riverside Farms Company (Illinois)
   San Marco Pipeline Company (Colorado)(50%)
   Seagull Shoreline System Transmission Company (Texas)(30%)
   Transgulf Pipeline Company (Florida)
   Three Rivers Gas Gathering Company, L.L.C. (Delaware)(50%)
International Energy Developments of Peru Corp. (Delaware)
International Energy Investments of Peru Corp. (Delaware)
International Energy Holdings of Peru Corp. (Delaware)
Multiva Holdings, Ltd. (Cayman Islands)
   Ilijan Power Corporation (Philippines)
Northern Plains Natural Gas Company (Delaware)

Northern Border Intermediate Limited Partnership (Delaware)(.50%)
Black Mesa Holdings, Inc. (Delaware)(97.50%)
Northern Border Pipeline Company (Texas)(70%)
Northern Border Partners, L.P. (Delaware)(.50%)
Northern Border Pipeline Corporation (Delaware)
Nowa Sarzyna Holding B.V. (The Netherlands)
Enron Poland Investment B.V. (The Netherlands)
Enron Poland Development C.V. (The Netherlands)(1%)
Electrocieplownia Nowa Sarzyna Sp. z o.o (73%)
OmniComp, Inc. (Pennsylvania)
Organizational Partner, Inc. (Delaware)
Pantanal Energetica Holdings Ltd. (Cayman Islands)
Pantanal Energetica Investments Ltd. (Cayman Islands)
Pantanal Energetica do Sul Holdings Ltd. (Cayman Islands)
Pantanal Energetica do Sul Investments Ltd. (Cayman Islands)
San Juan Gas Company, Inc. (Puerto Rico)
Shelby Ltd. (Cayman Islands)
Smith Street Land Company (Delaware)
Block 321 Partnership (Texas)(99%)
Southern Brazil Electric Holdings Ltd. (Cayman Islands)
Enron Sao Paulo Investments Ltd. (Cayman Islands)
Enron Electric Sao Paulo C.V. (Cayman Islands)(1%)
Southwest Brazil Electric Holdings Ltd. (Cayman Islands)
Enron Mato Grosso do Sul Investments Ltd. (Cayman Islands)
Enron Electric Mato Gross do Sul C.V. (The Netherlands)(1%)
Sports Facilities Corp. (Delaware)

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Exhibit 23.01

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated February 17, 1997 included in this Form 10-K into Enron Corp.'s previously filed Registration Statement File Nos. 33-13397 (Savings Plan), 33-34796 (Savings Plan), 33-52261 (Savings Plan), 33-13498 (1986 Stock Option Plan), 33-27893 (1988 Stock Option Plan), 33-46459 ($700 million Senior Subordinated Debt Securities), 33-52768 (Enron Corp. 1991 Stock Plan), 33-52143 (955,640 Shares of Common Stock), 33-57903 (617,452 Shares of Common Stock), 33-60821 (Enron Corp. 1994 Stock Plan), 33-60417 (Enron Corp. Debt Securities and Second Preferred Stock and

Enron Capital Resources, L.P. Preferred Securities), 333-22739 (330,968 Shares of Common Stock), 333-13791 and 333-13791-01 (Shares of Common Stock of Enron Corp. or Enron Oregon Corp. to be issued in exchange for outstanding shares of Common Stock of Portland General Corporation) and 333-19253 (Enron Corp. Stock Option Plan for Zond Exchange Agreements).

ARTHUR ANDERSEN LLP

Houston, Texas
March 28, 1997

</TEXT>

</DOCUMENT>
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<TYPE>EX-23.02
<SEQUENCE>21
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Exhibit 23.02

DeGolyer and MacNaughton
One Energy Square
Dallas, Texas 75206

March 24, 1997

Enron Corp.
1400 Smith Street
Houston, Texas 77002

Gentlemen:

We hereby consent to the references to our firm and to our opinions delivered to Enron Oil & Gas Company (the Company) regarding our comparison of estimates prepared by us with those furnished to us by the Company of the proved oil, condensate, natural gas liquids, and natural gas reserves of certain selected properties owned by the Company. The opinions are contained in our letter reports dated January 13, 1995, January 22, 1996, and January 17,

1997, for estimates as of January 1, 1995, December 31, 1995, and December 31, 1996, respectively. The opinions are referred to in the section "Oil and Gas Exploration and Production Properties and Reserves-Reserve Information" and Note 19 to Enron Corp.'s Consolidated Financial Statements entitled "Oil and Gas Producing Activities-Oil and Gas Reserves Information" in Enron Corp.'s Annual Report on Form 10-K for the year ended December 31, 1996, to be filed with the Securities and Exchange Commission on or about March 27, 1997. DeGolyer and MacNaughton also consents to the inclusion of our letter report, dated January 17, 1997, addressed to the Company as an Exhibit (23.03) to Enron Corp.'s Form 10-K. Additionally, we hereby consent to the incorporation by reference of such references to our firm and to our opinions included in Enron Corp.'s Form 10-K in Enron Corp.'s previously filed Registration Statement Nos. 33-13397, 33-13498, 33-27893, 33-34796, 33-46459, 33-52768, 33-52261, 33-52143, 33-57903, 33-60821, 33-60417, 333-22739, 333-13791, 333-13791-01, and 333-19253.

Very truly yours,

DeGOLYER and MacNAUGHTON

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<DESCRIPTION>LETTER REPORT OF DEGOLYER & MACNAUGHTON - JANUARY 17, 1997
<TEXT>

Exhibit 23.03

DeGolyer and MacNaughton
One Energy Square
Dallas, Texas 75206

January 17, 1997

Enron Oil & Gas Company
1400 Smith Street
Houston, Texas 77002

Gentlemen:

Pursuant to your request, we have prepared estimates, as of December 31, 1996, of the proved oil, condensate, natural gas liquids, and natural gas reserves of certain selected properties in the United States, Canada, and Trinidad owned by Enron Oil & Gas Company (Enron). The properties consist of working interests located onshore in the states of New Mexico, Texas, Utah, and Wyoming and in

the offshore waters of Texas, Louisiana, and Alabama, in the province of Saskatchewan in Canada, and in the offshore waters of Trinidad. The estimates are reported in detail in our "Report as of December 31, 1996 on Proved Reserves of Certain Properties in the United States owned by Enron Oil & Gas Company - Selected Properties," our "Report as of December 31, 1996 on Proved Reserves of Certain Properties in Canada owned by Enron Oil & Gas Company - Selected Properties," and our "Report as of December 31, 1996 on Proved Reserves of the Kiskadee Field, SECC Block, Offshore Trinidad for Enron Oil and Gas Company," hereinafter collectively referred to as the "Reports." We also have reviewed information provided to us by Enron that it represents to be Enron's estimates of the reserves, as of December 31, 1996, for the same properties as those included in the Reports.

Proved reserves estimated by us and referred to herein are judged to be economically producible in future years from known reservoirs under existing economic and operating conditions and assuming continuation of current regulatory practices using conventional production methods and equipment. Proved reserves are defined as those that have been proved to a high degree of certainty by reason of actual completion, successful testing, or in certain cases by adequate core analyses and electrical-log interpretation when the producing characteristics of the formation are known from nearby fields. These reserves are defined areally by reasonable geological interpretation of structure and known continuity of oil- or gas-saturated material. This definition is in agreement with the definition of proved reserves prescribed by the Securities and Exchange Commission.

Enron represents that its estimates of the proved reserves, as of December 31, 1996, net to its leasehold interests in the properties included in the Reports are as follows, expressed in thousands of barrels (Mbbl) and millions of cubic feet (MMcf):

Oil, Condensate, and Natural Gas Liquids (Mbbl)	Natural Gas (MMcf)	Net Equivalent (Mmcf)
26,881	1,620,022	1,781,308

Note: Net equivalent million cubic feet is based on 1 barrel of oil, condensate, or natural gas liquids being equivalent to 6,000 cubic feet of gas.

Enron has advised us, and we have assumed, that its estimates of proved oil, condensate, natural gas liquids, and natural gas reserves are in accordance with the rules and regulations of the Securities and Exchange Commission.

Proved reserves estimated by us for the properties included in the Reports, as of December 31, 1996, are as

follows, expressed in thousands (Mbbl) and millions of cubic feet (MMcf):

Oil, Condensate, and Natural Gas Liquids (Mbbl)	Natural Gas (MMcf)	Net Equivalent (MMcf)
27,128	1,643,718	1,806,486

Note: Net equivalent million cubic feet is based on 1 barrel of oil, condensate, or natural gas liquids being equivalent to 6,000 cubic feet of gas.

In making a comparison of the detailed reserves estimates prepared by us and by Enron of the properties involved, we have found differences, both positive and negative, in reserves estimates for individual properties. These differences appear to be compensating to a great extent when considering the reserves of Enron in the properties included in our reports, resulting in overall differences not being substantial. It is our opinion that the reserves estimates prepared by Enron on the properties reviewed by us and referred to above, when compared on the basis of net equivalent million cubic feet of gas, do not differ materially from those prepared by us.

Submitted,

DeGOLYER and MacNAUGHTON

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<SEQUENCE>23
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Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., a Delaware corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1996 with the Securities and Exchange Commission, the undersigned officer or director of the Company hereby constitutes and appoints Kenneth L. Lay, Richard A. Causey, Andrew S. Fastow and Peggy B. Menchaca, and each of them (with full power to each of them to act alone), his true and lawful attorney-in-fact and agent, for him and on his behalf and in his name, place and stead, in any and all capacities, to sign, execute and file such Annual Report on Form 10-K together with any amendments or supplements thereto, with all exhibits and any and all

documents required to be filed with respect thereto with any regulatory authority, granting unto said attorneys, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if personally present, hereby ratifying and confirming all the said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereto set his hand this 18th day of March, 1997.

ROBERT A. BELFER
Robert A. Belfer

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IN WITNESS WHEREOF, the undersigned has hereto set his hand this 19th day of March, 1997.

NORMAN P. BLAKE, JR.
Norman P. Blake, Jr.

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RONNIE C. CHAN
Ronnie C. Chan

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IN WITNESS WHEREOF, the undersigned has hereto set his hand this 17th day of March, 1997.

JOHN H. DUNCAN
John H. Duncan

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JOE H. FOY
Joe H. Foy

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WENDY L. GRAMM
Wendy L. Gramm

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ROBERT K. JAEDICKE

Robert K. Jaedicke

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KENNETH L. LAY
Kenneth L. Lay

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CHARLES A. LeMAISTRE
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JEFFREY K. SKILLING
Jeffrey K. Skilling

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JOHN A. URQUHART
John A. Urquhart

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JOHN WAKEHAM
John Wakeham

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CHARLS E. WALKER
Charls E. Walker

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HERBERT S. WINOKUR, JR.
Herbert S. Winokur, Jr.

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