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FORMER CONFORMED NAME:	ENRON OREGON CORP
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10-K

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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, 1997
OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-13159

ENRON CORP.

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction)

47-0255140
(I.R.S. Employer)

of incorporation or organization) 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, no par value	New York Stock Exchange; Chicago Stock Exchange; and Pacific Stock Exchange
Cumulative Second Preferred Convertible Stock, no 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 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.

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 17, 1998, was approximately \$14,145,929,936. As of March 1, 1998, there were 311,604,046 shares of registrant's Common Stock, no par value, outstanding.

Documents incorporated by reference. Certain portions of the registrant's definitive Proxy Statement for the May 5, 1998 Annual Meeting of Shareholders ("Proxy Statement") are incorporated herein by reference in Part III of this Form 10-K.

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PART I

Item 1. BUSINESS

GENERAL

Enron Corp., an Oregon corporation, is an integrated natural gas and electricity company with headquarters in Houston, Texas. Enron's operations are conducted through its subsidiaries and affiliates which are principally engaged in the exploration for and production of natural gas and crude oil in the United States and internationally; the transportation of natural gas through pipelines to markets throughout the United States; the generation and transmission of electricity to markets in the northwestern United States; the marketing of natural gas, electricity and other commodities and related risk management and finance services worldwide; and the development, construction and operation of power plants, pipelines and other energy related assets in international markets. As of December 31, 1997, Enron employed approximately 15,500 persons.

Effective July 1, 1997, Enron merged with Portland General Corporation ("PGC") in a stock-for-stock transaction. PGC, through its wholly-owned subsidiary Portland General Electric Company ("PGE"), serves retail electric customers in northwest Oregon as well as wholesale electricity customers throughout the western United States. Pursuant to the merger, Enron Corp., a Delaware corporation organized in 1930, reincorporated in Oregon.

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 business segments:

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

Transportation and Distribution - Interstate transmission of natural gas; management and operation of pipelines; electric utility operations.

Wholesale Energy Operations and Services - Energy commodity sales and services, risk management products and financial services to wholesale customers; development, acquisition and operation of power plants, natural gas pipelines and other energy related assets.

Retail Energy Services - Sale of natural gas and electricity directly to end-use customers, particularly in the commercial and light industrial sectors.

Corporate and Other - Includes operation of renewable energy businesses and methanol and MTBE plants, as well as Enron's investment in crude oil transportation activities.

Enron's business segment information has been reclassified from prior years to reflect the realignment of Enron's operations.

For financial information by business segment for the fiscal years ended December 31, 1995 through December 31, 1997, please see Note 17 to the Consolidated Financial Statements on page F-31.

EXPLORATION AND PRODUCTION

Enron's natural gas and crude oil exploration and production operations are conducted by Enron Oil & Gas Company ("EOG"). Enron currently owns approximately 55% 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 and India. At December 31, 1997, EOG's estimated net proved natural gas reserves were 4,001 billion cubic feet ("Bcf"), and estimated net proved crude oil, condensate and natural gas liquids reserves were 78 million barrels, and at such date, approximately 67% of EOG's reserves (on a natural gas equivalent basis) were located in the United States, 10% in Canada, 8% in Trinidad and 15% 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 in West Texas, the Sand Tank and Pitchfork Ranch areas in New Mexico, and the Vernal area in Utah. Properties in these areas comprised approximately 82% of EOG's U.S. reserves (on a natural gas equivalent basis) and 79% of EOG's U.S. net natural gas deliverability as of December 31, 1997. These properties 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, California, Mississippi and Kansas. At December 31, 1997, 94% of EOG's proved U.S. reserves (on a natural gas equivalent basis) were natural gas and 6% were crude oil, condensate and natural gas liquids. EOG's reserves include 1,180 Bcf of proved undeveloped methane reserves in the deep Paleozoic formations of the Big Piney area of Wyoming.

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. At December 31, 1997, Canadian natural gas deliverability net to EOG was approximately 100 million cubic feet ("MMcf") per day, and EOG held approximately 490,000 net undeveloped acres in Canada.

EOG also has producing operations offshore Trinidad and India and is conducting exploration in selected other international areas. Properties offshore Trinidad and India comprised almost all of EOG's proved reserves and production outside of North America at year-end 1997.

In November 1992, EOG was awarded a 95% working interest concession and operatorship 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 several 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 1997, deliveries net to EOG averaged 113 MMcf per day of natural gas and 3.4 thousand barrels ("MBbl") per day of crude oil and condensate. At December 31, 1997, 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 has been completed and is being evaluated. Initial drilling is expected to commence in 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 the western coast of 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 natural gas accumulations delineated by 22 expendable exploration wells that have been plugged. EOG has implemented a development plan for the Tapti Block accumulations, and production began in 1997. At December 31, 1997, production, net to EOG, from the Tapti Block was 48 MMcf per day. The 106,000 acre Panna Block and the 192,000 acre Mukta Block are partially developed with 29 wells producing from six production platforms located in the Panna and Mukta fields. The fields were producing approximately 4.3 MBbl per day of crude oil net to EOG as of December 31, 1997. Natural gas sales from the Panna field began in early 1998. EOG intends to continue development of the fields.

EOG was awarded exploration, exploitation and development rights for a block offshore the eastern State of Sucre, Venezuela in early 1996. EOG has signed agreements with the government of Venezuela and other participants associated with a concession awarded in the Gulf of Paria East. EOG holds an initial 90% working interest in the joint venture. A 3-D seismic data project is currently underway, and drilling is anticipated to begin in 1998.

In August 1997, EOG signed a 30-year production sharing contract with the China National Petroleum Corporation for the appraisal and potential development of oil and gas reserves within the Chuazhong Block situated in the central Sichuan Province. EOG holds a 100% interest in the fields and is the operator. The contract provides for a two-year evaluation period during which EOG will perform work to improve productivity in existing wells and will drill three new wells in the areas of proven production. Further commitments, if any, would arise from entering into the development period as specified in the contract.

EOG continues to evaluate other selected natural gas and crude oil opportunities outside North America. EOG is also 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 generation 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. EOG has also entered into a Memorandum of Understanding with Uzbekneftigaz covering the pursuit of joint development and marketing opportunities for proven hydrocarbon reserves in eleven fields in the Surhandarya and Bukhara regions of Uzbekistan. EOG is also participating in discussions concerning the potential for natural gas development opportunities in Mozambique, as well as other opportunities in Trinidad, India, Venezuela and Bangladesh.

EOG actively competes for reserve acquisitions and exploration leases, licenses and concessions, frequently against companies with substantially larger financial and other resources. EOG's ability to compete effectively for certain reserves, leases, licenses and concessions is, in part, dependent on EOG's exploration budget relative to its competitors. 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, 1997:

	Year Ended December 31,		
	1997	1996	1995
Volumes (per day)			
Natural Gas (MMcf)			
United States(1)	657	608	560
Canada	101	98	76
Trinidad	113	124	107
India	18	-	-
Total	889	830	743
Crude Oil and Condensate (MBbl)			
United States	11.7	9.2	9.1
Canada	2.5	2.4	2.4
Trinidad	3.4	5.2	5.1
India	2.3	2.8	2.5
Total	19.9	19.6	19.1
Natural Gas Liquids (MBbl)			
United States	2.6	1.3	1.0
Canada	1.3	1.2	.4
Total	3.9	2.5	1.4
Average Prices			
Natural Gas (\$/Mcf)			
United States(2)	\$ 2.32	\$ 2.04	\$ 1.39
Canada	1.43	1.15	.97
Trinidad	1.05	1.00	.97
India	2.79	-	-
Composite	2.07	1.78	1.29
Crude Oil and Condensate (\$/Bbl)			
United States	\$19.81	\$21.88	\$17.32
Canada	17.16	18.01	16.22
Trinidad	18.68	19.76	16.07
India	20.05	20.17	16.81
Composite	19.30	20.60	16.78
Natural Gas Liquids (\$/Bbl)			
United States	\$12.76	\$14.67	\$11.88
Canada	8.94	9.14	9.74
Composite	11.54	11.99	11.31
Lease and Well Expenses (\$/Mcfe)			
United States	\$.23	\$.19	\$.19
Canada	.39	.34	.35
Trinidad	.16	.16	.15
India	.64	.99	1.25(3)
Composite	.26	.22	.22

Footnote

- (1) Includes 48 MMcf per day in 1997, 1996 and 1995 delivered under the terms of a volumetric production payment agreement effective October 1, 1992, as amended.
- (2) Includes an average equivalent wellhead value of \$1.73 per Mcf in 1997, \$1.17 per Mcf in 1996, and \$.80 per Mcf in 1995 for the volumes described in note (1), net of transportation costs.
- (3) Includes certain non-recurring startup costs.

TRANSPORTATION AND DISTRIBUTION

Enron's Transportation and Distribution business is comprised of the company's North American interstate natural gas transportation systems and its electricity transmission and distribution operations in Oregon.

Interstate Transmission of Natural Gas

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 ("Florida Gas") (indirectly 50% owned by Enron). Northern, Transwestern and Florida Gas 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 Florida Gas, the State of Florida. In addition, Enron holds an 11.8% 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.

Northern Natural Gas Company. Through its approximately 17,000-mile natural gas pipeline system stretching from Texas to Michigan's Upper Peninsula, Northern transports natural 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 gas marketers. 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 1,593 trillion British thermal units ("Tbtu") in 1997, compared to 1,675 Tbtu in 1996. This slight decrease was due primarily to (i) colder weather in 1996 than in 1997, and (ii) better price spreads in 1996 that resulted in more discretionary shippers using Northern.

In 1997, Northern maintained its existing customer base in an increasingly competitive market while initiating expansion projects to meet increased market demand and to increase Northern's market presence. Northern completed the first phase of a five-year, \$113 million growth plan to expand incremental firm capacity into Iowa, Wisconsin and Minnesota by approximately 350 MMcf of natural gas per day. This expansion is fully subscribed with five-year to ten-year firm transportation contracts. In addition, Northern has an expansion of approximately 60 MMcf per day underway which is expected to be in service in late 1998.

Northern competes with other interstate pipelines in the transportation and storage of natural 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 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 northwestern 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 San Juan Basin, the Permian Basin in West Texas and eastern New Mexico and the Anadarko Basin in the Texas and Oklahoma Panhandles. Transwestern peak delivery capacity of 1.5 Bcf per day in 1997 was primarily delivered to local distribution companies (approximately 65% of revenues) and gas marketers (approximately 35% of revenues). Substantially all of Transwestern's delivery capacity to California was held by shippers on a firm basis until November 1, 1996, when approximately 450 Mmcf per day 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 are 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 through 2001. 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 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 558 MMcf per day in 1997, compared to 414 MMcf per day in 1996. 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. Transwestern has previously 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 657 MMcf per day off the east end of its system in 1997, as compared to 773 MMcf per day in 1996.

Transwestern is subject to competition from other transporters into the southern California market.

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

Florida Gas is an interstate pipeline company that transports natural gas for third parties. Its approximately 4,950-mile dual pipeline system extends from South Texas to a point near Miami, Florida. Florida Gas 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. Florida Gas serves a mix of customers anchored by utility generators.

Florida Gas has periodically expanded its system capacity to keep pace with the growing demand for natural gas in Florida. Florida Gas placed its Phase III expansion in service in 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 Florida Gas' firm average delivery capacity into Florida by 532 billion British thermal units ("Btu") per day to 1,455 Btu per day. Florida Gas also owns an interest in facilities that link its system to the Mobile Bay producing area. Florida Gas' customers have reserved over 99% of the existing capacity on the Florida Gas system pursuant to firm long-term transportation service

agreements.

Florida Gas is the only interstate natural gas pipeline serving peninsular Florida. Florida Gas 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 Florida Gas 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 an 11.8% 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 U.S. 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 U.S. by transportation, displacement and exchange agreements. Therefore, Northern Border is strategically situated to transport significant quantities of natural gas to major gas consuming markets. 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. Northern Border competes with two other interstate pipeline systems that transport gas from Canada to the Midwest.

Northern Border is currently constructing a project which will expand its existing system by delivering an additional 700 MMcf of natural gas per day from Canada, and will extend the pipeline 243 miles to Chicago. Northern Border's total system capacity will increase to approximately 2.4 Bcf of natural gas per day, with an expected in-service date of November 1998. The \$840 million project is fully subscribed by over 20 shippers with 10-year minimum transportation contracts.

Electricity Transmission and Distribution Operations

Enron's electric utility operations are conducted through its wholly-owned subsidiary Portland General Electric Company ("PGE"). PGE, incorporated in 1930, is an electric utility engaged in the generation, purchase, transmission, distribution, and sale of electricity in the State of Oregon. PGE also sells energy to wholesale customers throughout the western U.S. PGE's Oregon service area is approximately 3,170 square miles, including 54 incorporated cities of which Portland and Salem are the largest, within a state-approved service area allocation of 4,070 square miles. At December 31, 1997 PGE served approximately 685,000 customers.

PGE serves a diverse retail customer base. Residential customers constitute the largest customer class and account for 44% of the of retail revenues. Residential demand is highly sensitive to the effects of weather. Commercial customers comprise 40% and industrial customers represent 16% of retail revenues. The commercial and industrial classes are not dominated by any single industry. While the 20 largest customers constitute 21% of retail demand, they represent 10 different industry groups including paper manufacturing, high technology, metal fabrication, transportation equipment and health services. No single customer represents more than 10% of PGE's retail load.

In late 1997, PGE filed a proposal before the Oregon Public Utility Commission ("OPUC") which would give all of its customers a choice of electricity providers. PGE's "Customer Choice Implementation Proposal" includes new tariffs and a new structure for PGE. If approved by the OPUC, PGE would become a regulated transmission and distribution company focused on delivering, but not selling, electricity. PGE would continue to operate and maintain the electricity delivery system and handle outage restoration, while other competitive companies would market power to customers over that system. To effect this restructuring,

PGE is asking for OPUC approval to sell all its generating assets and power supply and purchase contracts.

Wholesale revenues continue to make a significant contribution to PGE revenues, providing over 35% of total operating revenues for 1997. During the past several years, PGE has actively marketed wholesale power throughout the western United States. A majority of PGE's wholesale sales were to its traditional customers comprised of investor owned utilities, federal agencies, municipalities and public utility districts. However, most of PGE's wholesale growth has come through sales to marketers and brokers. These sales are predominantly of a short-term nature. Long-term wholesale marketing activities have been transferred to Enron's non-regulated affiliates, and future revenues will be reflected in Enron's wholesale energy operations and services segment.

PGE operates within a state-approved service area, and under current regulation is substantially free from direct retail competition with other electric utilities. PGE's competitors within its Oregon service territory include other fuel suppliers, such as the local natural gas company, which compete with PGE for the residential and commercial space and water heating market. In addition, there is the potential of a loss of PGE service territory to the creation of public utility districts or municipal utilities by voters. In the future, PGE will focus on transitioning to a regulated transmission and distribution company.

WHOLESALE ENERGY OPERATIONS AND SERVICES

Enron's wholesale energy operations and services businesses operate in North America, Europe and evolving energy markets in developing countries, and such businesses are conducted primarily by Enron Capital & Trade Resources Corp. and Enron International Inc. These businesses provide integrated energy-related products and services to wholesale customers worldwide, including the development, construction and operation of power plants, natural gas pipelines and other energy-related assets, energy commodity sales and services, risk management products and financial services. Enron Engineering & Construction Company provides comprehensive engineering and construction expertise for power and pipeline projects, serving as turnkey contractor or project manager for such projects.

Wholesale energy operations and services can be categorized into four business lines: Asset Development and Construction, Cash and Physical, Risk Management and Finance and Investing. Products and services related to these business lines are offered in varying degrees in North American, European and evolving international markets.

Asset Development and Construction. This business includes the development and construction of power plants, pipelines and other energy infrastructure.

Cash and Physical. The cash and physical operations include the day-to-day purchase, sale, marketing and delivery of physical natural gas, electricity, liquids and other commodities under contracts of one year or less and the management of Enron's contract portfolios. Enron's cash and physical business also includes the management of operating assets of this segment, including domestic intrastate pipelines, numerous storage facilities and power plants.

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. Enron provides risk management products and services that hedge movements in price and location-based price differentials. Enron's risk management services are designed to provide stability in markets impacted by price volatility. Enron 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. Enron originates new contracts for customers in the energy industry and evaluates and restructures its existing contracts on an ongoing basis to develop additional products and services to meet its customers' changing needs. The risk management activities also include the origination of liquid fuels 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 and Investing. Enron's financing and investing activities support independent exploration and production companies and other energy-related businesses seeking debt or equity financing. Enron provides a variety of capital products including volumetric production payments, loans and equity investments, either directly or through Enron affiliates. In addition to capital, Enron may integrate its marketing and risk management capabilities to help customers capitalize on growth opportunities while maximizing the value of their current assets.

The following table presents selected statistical information for Enron's wholesale energy operations and services businesses.

	Year Ended December 31,		
	1997	1996	1995
Physical Volumes (Bbtue/d)(a)(b)			
Gas:			
United States	7,654	6,998	6,405
Canada	2,263	1,406	803
Europe	660	289	-
	10,577	8,693	7,208
Transport Volumes	460	544	580
Total Gas Volumes	11,037	9,237	7,788
Oil	690	320	439
Liquids	987	1,187	526
Total Physical Volumes	12,714	10,744	8,753
Electricity Volumes Marketed (Thousand MWh)	192,323	60,150	7,767
Financial Settlements (Notional) (Bbtue/d)	49,069	35,259	32,938
Financings Arranged and Production Payments (Millions)	\$561	\$755	\$382

Footnote

(a) Billion British thermal units equivalent per day.

(b) Includes third-party transactions by Enron Energy Services.

North American Markets

Enron's North American wholesale operations include cash and physical, risk management and finance and investing business lines.

Enron markets natural gas, electricity and other commodities in North America and provides risk management products and financial services to producers and end-users of energy commodities. Enron offers a broad range of services to provide predictable pricing, reliable delivery and low cost capital to its customers, including independent oil and gas producers, energy intensive industrials, public and investor owned utility power companies, small independent power producers and local distribution companies. These services are provided through a variety of products including forward contracts, swap agreements and other contractual commitments.

The day-to-day buying, selling and transporting of commodities is facilitated by using the New York Mercantile Exchange ("NYMEX"), allowing Enron to manage its portfolio of contracts and to benefit from the relationship between the financial and physical prices for natural gas. Total physical volumes, including volumes transported, averaged 12.7 Tbtu of natural gas equivalents per day in 1997 compared to 10.7 Tbtu of natural gas equivalents per day in 1996. In addition, financial settlements were approximately 49.1 Tbtu of natural gas equivalents per day in 1997 and 35.3 Tbtu of natural gas equivalents per day in 1996.

Enron's intrastate pipelines include Houston Pipe Line Company ("HPL") and Louisiana Resources Company. HPL owns an approximately 5,243-mile pipeline in Texas which

interconnects with Northern, Transwestern, Florida Gas and numerous other interstate and intrastate pipelines. HPL's intrastate natural gas transportation and storage services are subject to seasonal variation because many of its customers have weather-sensitive natural 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, which is the NYMEX physical settlement location, and has numerous interconnections with both interstate and intrastate pipelines.

Enron'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 Enron'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.

Enron's North American electric power business consists of various activities, 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. Enron marketed 192.3 million megawatt hours and 60.1 million megawatt hours of electricity during 1997 and 1996, respectively. Enron 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 Enron's risk management operations). Enron 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.

European Markets

Enron's European operations, headquartered in London, commenced in 1989 with the development of the Teesside power station described below. Since that time, Enron has continued to operate and develop power assets and provide a broad range of energy service capabilities similar to Enron's North American operations, such as the purchase and sale of physical commodities (natural gas, electricity and liquids), risk management and finance activities. Enron has expanded its business from the United Kingdom to continental Europe with regional offices in Oslo, Stockholm, Moscow and Frankfurt.

At December 31, 1997, Enron had an approximately 31% 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 and 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 has a 25% ownership interest in an independent power facility under construction at Sutton Bridge in mid-east England, with the remaining ownership interest held by insurance companies and financial investors. Expected to commence commercial operation in March 1999, the plant will be a gas fired combined-cycle plant with a capacity of approximately 790 megawatts. The project was developed, and construction is being coordinated, by Enron subsidiaries. The capacity of the plant is contracted to another Enron subsidiary until May 2014 with a right to extend, at Enron's option, for up to an additional ten years in one-year increments.

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 ENEL, the Italian government utility. Financing was completed and construction began in December 1996, with commercial operation anticipated in early 2000.

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, financing has been completed, and construction began in September 1996, with commercial operation expected in 1999.

Enron's European operations include other power and pipeline projects in various stages of development in Poland, Greece, Italy, Turkey and Croatia.

Evolving International Markets

Enron is also involved in the development, acquisition, financing, promotion, and operation of natural gas pipeline and power projects in emerging markets and the marketing of natural gas liquids and other liquid fuels. Asset development activities are primarily focused on power plants, gas processing and terminaling facilities, and gas pipelines. Enron has expanded its international asset and infrastructure development business by also offering commodity marketing, finance and risk management products and services to third parties in emerging markets. Enron has established offices in Buenos Aires and Singapore to offer similar physical commodity products, financial services and risk management services currently available through Enron's operations in North America and Europe. In these markets, Enron's objective is to develop, finance, own and operate energy projects worldwide and to integrate additional energy related products and services into these developing markets.

Operating Assets

Enron has an approximately 35% indirect interest in Transportadora de Gas del Sur ("TGS"), the formerly state-owned natural gas pipeline in southern Argentina. The 4,104-mile pipeline system has a capacity of approximately 1.9 Bcf per day and primarily serves four distribution companies under long-term firm transportation contracts.

Enron 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.

Enron 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 Enron and sell power to the National Power Corporation of the Philippines.

Enron has 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.

Enron has a 50% 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 has a 50% interest in a 152-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.

Enron has a 25% interest in Transredes Transporte de Hidrocarburos S.A. ("Transredes"), a 3,093-mile system of natural gas, crude oil and products pipelines located in Bolivia and connecting Bolivian oil and gas reserves to major markets in Bolivia. Enron is upgrading Transredes' existing pipeline operations and increasing the capacity of the pipeline system to 1.0 Bcf per day to supply Brazilian market needs.

Enron has recently acquired interests in the Rio de Janeiro municipal gas distribution company, in addition to the gas distribution company of the State of Rio de Janeiro and natural gas distribution systems in seven other Brazilian states. These systems encompass an area with a population of approximately 55 million people.

Certain of Enron's operations in the Caribbean area are conducted through Enron Americas, Inc. and its subsidiary companies. Enron Americas' subsidiary Industrias Ventane, organized in 1953, operates the leading natural gas liquids transportation and distribution business in Venezuela. Also in Venezuela, Enron is engaged in the manufacture and distribution of appliances in a joint venture with General Electric and local investors. Enron has a natural gas distribution system in Puerto Rico, and liquid fuels businesses in both Puerto Rico and Jamaica.

Projects Under Development

In the evolving international energy markets, Enron is developing and constructing energy infrastructure to establish an asset base for development of regional businesses. Primary areas of focus are in India and South America. The following is a brief description of certain of Enron's power and natural gas pipeline projects which are in varying stages of development, financing or construction. Because of this, the information set forth below is subject to change. 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. 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 is constructing Phase I of an electricity generating power plant south of Bombay, State of Maharashtra, India. The power plant will have an initial capacity of 740-megawatts (or 826 megawatts gross) (Phase I), which is expected to begin commercial operations in late 1998. Enron will be the fuel manager and operator of the plant, which will provide electricity for the growing Maharashtra State economy. Enron is expected to finalize in 1998 a sale of 30% of the project to the MSEB.

Enron is currently developing Phase II of the Dabhol power project, a 1,624-megawatt combined-cycle power plant to be fueled by natural gas. A 20-year power purchase agreement has been signed with the MSEB. Financing of Phase II is targeted for 1998, with commercial operations expected to commence in late 2000.

South America. Enron is developing, along with Petrobras, the national oil and gas company of Brazil, and others, a pipeline which will connect with Transredes in Bolivia and transport natural gas to markets in Brazil. The pipeline project includes an approximately 1,864-mile natural gas pipeline from Santa Cruz, Bolivia to Porto Alegre, Brazil. Enron currently owns (including through its ownership interest in Transredes) 29.75% of the Bolivian segment of the pipeline and 7% of the Brazilian segment of the pipeline. Commercial operation of the first phase of the pipeline is expected in 1999.

Enron is developing a 480-megawatt combined-cycle power plant at Cuiaba in the State of Mato Grosso in western Brazil to feed power into the Brazilian energy grid at a

strategic point which has few existing alternate generation sources. Construction is underway on Phase I of the project (150 megawatts), with commercial operations expected in late 1998. Commercial operations of Phase II (330 megawatts) are expected to commence in late 2000. As an additional part of this project, Enron is developing a 385-mile, 18-inch natural gas pipeline connecting to the Bolivia to Brazil pipeline in Bolivia. Including its ownership interest through Transredes, Enron owns 53% of the power plant and Brazilian segment of the pipeline and 35% of the Bolivian segment of the pipeline.

Other. Enron has a 50% interest in a 507-megawatt combined-cycle power plant, including a liquefied natural gas terminal and desalination facility, under construction in Penuelas, Puerto Rico. Enron is the turnkey contractor and will operate the project. A 22-year power purchase agreement has been signed with the Puerto Rico Electric Power Authority. Construction commenced in 1997, with commercial operation anticipated in late 1999.

Enron has a 50% interest in an 80-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 on a fast track schedule to meet critical power needs, with operations targeted for year-end 1998.

In addition to the projects referenced above, Enron is involved in projects in varying stages of development in Vietnam, Europe, Mozambique, Qatar, China, Egypt and Saudi Arabia, and is pursuing projects elsewhere.

RETAIL ENERGY SERVICES

Enron Energy Services (EES) was formed in late 1996 to provide direct sales of energy products and services to end-use customers, particularly in the commercial and light industrial sectors. EES offers a range of energy-related products and services to commercial and light industrial customers in both regulated and deregulated markets. These products and services include energy information management, demand-side services, and financing. In deregulated markets such as California, products can include electricity and natural gas and related metering and billing. EES anticipates providing end-users with a broad range of energy products and services at competitive prices. EES has participated successfully in selected natural gas and electric retail marketing pilots and continues to make progress in expanding its customer base.

EES is creating products and services to help commercial and light industrial businesses understand how they can maximize total energy savings while meeting operational needs. With a focus on total energy savings, EES is designing and promoting innovative programs to not only supply electricity and natural gas to businesses, but also to reduce their energy consumption, delivery and billing costs. EES is also investing in technology to provide businesses with immediate feedback on energy usage through real-time metering systems and protection from power outages and surges. At the residential level, EES provides customers with new and innovative service options in some deregulated markets.

OTHER ENRON BUSINESSES

Clean Energy Businesses

Opportunities for "clean" energy are being driven by concerns about the environment and increasing cost competitiveness of renewable energy compared to other wholesale energy sources. Enron participates in the renewable energy market through the development and operation of solar and wind energy power plants and the manufacture and sale of solar and wind generation equipment. Enron is pursuing wind power projects in the U.S., the United Kingdom, Germany, Spain, Ireland, Greece and several Central and South American countries. Enron is constructing a 107-megawatt wind energy project in Minnesota and has contracts to supply additional wind generated electricity for projects in Minnesota (100 megawatts), Iowa (approximately 200 megawatts), California (approximately 80 megawatts) and Greece (15 megawatts). In addition, through a joint venture partnership, Enron is engaged in the manufacture of solar energy equipment, with development activities underway in the U.S., Greece, India and Japan.

Crude Oil Transportation Services

EOTT Energy Partners, L.P. ("EOTT"), a Delaware limited partnership formed in March 1994, 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. EOTT provides transportation and trading services for third party purchasers of crude oil. In its North American crude oil gathering and marketing operations, EOTT purchased approximately 305,000 barrels per day of lease crude oil during 1997. EOTT is in competition with major oil companies and a number of smaller entities.

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 companies are 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 companies' 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 natural 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 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 international 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, 1997 were approximately \$283 million, which included transition costs incurred related to FERC Order No. 636 of approximately \$41 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.

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.

The Oregon Public Utility Commission ("OPUC"), a three-member commission appointed by the Governor of Oregon, approves PGE's retail rates and establishes conditions of utility service. The OPUC ensures that prices are fair and equitable and provides PGE an opportunity to earn a fair return on its investment. In addition, the OPUC regulates the issuance of securities and prescribes the system of accounts to be kept by Oregon utilities. PGE is also subject to the jurisdiction of the FERC with regard to the transmission and sale of wholesale electric energy, licensing of hydroelectric projects and certain other matters. Construction of new generating facilities requires a permit from Oregon Energy Facility Siting Counsel.

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 reasonable 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 with respect to the cleanup of one Superfund site. 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").

PGE's current and historical operations are subject to a wide range of environmental protection laws covering air and water quality, noise, waste disposal, and other environmental issues. PGE is also subject to the Federal Rivers and Harbors Act of 1899 and similar Oregon laws under which it must obtain permits from the U.S. Army Corps of Engineers or the Oregon Division of State Lands to construct facilities or perform activities in navigable waters of the State. State agencies or departments which have direct jurisdiction over environmental matters include the Environmental Quality Commission, the Oregon Department of Environmental Quality, the Oregon Department of Energy and Oregon Energy Facility Siting Counsel. Environmental matters regulated by these agencies include the siting and operation of generating facilities and the accumulation, cleanup and disposal of toxic and hazardous wastes.

Other

PGE is a 67.5% owner of the Trojan Nuclear Plant ("Trojan"). The Nuclear Regulatory Commission ("NRC") regulates the licensing and decommissioning of nuclear power plants. In 1993 the NRC issued a possession-only license amendment to PGE's Trojan operating license and in early 1996 approved the Trojan Decommissioning Plan. Approval of the Trojan Decommissioning Plan by the NRC and Oregon Energy Facility Siting Counsel has allowed PGE to commence decommissioning activities. Trojan will be subject to NRC regulation until Trojan is fully decommissioned, all nuclear fuel is removed from the site and the license is terminated. The Oregon Department of Energy also monitors Trojan.

REVENUES BY BUSINESS SEGMENT

The following table presents revenues for each business segment (in millions):

	Year Ended December 31,		
	1997	1996	1995
Exploration and Production			
Natural Gas and Other Products			
Unaffiliated	\$ 774	\$ 620	\$ 410
Intersegment	169	197	165
	943	817	575
Other Revenues			
Unaffiliated	15	27	71
Intersegment	(61)	(20)	113
	(46)	7	184
TOTAL	897	824	759
Transportation and Distribution			
Natural Gas and Other Products			
Unaffiliated	10	11	61
Intersegment	-	8	34
	10	19	95
Transportation Services			
Unaffiliated	639	682	680
Intersegment	10	15	21
	649	697	701
Electric			
Unaffiliated	712	-	-

Intersegment	-	-	-
	712	-	-
Other Revenues			
Unaffiliated	41	9	17
Intersegment	4	-	-
	45	9	17
TOTAL	1,416	725	813
Wholesale Energy Operations and Services			
Natural Gas and Other Products			
Unaffiliated	11,778	10,013	6,671
Intersegment	595	477	219
	12,373	10,490	6,890
Transportation Services			
Unaffiliated	13	25	12
Intersegment	2	2	-
	15	27	12
Electric			
Unaffiliated	4,376	980	179
Intersegment	-	-	-
	4,376	980	179
Other Revenues			
Unaffiliated	1,177	395	669
Intersegment	81	12	(53)
	1,258	407	616
TOTAL	18,022	11,904	7,697
Retail Energy Services			
Natural Gas and Other Products			
Unaffiliated	649	513	399
Intersegment	2	15	-
	651	528	399
Electric			
Unaffiliated	1	-	-
Intersegment	-	-	-
	1	-	-
Other Revenues			
Unaffiliated	33	-	1
Intersegment	-	-	-
	33	-	1
TOTAL	685	528	400
Corporate and Other			
Natural Gas and Other Products			
Unaffiliated	-	-	(12)
Intersegment	-	-	-
	-	-	(12)
Electric			
Unaffiliated	12	-	-
Intersegment	-	-	-
	12	-	-
Other Revenues			
Unaffiliated	43	14	31
Intersegment	-	-	-
	43	14	31
TOTAL	55	14	19
Intersegment Eliminations	(802)	(706)	(499)
Total Revenues	\$20,273	\$13,289	\$9,189

CURRENT EXECUTIVE OFFICERS OF THE REGISTRANT

Name and Age	Present Principal Position and Other Material Positions Held During Last Five Years
Kenneth L. Lay (55)	Chairman of the Board and Chief Executive Officer, Enron Corp., since February 1986.
Jeffrey K. Skilling (44)	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.

- Ken L. Harrison (55) Vice Chairman, Enron Corp., since July 1997. Chairman of the Board and Chief Executive Officer of Portland General Electric Company since 1987.
- John A. Urquhart (69) Vice Chairman, Enron Corp., since August 1991.
- Stanley C. Horton (48) 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 (43) 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 (54) 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.
- J. Clifford Baxter (39) 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 (38) 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. (53) Senior Vice President and General Counsel, Enron Corp., since June 1991. Partner, Vinson & Elkins from January 1977 until June 1991.
- Andrew S. Fastow (36) Senior Vice President and Chief Financial Officer since March 1998. Senior Vice President, Finance, Enron Corp., from January 1997 to March 1998. 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.

Item 2. PROPERTIES

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 18 to the Consolidated Financial Statements.

Estimates of proved and proved developed reserves at December 31, 1997, 1996 and 1995 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, 1997, 1996 and 1995 covering producing areas containing 54%, 64% and 60%, respectively, of proved reserves (excluding deep Paleozoic methane reserves) of EOG on a net-equivalent-cubic-foot-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-foot-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 18 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 18 to the Consolidated Financial Statements.

Producing Oil and Gas Wells

The following table reflects EOG's ownership at December 31, 1997 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 279 with multiple completions.

Productive Gas Wells		Productive Oil Wells		Total Productive Wells	
Gross	Net	Gross	Net	Gross	Net
4,622	3,413	703	464	5,325	3,877

Acreage

The following table summarizes EOG's developed and undeveloped acreage at December 31, 1997. Excluded is acreage in which EOG's interest is limited to owned royalty, overriding royalty and other similar interests.

	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
United States						
California	17,691	14,951	746,318	727,230	764,009	742,181
Texas	275,995	182,999	518,376	364,083	794,371	547,082
Offshore						
Gulf of Mexico	312,726	141,080	541,891	404,956	854,617	546,036
Wyoming	148,999	113,124	262,786	218,658	411,785	331,782
Oklahoma	148,637	85,494	113,274	83,123	261,911	168,617
New Mexico	60,136	31,070	84,224	52,519	144,360	83,589
Utah	57,820	46,512	33,062	27,564	90,882	74,076
Kansas	9,698	8,699	4,013	2,987	13,711	11,686
Colorado	8,353	1,233	26,380	13,645	34,733	14,878
Mississippi	4,761	4,516	33,161	25,524	37,922	30,040
Pennsylvania	1,103	735	16,089	10,727	17,192	11,462
Louisiana	6,131	4,938	4,608	1,592	10,739	6,530
Other	5,793	3,396	6,788	4,766	12,581	8,162
Total	1,057,843	638,747	2,390,970	1,937,374	3,448,813	2,576,121
Canada						
Alberta	359,080	228,908	288,887	245,067	647,967	473,975
Saskatchewan	191,483	175,677	223,228	217,182	414,711	392,859
Manitoba	11,743	9,954	23,848	21,956	35,591	31,910
British Columbia	656	164	6,138	6,138	6,794	6,302
Total Canada	562,962	414,703	542,101	490,343	1,105,063	905,046
Other International						
China	-	-	1,849,531	924,766	1,849,531	924,766
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
Total Other						
International	102,500	33,480	3,021,742	1,671,378	3,124,242	1,704,858
Total	1,723,305	1,086,930	5,954,813	4,099,095	7,678,118	5,186,025

Drilling and Acquisition Activities

During each of the years ended December 31, 1997, 1996 and 1995, EOG spent approximately \$693 million, \$599 million and \$514 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:

	Year Ended December 31,					
	1997		1996		1995	
	Gross	Net	Gross	Net	Gross	Net
Development Wells Completed						
North America						
Gas	467	352.90	396	325.04	334	251.06
Oil	94	74.85	80	57.46	69	55.16
Dry	101	80.01	80	68.77	61	49.21
Total	662	507.76	556	451.27	464	355.43
Outside North America						
Gas	12	3.60	-	-	3	2.85
Oil	6	1.80	1	.30	3	2.85
Dry	-	-	-	-	1	.95
Total	18	5.40	1	.30	7	6.65
Total Development	680	513.16	557	451.57	471	362.08
Exploratory Wells Completed						
North America						
Gas	8	5.12	14	10.36	5	4.13
Oil	-	-	1	.78	8	3.61
Dry	12	7.53	26	19.00	21	13.28
Total	20	12.65	41	30.14	34	21.02
Outside North America						
Gas	-	-	-	-	6	4.90
Oil	-	-	-	-	-	-
Dry	-	-	1	.50	-	-
Total	-	-	1	.50	6	4.90
Total Exploratory	20	12.65	42	30.64	40	25.92
Total	700	525.81	599	482.21	511	388.00
Wells in Progress at End of Period	44	36.39	87	61.08	52	32.71
Total	744	562.20	686	543.29	563	420.71
Wells Acquired						
Gas	227	82.45*	350	148.20*	277	101.70*
Oil	48	20.50*	5	.65	5	.46*
Total	275	102.95	355	148.85	282	102.16

Footnote

* Includes acquisition of additional interests in certain wells in which EOG previously held an interest.

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

Gas Transmission

Enron's domestic natural gas facilities include approximately 25,500 miles of transmission lines, 105 mainline compressor stations, five underground gas storage fields and two liquefied natural gas storage facilities. 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.

In most cases, 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 regulator and compressor stations, clean fuel facilities and offices are located on tracts of land owned by it in fee or leased from others.

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.

International Power Plants and Pipelines

Enron's principal international operating power plants and pipelines and appurtenant facilities are (i) situated on land owned by Enron in fee or land under the control of Enron pursuant to valid existing leases, licenses, easements or other agreements, or (ii) in the case of certain power plants, barge-mounted on vessels owned by Enron. Power plants and pipelines in which Enron owns an interest are set forth in the following table:

Facility	Location	Fuel	Size/Capacity	Enron Interest
Power Plants:				
Puerto Quetzal	Guatemala	Gas	110 MW	50%
Teesside	U.K.	Gas	1,875 MW	31%
Batangas	Philippines	Fuel oil	110 MW	50%
Subic Bay	Philippines	Fuel oil	116 MW	50%
Bitterfeld	Germany	Gas	125 MW	50%
Puerto Plata	Dominican Republic	Fuel oil	185 MW	50%
Hainan Island	China	Diesel	154 MW	50%
Pipelines:				
TGS	Argentina	-	1.9 Bcf/d; 4,104 miles	35%
Centragas	Colombia	-	110 MMcf/d;	50%

Transredes	Bolivia	-	357 miles 320 MMcf/d; 35 MMb/d; 3,093 miles	25%
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Electric Utility Properties

PGE's principal plants and appurtenant generating facilities and storage reservoirs are situated on land owned by PGE in fee or land under the control of PGE pursuant to valid existing leases, federal or state licenses, easements, or other agreements. In some cases meters and transformers are located upon the premises of customers. The indenture securing PGE's first mortgage bonds constitutes a direct first mortgage lien on substantially all utility property and franchises, other than expressly excepted property.

Generating facilities owned by PGE are set forth in the following table:

Facility	Location	Fuel	PGE Net MW Capability	
Wholly Owned:				
Faraday	Estacada, OR	Hydro	44	
North Fork	Estacada, OR	Hydro	54	
Oak Grove	Three Lynx, OR	Hydro	44	
River Mill	Estacada, OR	Hydro	23	
Pelton	Madras, OR	Hydro	108	
Round Butte	Madras, OR	Hydro	300	
Bull Run	Bull Run, OR	Hydro	22	
Sullivan	West Linn, OR	Hydro	16	
Beaver	Clatskanie, OR	Gas/Oil	500	
Bethel	Salem, OR	Gas/Oil	116	
Coyote Springs	Boardman, OR	Gas/Oil	241	
Jointly Owned:				
				PGE Interest
Boardman	Boardman, OR	Coal	331	65.0%
Centralia	Centralia, WA	Coal	33	2.5%
Colstrip 3 & 4	Colstrip, MT	Coal	288	20.0%
Trojan	Rainier, OR	Nuclear	-	67.5%
			2,120	

PGE holds licenses under the Federal Power Act for its hydroelectric generating plants. All of its licenses expire during the years 2001 to 2006. The FERC requires that a notice of intent to relicense these projects be filed approximately five years prior to expiration of the license. PGE is actively pursuing the renewal of these licenses. The State of Oregon also has licensed all or portions of five hydro plants.

Following the 1993 Trojan closure, PGE was granted a possession-only license amendment by the NRC. In early 1996 PGE received NRC approval of its Trojan decommissioning plan.

Combustion turbine generators at the Bethel Combustion Turbine Plant and the Beaver Combustion Turbine Plant are leased by PGE. These leases expire in 1998 and 1999. PGE is currently evaluating its renewal options. PGE leases its headquarters complex in downtown Portland and the coal-handling facilities and certain railroad cars for the Boardman coal plant.

Item 3. LEGAL PROCEEDINGS

Enron is a 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 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 claims. The Court of Appeals has affirmed the trial court's order granting class certification. An appeal to the Texas Supreme Court will be pursued. 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 June 2, 1997, Enron announced the resolution of all contractual issues involving the J-Block contract in the U.K. North Sea with the J-Block producers, Phillips Petroleum Company United Kingdom Limited, BG Exploration & Production Limited and Agip (U.K.) Limited. The J-Block contracts are long-term gas contracts that an Enron subsidiary entered into in March 1993 with the J-Block producers. As consideration for amending the contract, Enron made a cash payment of approximately \$440 million to the producers. Enron recorded a second quarter non-recurring contract restructuring charge of \$675 million (\$463 million after tax), primarily reflecting the impact of the amended contract. Such resolution concluded all J-Block litigation between Enron and the J-Block producers.

On June 3, 1997, the London Commercial Court ruled in favor of the "CATS" parties in their dispute over the availability of the CATS (Central Area Transmission System) transportation facilities. The CATS parties sued Teesside Gas Transportation Limited (TGTL), an Enron subsidiary, and Enron (on the basis of its guarantee of TGTL's obligations under the transportation agreement between TGTL and the CATS parties) for allegedly failing to make quarterly "send-or-pay" payments under the transportation agreement. TGTL had refused to make these payments based upon its position that the transportation facilities were not available as required by the contract. The effect of the Court's decision is that TGTL has released withheld "send-or-pay" payments to the CATS parties in the amount of approximately 81 million Pounds Sterling, plus interest and costs. The judgment has no effect on the above referenced settlement of the J-Block gas sales agreements. Enron is appealing the decision of the London Commercial Court in the CATS litigation. Enron believes that the ultimate resolution of this matter will not have a materially adverse effect on its financial position or results of operations.

In November 1996, an explosion occurred in or around the Humerto Vidal Building in San Juan, Puerto Rico. The explosion resulted in fatalities, bodily injuries and damage to the building and surrounding property. San Juan Gas Company, Inc. (San Juan), an Enron subsidiary, operates a natural gas distribution system in the vicinity. Although San Juan did not provide gas service to the building, the investigation report of the National Transportation Safety Board (NTSB) has tentatively concluded that the incident was caused by gas leaking from San Juan's distribution system. San Juan and Enron strongly disagree with the NTSB findings principally because the NTSB investigation (i) found no path of migration of gas from San Juan's system to the building, and (ii) discovered no scientific evidence that propane gas was the explosive fuel. Enron and San Juan have been named as defendants in a number of lawsuits filed in U.S. District Court for the district of Puerto Rico and Commonwealth courts of Puerto Rico. These suits, which seek damages for wrongful death, personal injury, business interruption and property damage, allege that negligence of Enron and San Juan caused the explosion. Enron and San Juan are vigorously contesting 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.

Trojan Nuclear Plant. In early 1993, PGE ceased commercial operation of Trojan. Since plant closure, PGE

has committed itself to a safe and economical transition toward a decommissioned plant. PGE has received approval of its decommissioning plan submitted to the Nuclear Regulatory Commission and Oregon Energy Facilities Siting Council. PGE's remaining cost to decommission and close Trojan of \$313 million has been reflected in "Other Liabilities" in the Consolidated Balance Sheet.

Trojan Investment Recovery. In April 1996 a circuit court judge in Marion County, Oregon found that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan, contradicting a November 1994 ruling from the same court. The ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87% of its remaining investment in Trojan.

The 1994 ruling was appealed to the Oregon Court of Appeals and stayed pending the appeal of the OPUC's March 1995 order. Both PGE and the OPUC have separately appealed the April 1996 ruling which was combined with the appeal of the November 1994 ruling at the Oregon Court of Appeals.

Enron believes that the authorized recovery of and return on the Trojan investment and decommissioning costs will be upheld and that these legal challenges will not have a materially adverse impact on its financial position or results of operations.

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 materially adverse effect on Enron's financial position or results of operations.

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. 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 and remove impacted subsurface soils in certain areas of the tract where the plant was formerly 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

None.

PART II

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

	1997			1996		
	High	Low	Dividends	High	Low	Dividends
First Quarter.....	\$45 1/8	\$37 7/8	\$.2250	\$40	\$34 5/8	\$.2125
Second Quarter.....	42 3/8	35 5/8	.2250	42 3/8	36 3/8	.2125
Third Quarter.....	42	35	.2250	43	39 1/8	.2125
Fourth Quarter.....	41 15/16	35 15/16	.2375	47 1/2	40 1/4	.2250

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.

	1997			1996		
	High	Low	Dividends	High	Low	Dividends
First Quarter.....	\$600	\$600	\$3.0717	\$496 1/2	\$481 1/4	\$2.9010
Second Quarter.....	555	496	3.0717	525	525	2.9010
Third Quarter.....	540	535	3.0717	525	525	2.9010
Fourth Quarter.....	523	523	3.2424	620	555	3.0717

At December 31, 1997, there were approximately 58,041 record holders of common stock and 209 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 1993-1997.

Item 6. SELECTED FINANCIAL DATA (UNAUDITED)

	1997	1996	1995	1994	1993
Operating Revenues (millions)	\$20,273	\$13,289	\$ 9,189	\$ 8,984	\$ 7,986
Total Assets (millions)	\$23,422	\$16,137	\$13,239	\$11,966	\$11,504

Common Stock Statistics

	1997	1996	1995	1994	1993
Income from continuing operations					
Total (millions)	\$105	\$584	\$520	\$453	\$333
Per share - basic	\$0.32	\$2.31	\$2.07	\$1.80	\$1.32
Per share - diluted	\$0.32	\$2.16	\$1.94	\$1.70	\$1.25
Earnings on common stock					
Total (millions)	\$ 88	\$568	\$504	\$438	\$316
Per share - basic	\$0.32	\$2.31	\$2.07	\$1.80	\$1.32
Per share - diluted	\$0.32	\$2.16	\$1.94	\$1.70	\$1.25
Dividends					
Total (millions)	\$243	\$212	\$205	\$192	\$171
Per share	\$0.91	\$0.86	\$0.81	\$0.76	\$0.71
Shares outstanding (millions)					
Actual at year-end	307	251	245	244	242
Average for the year	272	246	244	243	239

Capitalization (millions)					
Long-term debt	\$ 6,254	\$3,349	\$3,065	\$2,805	\$2,661
Preferred stock of subsidiary	993	592	377	377	214
Minority interest	1,147	755	549	290	196
Shareholders' equity	5,618	3,723	3,165	2,880	2,623
Total capitalization	\$14,012	\$8,419	\$7,156	\$6,352	\$5,694

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 1997 was \$105 million compared to \$584 million in 1996 and \$520 million in 1995. The results of operations discussion focuses on core businesses, the new retail energy services business (primarily serving commercial and light industrial end-use customers) and items impacting comparability of operations. Core businesses include Exploration and Production (Enron Oil & Gas Company), Transportation and Distribution (Gas Pipeline Group and Portland General) and Wholesale Energy Operations and Services (Enron Capital & Trade Resources, Enron International and Enron Engineering & Construction). The results of Portland General have been included in Enron's Consolidated Financial Statements beginning July 1, 1997. See Note 2 to the Consolidated Financial Statements. Items impacting comparability are discussed in the respective segment results. Net income includes the following:

(In Millions)	1997	1996	1995
After-tax results from:			
Core businesses	\$ 585	\$ 493	\$ 489
Retail Energy Services:			
Results(a)	(70)	-	-
Gain on sale of 7% of Enron Energy Services (EES) shares	61	-	-
	(9)	-	-
	576	493	489
Items impacting comparability:(a)			
Charge to reflect impact of amended J-Block gas contract	(463)	-	-
Charge to reflect depressed MTBE margins on committed production	(74)	-	(49)
Gains on sales of liquids and gathering assets	66	59	43
Gains on sales of Enron Oil & Gas Company stock	-	90	161
Reserve for qualified facilities disposition	-	(54)	-
Miscellaneous reserves and other items	-	(4)	(124)
Reported net income	\$ 105	\$ 584	\$ 520

Footnote

(a) Tax affected at 35%, except where a specific tax rate applied.

Basic and diluted earnings per share of common stock were as follows:

	1997	1996	1995
Reported basic earnings per share	\$0.32	\$2.31	\$2.07
Diluted earnings per share:			
Results from core businesses	\$1.98	\$1.82	\$1.82
Retail Energy Services:			
Results	(0.24)	-	-
Gain on sale of 7% of EES shares	0.21	-	-
Items impacting comparability:			
Charge to reflect impact of amended J-Block gas contract	(1.57)	-	-
Charge to reflect depressed MTBE margins on committed production	(0.25)	-	(0.18)
Gains on sales of liquids and			

gathering assets	0.22	0.22	0.16
Gains on sales of Enron Oil & Gas Company stock	-	0.33	0.60
Reserve for qualified facilities disposition	-	(0.20)	-
Miscellaneous reserves and other items	-	(0.01)	(0.46)
Effect of anti-dilution(a)	(0.03)	-	-
Reported diluted earnings per share	\$0.32	\$2.16	\$1.94

Footnote

(a) For 1997, the conversion of preferred shares to common shares for purposes of the diluted earnings per share calculation was anti-dilutive by \$0.03 per share. However, in order to present comparable results, per share amounts for each earnings component were calculated using 295 million shares, which assumes the conversion of preferred shares to common shares.

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 (see Note 17 to the Consolidated Financial Statements):

(In Millions)	1997	1996	1995
Exploration and Production	\$ 183	\$ 200	\$ 241
Transportation and Distribution:			
Gas Pipeline Group	466	524	359
Portland General	114	-	-
Wholesale Energy Operations and Services	654	466	401
Retail Energy Services	(107)	-	-
Corporate and Other	(745)	48	164
Reported income before interest, minority interests and taxes	\$ 565	\$1,238	\$1,165

Exploration and Production

Enron's exploration and production operations are conducted by Enron Oil & Gas Company (EOG). IBIT of Exploration and Production totaled \$183 million, \$200 million and \$241 million for 1997, 1996 and 1995, respectively.

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

	1997	1996	1995
Natural gas volumes (MMcf/d)(a)			
North America(b)	758	706	636
Trinidad	113	124	107
India	18	-	-
Total	889	830	743
Average natural gas prices (\$/Mcf)			
North America(c)	\$2.20	\$1.92	\$1.34
Trinidad	1.05	1.00	0.97
India	2.79	-	-
Composite	2.07	1.78	1.29
Crude oil/condensate volumes (MBbl/d)(a)			
North America	14.2	11.6	11.5
Trinidad	3.4	5.2	5.1
India	2.3	2.8	2.5
Total	19.9	19.6	19.1
Average crude oil/condensate prices (\$/Bbl)			
North America	\$19.33	\$21.08	\$17.09
Trinidad	18.68	19.76	16.07
India	20.05	20.17	16.81
Composite	19.30	20.60	16.78

Footnote

(a) Million cubic feet per day or thousand barrels per day, as

applicable.

- (b) Includes an annual average of 48 MMcf/d in 1997, 1996 and 1995 delivered under the terms of a volumetric production payment agreement effective October 1, 1992, as amended.
- (c) Includes an average equivalent wellhead value of \$1.73 per Mcf in 1997, \$1.17 per Mcf in 1996 and \$0.80 per Mcf in 1995 for the volumes detailed in Note (b) above, net of transportation costs.

The following analyzes the significant changes in the various components of IBIT for Exploration and Production:

(In Millions)	1997	1996	1995
Net revenues	\$783	\$730	\$648
Corporate hedging activities	(8)	(4)	45
Operating expenses	150	133	126
Exploration expenses	102	89	79
Depreciation, depletion and amortization	278	251	216
Taxes, other than income taxes	60	48	32
Operating income	185	205	240
Other income, net	(2)	(5)	1
Reported income before interest, minority interests and taxes	\$183	\$200	\$241

Net Revenues

Exploration and Production's revenues, net of gas sold in connection with natural gas marketing, increased \$53 million (7%) in 1997 and \$82 million (13%) in 1996. The 1997 and 1996 increases reflected both increased average wellhead natural gas prices and increased production volumes. The 1996 volumes increased from 1995 primarily from the elimination of 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, reduced net revenues by \$61 million in 1997, compared with increases of \$4 million in 1996 and \$105 million in 1995. Net revenues also include gains on sales of crude oil and gas reserves and related assets of \$9 million in 1997, \$20 million in 1996 and \$63 million in 1995.

Costs and Expenses

Operating expenses, depreciation, depletion and amortization and taxes other than income taxes increased in 1997 and 1996 due primarily to the increased production activity.

Exploration expenses increased 15% in 1997 and 13% in 1996 as compared to the prior year, primarily as a result of increased exploratory drilling activities and lease acquisitions in North America.

Outlook

EOG plans to continue its significant investments in development and certain exploration expenditures in its major producing areas in North America. In addition, EOG anticipates increased spending for the continued development of its significant international projects in India, Venezuela, Trinidad and China. Enron has hedged its net exposure to EOG's natural gas prices for 1998 production and will continue to assess opportunities for hedging future production.

Transportation and Distribution

Transportation and Distribution consists of Gas Pipeline Group and Portland General. Gas Pipeline Group includes Enron's interstate natural gas pipelines, primarily Northern Natural Gas Company (Northern), Transwestern Pipeline Company (Transwestern) and Enron's 50% interest in Florida Gas Transmission Company (Florida Gas). Portland General primarily reflects the results of Portland General Electric Company (PGE) since the July 1, 1997 merger (see Note 2 to the Consolidated Financial Statements).

Gas Pipeline Group. Significant components of IBIT are as follows:

(In Millions)	1997	1996	1995
Net revenues	\$665	\$719	\$745
Operating expenses	310	316	343
Depreciation and amortization	69	66	82
Equity in earnings	40	35	46

Other income, net	38	44	9
IBIT before items impacting comparability	364	416	375
Gains on sales of liquids and gathering assets	102	90	67
Miscellaneous reserves and other items	-	18	(83)
Reported income before interest and taxes	\$466	\$524	\$359

Net Revenues

Revenues, net of cost of sales, of Gas Pipeline Group declined \$54 million (8%) during 1997 and \$26 million (3%) during 1996 as compared to the applicable preceding year. The decrease in net revenues in 1997 compared to 1996 was primarily due to the sale of natural gas liquids assets in early 1997 and the turnback of capacity at Transwestern, resulting in reduced transportation revenues beginning in November 1996. The decrease in net revenues from 1995 to 1996 was primarily a result of the sale of gathering facilities in 1995 and the first quarter of 1996. In addition, revenues decreased 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.

Operating Expenses

Operating expenses of Gas Pipeline Group declined \$6 million (2%) during 1997, primarily due to a reduction of transition costs to be recovered in regulatory surcharges at Northern. Gas Pipeline Group's operating expenses declined \$27 million (8%) in 1996 compared with 1995 due primarily to the favorable resolution of environmental contingencies previously accrued, combined with reduced expenses related to the gathering facilities sold in 1995 and early 1996 and a decrease in amortization of deferred contract reformation costs by Northern.

Depreciation and amortization declined \$16 million (20%) in 1996 compared with 1995 due primarily to the sale of gathering facilities in 1995 and the first quarter of 1996.

Equity in Earnings

Equity in earnings of unconsolidated subsidiaries increased \$5 million (14%) during 1997 as compared to 1996 after decreasing \$11 million (24%) during 1996 as compared to 1995. The increase in 1997 was primarily due to increased equity earnings related to Enron's interest in Citrus Corp., which holds Enron's 50% interest in Florida Gas. The decrease in equity earnings in 1996 was primarily due to lower earnings from Enron's interest in Trailblazer Pipeline Company due to the recognition in 1995 of income from a settlement with a transportation customer.

Items Impacting Comparability

During 1997, gains of \$102 million were recognized related to the sales of liquids assets, including processing plants and Enron's interest in the Enron Liquids Pipeline L.P. Gains of \$90 million related to the disposition of non-strategic natural gas gathering facilities were recognized in 1996, and gains of \$67 million were recorded from the sale of gathering assets and a processing facility in 1995. In 1996, reported IBIT included \$18 million as a result of favorable resolution of litigation. Regulatory and contingency adjustments totaling \$83 million were recorded in 1995.

Portland General. Results for Portland General have been included in Enron's Consolidated Financial Statements beginning July 1, 1997. Since that date, Portland General realized IBIT of \$114 million, as follows:

(In Millions)	1997
Revenues	\$746
Purchased power and fuel	389
Operating expenses	154
Depreciation and amortization	91
Other income, net	2
Reported income before interest and taxes	\$114

Statistics for PGE for the period from July 1 through December 31, 1997 and 1996 (including amounts for 1996 for comparative purposes only) are as follows:

	1997	1996
Electricity Sales (Thousand MWh)(a)		
Residential	3,379	3,421
Commercial	3,618	3,450

Industrial	2,166	2,020
Total Retail	9,163	8,891
Wholesale	15,041	5,949
Total Electricity Sales	24,204	14,840
Resource Mix		
Coal	10%	15%
Combustion Turbine	5	11
Hydro	5	8
Total Generation	20	34
Firm Purchases	74	55
Secondary Purchases	6	11
Total Resources	100%	100%
Average Variable Power Cost (Mills/KWh)(b)		
Generation	8.7	7.7
Firm Purchases	18.9	16.5
Secondary Purchases	13.2	12.3
Total Average Variable Power Cost	16.5	13.1
Retail Customers (end of period, thousands)	685	668

Footnote

(a) Thousand megawatt-hours.

(b) Mills (1/10 cent) per kilowatt-hour.

Outlook

Transportation and Distribution should continue to provide stable earnings and cash flows during 1998, including steady growth over 1997 levels.

Various expansion projects underway or proposed by Gas Pipeline Group should contribute future earnings when completed. Over the next three years, Northern is planning expansions which would add 300-400 million cubic feet of gas per day (MMcf/d) of incremental capacity. Transwestern plans to expand its pipeline capacity and access new gas supplies by approximately 200-300 MMcf/d. Florida Gas also plans to expand its capacity by 150 MMcf/d to serve its growing markets by the year 2000. Additionally, Gas Pipeline Group will continue to monitor its overall cost structure.

PGE anticipates continuing retail customer growth in one of the fastest growing service territories in the U.S. In late 1997, PGE filed a Customer Choice Plan proposal with the Oregon Public Utility Commission (OPUC) which would give all of its customers a choice of electricity providers as early as December 1998. Under the proposed Customer Choice Plan, PGE will separate its generation business from its transmission and distribution businesses and PGE will become a regulated transmission and distribution company focused on delivering, but not selling, electricity. The separation of the generation business is proposed to be accomplished by selling PGE's generating assets, either to an Enron affiliate or third parties. In preparation for electric deregulation, PGE has begun to leverage from the operational experiences of Enron's Gas Pipeline Group which has previously transitioned from providing merchant services to providing transportation services.

Enron is unable to predict what changes may be required by the OPUC for approval or when the OPUC will approve a Customer Choice Plan.

Wholesale Energy Operations and Services

Enron's Wholesale Energy Operations and Services businesses are conducted primarily by Enron Capital & Trade Resources (ECT) and Enron International (EI). These businesses provide integrated energy-related products and services to wholesale customers worldwide, including the development, construction and operation of power plants, natural gas pipelines and other energy related assets, energy commodity sales and services, risk management products and financial services. This segment also includes results of Enron Engineering & Construction (EE&C), Enron Global Power and Pipelines L.L.C. (EPP) and Enron Americas, Inc. Enron acquired the minority interest in EPP in November 1997 (see Note 2 to the Consolidated Financial Statements).

Wholesale Energy Operations and Services (Wholesale) can be categorized into four business lines: Asset Development and Construction, Cash and Physical, Risk Management and Finance and Investing. The following table reflects IBIT for each business line:

(In Millions)	1997	1996	1995
Asset Development and Construction	\$ 77	\$ 60	\$ 37
Cash and Physical	310	324	206
Risk Management	143	105	193
Finance and Investing	284	122	103
Unallocated expenses	(160)	(145)	(138)
Reported income before interest, minority interests and taxes	\$654	\$466	\$401

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

Asset Development and Construction. This line of business includes the development and construction of power plants, pipelines and other energy infrastructure, including the results of EE&C.

At December 31, 1997, the following projects were under construction:

	Size/Capacity	Estimated Commercial Operations Date
Pipeline		
Bolivia/Brazil (Phase I)	1,180 miles	1Q 1999
Power Plants		
Cuiaba - Brazil (Phase I)	150 MW(a)	3Q 1998
Dabhol - India (Phase I)	826 MW	4Q 1998
Piti - Guam	80 MW	1Q 1999
Sutton Bridge - U.K.	790 MW	1Q 1999
Trakya - Turkey	478 MW	1Q 1999
EcoElectrica - Puerto Rico	507 MW	4Q 1999
Nowa Sarzyna - Poland	116 MW	4Q 1999
Sarlux - Italy	551 MW	1Q 2000

(a) Megawatts.

Earnings from the asset development and construction business increased 28% in 1997 from 1996, primarily as a result of fees earned on projects in the U.K. and Puerto Rico in 1997. The earnings from this business increased 62% in 1996 compared with 1995 primarily due to increased earnings on capital employed related to development projects.

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 Enron's contract portfolio and earnings related to the operating assets of this segment, including EPP operations. Also included are the effects of actual settlements of long-term physical and notional quantity-based contracts.

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

	1997	1996	1995
Physical Volumes (BBtue/d)(a)(b)			
Gas:			
United States	7,654	6,998	6,405
Canada	2,263	1,406	803
Europe	660	289	-
	10,577	8,693	7,208
Transport Volumes	460	544	580
Total Gas Volumes	11,037	9,237	7,788
Oil	690	320	439
Liquids	987	1,187	526
Total Physical Volumes	12,714	10,744	8,753
Electricity Volumes Marketed (Thousand MWh)	192,323	60,150	7,767
Financial Settlements (Notional) (BBtue/d)	49,069	35,259	32,938

Footnote

(a) Billion British thermal units equivalent per day.

(b) Includes third-party transactions by Enron Energy Services.

The cash and physical business includes Enron's interest in the following operating assets:

	Size/Capacity	Acquisition/ Operations Date
Pipelines		
Houston Pipe Line - U.S.	5,243 mi/2.5 Bcf/d	2Q 1985
Transportadora de Gas del Sur - Argentina	4,104 mi/1.9 Bcf/d	4Q 1992
Louisiana Resources - U.S.	540 mi/750 MMcf/d	2Q 1993
Centragas - Colombia	357 mi/110 MMcf/d	1Q 1996
Transredes - Bolivia	3,093 mi/320 MMcf/d(a)	2Q 1997
Power Plants		
Puerto Quetzal - Guatemala	110 MW	1Q 1993
Teesside - U.K.	1,875 MW	1Q 1993
Batangas - Philippines	110 MW	3Q 1993
Bitterfeld - Germany	125 MW	4Q 1993
Subic Bay - Philippines	116 MW	1Q 1994
Puerto Plata - Dominican Republic	185 MW	3Q 1994, 1Q 1996
Hainan Island - China	154 MW	3Q 1996
Local Distribution Companies		
CEG - Brazil	N/A	3Q 1997
Riogas - Brazil	N/A	3Q 1997
GasPart - Brazil	N/A	4Q 1997

(a) Capacity also includes 35 MB/d of liquids.

The earnings from cash and physical operations decreased 4% in 1997 as compared to 1996 primarily due to lower domestic gas and power margins in 1997 compared with 1996. Although volumes were higher in 1997, greater seasonal volatility of domestic natural gas prices provided higher margins in 1996. Domestic liquids marketing activity was also lower in 1997 compared with 1996. These decreases were partially offset by increased activity in the European markets related to natural gas and power contracts. Increased earnings from the operation of international power plants and pipelines and domestic natural gas assets also contributed to the results.

The earnings from this business increased 57% in 1996 as compared to 1995 primarily due to earnings from higher natural gas volumes and margins and increased earnings from the management of Wholesale's commodity portfolio. 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 Enron continued to expand its role as an electricity marketer.

Risk Management. Wholesale's risk management operations consist of market origination activity on new long-term contracts (transactions greater than one year) and restructuring of existing long-term contracts, including development activity related to such contracts.

Earnings from risk management increased 36% in 1997 as compared to 1996 primarily due to strong originations and related activities with utilities and independent power producers (IPPs) in the European market. This increase was partially offset by lower originations from long-term contracts in North America for both natural gas and power.

Earnings from this business decreased 46% in 1996 as compared to 1995 primarily due to lower originations from long-term contracts with domestic utilities and 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.

Finance and Investing. The finance and investing operations provide a variety of capital products to its worldwide customers, including volumetric production payments, loans and equity investments. These products are offered directly or through joint ventures. Financings arranged and production payments were \$561 million, \$755 million and \$382 million in 1997, 1996 and 1995, respectively.

Additionally, the finance and investing business includes the management of Wholesale's capital investments, both operating and financial, as well as certain of Enron's equity investments. Accordingly, the results of this business include earnings from

changes in the composition and market value of these investments. Market value changes result from both underlying operating strengths and favorable conditions in the equity markets. Exposures related to these investments are managed through certain hedging transactions as well as through the overall diversity of the investments.

Earnings from the finance and investing operations increased 133% in 1997 compared with 1996 due primarily to a significant increase in the market value of its investments, including the positive impact of a change in the structure of a joint venture investment, as well as increased earnings from originations.

Earnings from the finance and investing operations increased 18% in 1996 compared to 1995 primarily due to increases in the market value of its investments.

Unallocated Expenses. Net unallocated expenses such as rent, systems expenses and other support group costs increased in both 1997 and 1996 due to continued expansion into new markets and system upgrades.

Outlook

Enron anticipates continued growth in Wholesale during 1998. Asset development and construction earnings are expected to increase as a result of Enron's extensive portfolio of projects in various stages of development. In the cash and physical business, volumes are expected to continue to increase. In addition, the existence of a 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. Earnings from risk management are expected to increase as Enron continues to pursue opportunities in the European marketplace and continues to increase integration of financial products and its energy commodity portfolio worldwide. In the finance and investing business, Enron will continue to expand its products and services in its role as a full-service provider of various types of capital. Further expansion into new products and international markets is expected to increase results in all of these businesses.

Earnings from Wholesale are dependent on the completion of transactions, some of which are individually significant, which are impacted by market conditions, the regulatory environment and customer relations. Wholesale's transactions have historically been based on a diverse product portfolio, providing a solid base of earnings. The outlook for potential future transactions is currently very favorable. Enron's strengths, including its ability to identify and respond to customer needs, access to extensive physical assets and its integrated approach to international business, are expected to result in continued earnings growth. In addition, earnings are expected from Wholesale's commodity portfolio and investments, which are subject to market fluctuations; risk related to these activities is managed using hedge transactions. See "Financial Risk Management" for a discussion of market risk related to Wholesale.

Retail Energy Services

Enron Energy Services (EES) was formed in late 1996 to provide direct energy sales and services to end-use customers in the U.S. natural gas and electricity markets, particularly in the commercial and light industrial sectors. EES has participated successfully in selected natural gas and electric retail marketing pilots and continues to make significant progress in expanding its customer base and contracting activities. EES reported losses before interest, minority interests and taxes of \$107 million in 1997 related to significant investments in building its sales force, developing products and services, establishing a support system to service its contracts and supporting EES's regulatory efforts.

In late 1997, Enron sold approximately 7% of its ownership of EES for \$130 million, to defray startup costs and establish a valuation for this new business. The transaction resulted in a gain of \$61 million, which has been reflected in Corporate and Other. This sale of EES ownership was based on a total enterprise value of \$1.9 billion.

Outlook

During 1998, EES will continue its focus on commercial and light industrial customers in the energy market, while developing new energy products and expanding its customer base. EES also plans to continue its efforts to improve the regulatory environment for retail gas and electricity, both on state and federal levels, strengthen its marketing and sales organization and continue to enhance its transaction support capabilities. EES expects that 1998 losses will approximate those incurred in 1997.

Corporate and Other

Corporate and Other includes results of Enron Renewable Energy Corp., EOTT Energy Corp. (EOTT) and the operations of Enron's methanol and MTBE plants. Significant components of IBIT are as follows:

(In Millions)	1997	1996	1995
IBIT before items impacting comparability	\$ (31)	\$ (22)	\$ (35)
Gain on sale of 7% of EES shares	61	-	-
Items impacting comparability:			
Charge to reflect impact of amended J-Block gas contract	(675)	-	-
Charge to reflect depressed MTBE margins on committed production	(100)	-	(75)
Gains on sales of Enron Oil & Gas Company stock	-	178	367
Reserve for qualified facilities disposition	-	(83)	-
Charge primarily related to conversion of compensation plan	-	-	(74)
Miscellaneous reserves and other items	-	(25)	(19)
Reported income before interest and taxes	\$(745)	\$ 48	\$ 164

During 1997, Enron recorded a non-recurring charge of \$675 million, primarily reflecting the impact of Enron's amended J-Block gas contract in the U.K. (see Note 14 to the Consolidated Financial Statements), and a \$100 million charge primarily to reflect depressed MTBE margins on committed production. In 1996 and 1995, respectively, gains of \$178 million and \$367 million were recognized, primarily related to the sale of 12 million and 31 million outstanding shares of EOG stock held by Enron. The 1996 results included an \$83 million reserve related to the required disposition of certain assets in connection with the merger with Portland General. The 1995 results included a \$75 million charge to reflect depressed MTBE margins on committed production and \$74 million of charges primarily related to the conversion of a compensation plan to more closely align employees' interests to Enron common stock.

Enron continues to assess and modify its computer systems to ensure they will operate properly in the year 2000. Enron management anticipates that these Year 2000 costs, which will be incurred over the next two years, will not have a material impact on Enron's financial position or results of operations.

Interest and Related Charges, net

Interest and related charges, net, is reported net of interest capitalized of \$18 million, \$12 million and \$10 million for 1997, 1996 and 1995, respectively. The net expense increased \$127 million in 1997 after decreasing \$10 million in 1996. The 1997 increase was primarily due to higher debt levels, including debt of \$1.1 billion from PGE following the merger on July 1, 1997 (see Note 2 to the Consolidated Financial Statements). The 1996 decrease was primarily due to lower average interest rates combined with lower average debt balances.

Dividends on Company-Obligated Preferred Securities of Subsidiaries

Dividends on company-obligated preferred securities of subsidiaries increased from \$32 million in 1995 to \$34 million in 1996 and \$69 million in 1997, primarily due to the issuance of \$215 million and \$372 million of additional preferred securities by Enron subsidiaries during 1996 and 1997, respectively. Company-obligated preferred securities of subsidiaries also increased by \$29 million at July 1, 1997 for securities of PGE. See Notes 2 and 9 to the Consolidated Financial Statements.

Minority Interests

Minority interests increased \$31 million to \$75 million in 1996 compared to 1995, primarily due to the reduction of Enron's interest in EOG following the sales in 1996 and December 1995 of an aggregate 43 million shares of EOG common stock held by Enron.

Income Tax Expense

Income tax expense decreased for 1997 as compared to 1996 primarily as a result of pretax losses due to the non-recurring charges for the restructuring of Enron's J-Block contract and for depressed MTBE margins on committed production. In addition, the 1997 tax provision was reduced for differences between the book and tax basis of certain asset and stock sales. Income tax expense decreased in 1996 compared with 1995 as a result of benefits from the reduction of the deferred tax liability due to the reevaluation of federal and state deferred tax requirements.

FINANCIAL CONDITION

Cash Flows

(In Millions)	1997	1996	1995
Cash provided by (used in):			
Operating activities	\$ 501	\$ 1,040	\$(15)
Investing activities	(2,436)	(1,230)	13
Financing activities	1,849	331	(15)

Net cash provided by operating activities decreased \$539 million in 1997 primarily as a result of a cash payment of \$440 million made in connection with the resolution of the J-Block gas contract. 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 under Enron's receivables sales program at year-end 1996 as compared to 1995.

Net cash used in investing activities in 1997 primarily reflects increased capital expenditures, which total \$1,413 million. See "Capital Expenditures and Equity Investments" below. Equity investments of \$944 million in 1997 primarily include investments in international power and pipeline projects. Partially offsetting these uses of cash were proceeds of \$473 million from the sales of assets, primarily from the sales of liquids assets. Net cash used in investing activities in 1996 reflects equity investments of \$761 million and capital expenditures of \$878 million. Equity investments in 1996 primarily include investments in international power and pipeline projects, EOTT and Joint Energy Development Investments, L.P. (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.

Cash provided by financing activities in 1997 was generated from net issuances of \$1,674 million of short- and long-term debt, \$372 million of preferred securities by subsidiary companies and \$555 million of subsidiary equity (see Note 7 to the Consolidated Financial Statements). These inflows were partially offset by payments of \$354 million for cash dividends and \$422 million for the purchase of treasury stock. Primary cash inflows from financing activities during 1996 included \$282 million from the net issuance of short- and long-term debt, \$215 million from the issuance of preferred securities by subsidiary companies and \$102 million from the issuance of Enron common stock. Cash outflows included cash dividend payments of \$281 million.

Working Capital

At December 31, 1997, Enron had working capital of \$257 million. If a working capital deficit should occur, Enron has credit facilities in place to fund working capital requirements. At December 31, 1997, those credit lines provided for up to \$3.7 billion of committed and uncommitted credit, of which \$35 million was outstanding at December 31, 1997. 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 and Equity Investments

Capital expenditures by operating segment are as follows:

(In Millions)	1998	1997	1996	1995
	Estimate			
Exploration and Production(a)	\$ 660	\$ 626	\$540	\$464
Transportation and Distribution	480	337	175	127
Wholesale Energy Operations and Services	220	339	150	152
Retail Energy Services	70	36	-	-
Corporate and Other	70	75	13	34
Total	\$1,500	\$1,413	\$878	\$777

Footnote

(a) Excludes exploration expenses of \$75 million (estimate),

\$75 million, \$68 million and \$55 million for 1998, 1997, 1996 and 1995, respectively.

Capital expenditures increased \$535 million during 1997 as compared to 1996. Increased expenditures in Exploration and Production reflect increased development expenditures in the United States and increased property acquisitions in Canada. Transportation and Distribution expenditures increased due to expansion projects by the interstate natural gas pipelines. Included in 1997 in Wholesale were send-or-pay payments totaling \$167 million related to a transportation agreement in the United Kingdom.

Equity investments by the operating segments are as follows:

(In Millions)	1998 Estimate	1997	1996	1995
Exploration and Production	\$ -	\$ -	\$ -	\$ -
Transportation and Distribution	10	3	-	-
Wholesale Energy Operations and Services	440	824	653	143
Retail Energy Services	-	-	-	-
Corporate and Other	350	117	108	27
Total	\$800	\$944	\$761	\$170

Equity investments increased \$183 million in 1997 compared with 1996 primarily due to investments by Wholesale in Brazilian gas distribution companies.

The level of spending for capital expenditures and equity investments will vary depending upon conditions in the energy markets, related economic conditions and identified opportunities. Management expects that the capital spending program will be funded by a combination of internally generated funds, proceeds from dispositions of selected assets and short- and long-term borrowings.

FINANCIAL RISK MANAGEMENT

Wholesale offers price risk management services primarily related to commodities associated with the energy sector (natural gas, crude oil, natural gas liquids and electricity). These services are provided through a variety of financial instruments including forward contracts, which may involve physical delivery of an energy commodity, swap agreements, which may 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. Interest rate risks and foreign currency risks associated with the fair value of its energy commodities portfolio are managed in this segment using a variety of financial instruments, including financial futures, swaps and options.

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.

Management of the market risks associated with its portfolio of transactions is critical to the success of Enron. Therefore, comprehensive risk management processes, policies and procedures have been established to monitor and control these market risks.

Enron manages market risk on a portfolio basis, subject to parameters established by its Board of Directors. Market risks are monitored by an independent 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. Enron's fixed price commodity contract portfolio is typically balanced to within an annual average of 1% of the total notional physical and financial transaction volumes marketed.

Enron measures the market risk in its portfolios on a daily basis utilizing value at risk and other methodologies. The quantification of market risk using value at risk provides a consistent measure of risk across diverse energy markets and products. The use of these methodologies requires a number of key assumptions including the selection of a confidence level for expected losses, the holding period for liquidation and the treatment of risks outside the value at risk methodologies, including liquidity risk and event risk. Value at risk

represents an estimate of reasonably possible net losses in earnings that would be recognized on its portfolios assuming hypothetical movements in future market rates and is not necessarily indicative of actual results which may occur.

In addition to using value at risk measures, Enron performs regular scenario analyses to estimate the economic impact of a sudden market movement on the value of its portfolios (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.

Market Risk

The use of financial instruments by Enron's businesses may expose Enron to market and credit risks resulting from adverse changes in commodity and equity prices, interest rates and foreign exchange rates. For Enron's price risk management portfolio, the major market risks are discussed below:

Commodity Price Risk. Commodity price risk is a consequence of providing price risk management services to customers as well as owning and operating production facilities. As discussed above, Enron actively manages this risk on a portfolio basis to ensure compliance with Enron's stated risk management policies. Forwards, futures, swaps and options are utilized to alter Enron's consolidated exposure to price fluctuations related to production from its production facilities.

Interest Rate Risk. Interest rate risk is also a consequence of providing price risk management services to customers and having variable rate debt obligations, as changing interest rates impact the discounted value of future cash flows. Enron utilizes swaps, forwards, futures and options to minimize its interest rate risk.

Foreign Currency Exchange Rate Risk. Foreign currency exchange rate risk is the result of Enron's international operations and price risk management services provided to its worldwide customer base. The primary purpose of Enron's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchase and sale transactions. Enron primarily utilizes forward exchange contracts, futures and purchased options to reduce Enron's risk profile.

Equity Risk. Equity risk arises from the finance and investing operations of Wholesale, which provides capital to customers through equity participations in various investment activities. Enron manages this risk on an overall basis, including the use of futures, forwards, swaps and options, to ensure compliance with Enron's stated risk management policies.

Accounting Policies

Accounting policies for price risk management and hedging activities are described in Note 1 to the Consolidated Financial Statements.

Value at Risk

Enron has performed an entity-wide value at risk analysis of virtually all of Enron's financial assets and liabilities. The value at risk for commodity, interest rate and foreign currency exposures described above is calculated using a "Monte Carlo" simulation of delta/gamma positions which captures a significant portion of the exposure related to option positions. The value at risk for equity exposure discussed above is based on J.P. Morgan's RiskMetrics(TM) approach utilizing historical estimates of volatility and correlation. Both value at risk methods utilize a one-day holding period and a 95% confidence level. Cross-commodity correlations are used as appropriate.

The following table illustrates the value at risk for each component of market risk at December 31, 1997:

(In Millions)	Wholesale	Non-Trading
Market Risk		
Commodity price	\$25	\$9(a)
Interest rate	-	-
Foreign currency exchange rate	1	1
Equity	4	-

Footnote

(a) Includes only the risk related to the financial

instruments that serve as hedges and does not include the related underlying hedged production.

CAPITALIZATION

Total capitalization at December 31, 1997 was \$14.0 billion. Debt as a percentage of total capitalization increased to 44.6% at December 31, 1997 as compared to 39.8% at December 31, 1996. The increase primarily reflects increased debt, partially offset by the issuance during 1997 of approximately 50.5 million and 11.5 million shares of common stock in connection with the acquisitions of Portland General Corporation and the minority interest in EPP, respectively (see Note 2 to the Consolidated Financial Statements). Assuming the 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 43.5% at December 31, 1997.

**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 ability to penetrate new retail natural gas and electricity markets in the United States and Europe, 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 Shareholders to be held on May 5, 1998 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 1997, its executive officers, directors and greater than 10% shareholders complied with all applicable filing requirements, with the exception of one 10% shareholder who

did not timely file one report containing one transaction.

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 Shareholders, 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 1997; Aggregated Stock Option/SAR Exercises During 1997 and Stock Option/SAR Values as of December 31, 1997; Long-Term Incentive Plan - Awards in 1997; 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, 1998", 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 "Certain Transactions" and "Compensation Committee Interlocks and Insider Participation", and is incorporated herein by reference.

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 - Amended and Restated Articles of Incorporation of Enron (Annex E to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.02 - Articles of Merger of Enron Oregon Corp., an Oregon corporation, and Enron Corp., a Delaware corporation (Exhibit 3.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
- *3.03 - Articles of Merger of Enron Corp., an Oregon corporation, and Portland General Corporation, an Oregon corporation (Exhibit 3.03 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).

- *3.04 - Bylaws of Enron (Exhibit 3.04 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
- *3.05 - Form of Series Designation for the Enron Convertible Preferred Stock (Annex F to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.06 - Form of Series Designation for the Enron 9.142% Preferred Stock (Annex G to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
- *3.07 - Statement of Resolutions Establishing Series A Junior Voting Convertible Preferred Stock (Exhibit 3.07 to Enron's Registration Statement on Form S-3 - File No. 333-44133).
- *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 - Supplemental Indenture, dated as of May 8, 1997, by and among Enron Corp., Enron Oregon Corp. and Harris Trust and Savings Bank, as Trustee (Exhibit 4.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3, File No. 33-60417).
- *4.03 - Form of Supplemental Indenture, dated as of September 1, 1997, between Enron Corp. and Harris Trust and Savings Bank, as Trustee (Exhibit 4.03 to Enron Registration Statement on Form S-3, File No. 333-35549).
- *4.04 - 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).
- *4.05 - 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).
- *4.06 - 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).
- *4.07 - Articles of Association of Enron Capital LLC (Exhibit 9 to Enron Corp. Form 8-K dated November 12, 1993).
- *4.08 - 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).
- *4.09 - 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 10.45

- *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 (Exhibit 10.04 to Enron Corp. Form 10-K for 1996, File No. 1-3423).
- *10.05 - Enron Corp. 1988 Deferral Plan (Exhibit 10.19 to Enron Form 10-K for 1987, File No. 1-3423).
- *10.06 - First Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.06 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.07 - Second Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.07 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.08 - Third Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.09 - Fourth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.10 - Fifth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.11 - Enron Corp. 1991 Stock Plan (Exhibit 10.08 to Enron Form 10-K for 1991, File No. 1-3423).
- *10.12 - Amended and Restated Enron Corp. 1991 Stock Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 24, 1997).
- 10.13 - First Amendment to Enron Corp. Amended and Restated 1991 Stock Plan.
- 10.14 - Second Amendment to Enron Corp. Amended and Restated 1991 Stock Plan.
- *10.15 - Enron Corp. 1992 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1991, File No. 1-3423).
- *10.16 - First Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.17 - Second Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.18 - Enron Corp. Directors' Deferred Income Plan (Exhibit 10.09 to Enron Form 10-K for 1992, File No. 1-3423).
- *10.19 - 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, File No. 1-3423).
- *10.20 - Employment Agreement between Enron Corp. and Kenneth L. Lay, executed December 18, 1996 (Exhibit 10.25 to Enron Form 10-K for 1996, File No. 1-3423).

- *10.21 - 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).
- *10.22 - 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).
- *10.23 - 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).
- *10.24 - 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).
- *10.25 - 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).
- *10.26 - 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).
- 10.27 - Seventh Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated October 27, 1997.
- *10.28 - 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).
- *10.29 - 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, File No. 1-3423).
- *10.30 - Enron Corp. Performance Unit Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.31 - Enron Corp. Annual Incentive Plan (Exhibit B to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.32 - 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).
- *10.33 - First Amendment to Enron Corp. Performance Unit Plan (Exhibit 10.46 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.34 - Enron Corp. Restated 1994 Deferral Plan (Exhibit 4.3 to Enron Form S-8 Registration Statement, File No. 333-48193).
- *10.35 - Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.59 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.36 - First Amendment, dated September 9, 1991, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.60 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.37 - Second Amendment, dated May 2, 1994, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.61 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.38 - Third Amendment, dated January 3, 1997, to Employment Agreement between Enron

Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.62 to Enron Form 10-K for 1996, File No. 1-3423).

- *10.39 - Employment Agreement between Enron Capital Trade & Resources Corp. and Jeffrey K. Skilling, dated January 1, 1996 (Exhibit 10.63 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.40 - 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 (Exhibit 10.64 to Enron Form 10-K for 1996, File No. 1-3423).
- 10.41 - Split Dollar Agreement between Enron and Jeffrey K. Skilling dated May 23, 1997.
- 10.42 - Second Amendment effective October 13, 1997, to Employment Agreement between Enron Corp. and Jeffrey K. Skilling.
- 10.43 - Loan Agreement effective October 13, 1997, between Enron Corp. and Jeffrey K. Skilling.
- *10.44 - Employment Agreement dated July 20, 1996 (effective July 1, 1997) between Enron and Ken L. Harrison (Exhibit 10.1 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-4, File No. 333-13791).
- 10.45 - Executive Employment Agreement between Stanley C. Horton and Enron Operations Corp., effective as of October 1, 1996.
- 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 13, 1998.
- 24 - Powers of Attorney for the directors signing this Form 10-K.
- 27 - Financial Data Schedule.

* Asterisk indicates exhibits incorporated by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by Enron during the last quarter of 1997.

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ENRON CORP.

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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.

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. (an Oregon corporation) and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 1997. 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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, 1997 and 1996, and the results of their operations, cash flows and changes in shareholders' equity for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Houston, Texas
February 23, 1998

ENRON CORP. AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENT

(In Millions, except Per Share Amounts)	Year Ended December 31,		
	1997	1996	1995
Revenues			
Natural gas and other products	\$13,211	\$11,157	\$7,529
Electricity	5,101	980	179
Transportation	652	707	692
Other	1,309	445	789
Total Revenues	20,273	13,289	9,189
Costs and Expenses			
Cost of gas, electricity and other products	17,311	10,478	6,733
Operating expenses	1,406	1,421	1,218
Oil and gas exploration expenses	102	89	79
Depreciation, depletion and amortization	600	474	432

Taxes, other than income taxes	164	137	109
Contract restructuring charge	675	-	-
Total Costs and Expenses	20,258	12,599	8,571
Operating Income	15	690	618
Other Income and Deductions			
Equity in earnings of unconsolidated subsidiaries	216	215	86
Gains on sales of assets and investments	186	274	467
Other income, net	148	59	(6)
Income Before Interest, Minority Interests and Income Taxes	565	1,238	1,165
Interest and Related Charges, net	401	274	284
Dividends on Company-Obligated Preferred Securities of Subsidiaries	69	34	32
Minority Interests	80	75	44
Income Tax Expense (Benefit)	(90)	271	285
Net Income	105	584	520
Preferred Stock Dividends	17	16	16
Earnings on Common Stock	\$ 88	\$ 568	\$ 504
Earnings Per Share of Common Stock			
Basic	\$ 0.32	\$ 2.31	\$ 2.07
Diluted	\$ 0.32	\$ 2.16	\$ 1.94
Average Number of Common Shares Used in Computation			
Basic	272	246	244
Diluted	277	270	268

Footnote

The accompanying notes are an integral part of these consolidated financial statements.

ENRON CORP. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET

(In Millions)	December 31,	
	1997	1996
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 170	\$ 256
Trade receivables (net of allowance for doubtful accounts of \$11 and \$6, respectively)	1,697	1,841
Other receivables	454	414
Assets from price risk management activities	1,577	841
Other	771	627
Total Current Assets	4,669	3,979
Investments and Other Assets		
Investments in and advances to unconsolidated subsidiaries	2,656	1,701
Assets from price risk management activities	1,352	1,632
Goodwill	1,910	87
Other	3,665	1,626
Total Investments and Other Assets	9,583	5,046
Property, Plant and Equipment, at cost		
Exploration and Production, successful efforts accounting	4,291	3,753
Transportation and Distribution	5,279	3,494
Wholesale Energy Operations and Services	3,879	3,967
Retail Energy Services	44	-
Corporate and Other	249	134
	13,742	11,348
Less accumulated depreciation, depletion and amortization	4,572	4,236
Property, Plant and Equipment, net	9,170	7,112
Total Assets	\$23,422	\$16,137

Footnote

The accompanying notes are an integral part of these

consolidated financial statements.

ENRON CORP. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET

(In Millions, except Per Share Amounts and Shares)	December 31,	
	1997	1996
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2,119	\$ 2,035
Liabilities from price risk management activities	1,476	1,029
Other	817	644
Total Current Liabilities	4,412	3,708
Long-Term Debt	6,254	3,349
Deferred Credits and Other Liabilities		
Deferred income taxes	2,039	2,290
Liabilities from price risk management activities	1,190	980
Other	1,769	740
Total Deferred Credits and Other Liabilities	4,998	4,010
Commitments and Contingencies (Notes 3, 13, 14 and 15)		
Minority Interests	1,147	755
Company-Obligated Preferred Securities of Subsidiaries	993	592
Shareholders' Equity		
Second preferred stock, cumulative, no par value and \$1 par value, respectively, 1,370,000 shares and 5,000,000 shares authorized, 1,337,645 shares and 1,370,714 shares of Cumulative Second Preferred Convertible Stock issued, respectively	134	137
Common stock, no par value and \$0.10 par value, respectively, 600,000,000 shares authorized, 318,297,276 shares and 255,945,304 shares issued, respectively	4,224	26
Additional paid-in capital	-	1,870
Retained earnings	1,852	2,007
Cumulative foreign currency translation adjustment	(148)	(127)
Common stock held in treasury, 7,050,965 shares and 821,155 shares, respectively	(269)	(30)
Other (including Flexible Equity Trust)	(175)	(160)
Total Shareholders' Equity	5,618	3,723
Total Liabilities and Shareholders' Equity	\$23,422	\$16,137

Footnote

The accompanying notes are an integral part of these consolidated financial statements.

ENRON CORP. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS

(In Millions)	Year Ended December 31,		
	1997	1996	1995
Cash Flows From Operating Activities			
Reconciliation of net income to net cash provided by (used in) operating activities			
Net income	\$ 105	\$ 584	\$ 520
Depreciation, depletion and amortization	600	474	432
Oil and gas exploration expenses	102	89	79
Deferred income taxes	(174)	207	216
Gains on sales of assets and investments	(195)	(274)	(530)
Changes in components of working capital	(65)	142	(834)
Net assets from price risk management			

activities	201	15	(98)
Amortization of production payment transaction	(43)	(43)	(43)
Other, net	(30)	(154)	243
Net Cash Provided by (Used in) Operating Activities	501	1,040	(15)
Cash Flows From Investing Activities			
Proceeds from sales of investments and other assets	473	477	996
Capital expenditures	(1,413)	(878)	(777)
Equity investments	(944)	(761)	(170)
Business acquisitions, net of cash acquired (see Note 2)	(82)	-	-
Other, net	(470)	(68)	(36)
Net Cash Provided by (Used in) Investing Activities	(2,436)	(1,230)	13
Cash Flows From Financing Activities			
Net increase (decrease) in short-term borrowings	464	217	(250)
Issuance of long-term debt	1,817	359	967
Repayment of long-term debt	(607)	(294)	(448)
Issuance of company-obligated preferred securities of subsidiaries	372	215	-
Issuance of common stock	-	102	20
Issuance of subsidiary equity	555	-	-
Dividends paid	(354)	(281)	(254)
Net (acquisition) disposition of treasury stock	(422)	5	(64)
Other, net	24	8	14
Net Cash Provided by (Used in) Financing Activities	1,849	331	(15)
Increase (Decrease) in Cash and Cash Equivalents	(86)	141	(17)
Cash and Cash Equivalents, Beginning of Year	256	115	132
Cash and Cash Equivalents, End of Year	\$ 170	\$ 256	\$ 115
Changes in Components of Working Capital			
Receivables	\$ 26	\$ (678)	\$(639)
Payables	(41)	870	126
Other	(50)	(50)	(321)
Total	\$ (65)	\$ 142	\$(834)

Footnote

The accompanying notes are an integral part of these consolidated financial statements.

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

(In Millions, except Per Share Amounts; Shares in Thousands)	1997		1996		1995	
	Shares	Amount	Shares	Amount	Shares	Amount
Cumulative Second Preferred Convertible Stock						
Balance, beginning of year	1,371	\$ 137	1,375	\$ 138	1,405	\$ 141
Exchange of common stock for convertible preferred stock	(33)	(3)	(4)	(1)	(30)	(3)
Balance, end of year	1,338	\$ 134	1,371	\$ 137	1,375	\$ 138
Common Stock						
Balance, beginning of year	255,945	\$ 26	253,860	\$ 25	253,070	\$ 25
Exchange of common stock for convertible preferred stock	382	-	19	-	219	-
Issuances related to benefit and dividend reinvestment plans	-	(3)	-	-	197	-
Sales of common stock	-	-	2,066	1	374	-
Issuances of common stock in business acquisitions (see Note 2)	61,970	2,281	-	-	-	-
Issuance of no par stock in reincorporation merger (see Note 2)	-	1,881	-	-	-	-
Other	-	39	-	-	-	-
Balance, end of year	318,297	\$ 4,224	255,945	\$ 26	253,860	\$ 25
Additional Paid-in Capital						
Balance, beginning of year		\$ 1,870		\$ 1,791		\$ 1,788
Exchange of common stock for convertible preferred stock		1		(1)		(3)
Issuances related to benefit and dividend reinvestment plans		(9)		(16)		(5)
Sales of common stock		18		109		15
Issuance of no par stock in						

reincorporation merger (see Note 2)	(1,881)	-	-	-	-	-
Other	1	(13)	(4)			
Balance, end of year	\$ -	\$1,870	\$1,791			
Retained Earnings						
Balance, beginning of year	\$2,007	\$1,651	\$1,351			
Net income	105	584	520			
Cash dividends						
Common stock (\$0.9125, \$0.8625 and \$0.8125 per share in 1997, 1996 and 1995, respectively)	(243)	(212)	(204)			
Preferred stock (\$12.4584, \$11.7750, and \$11.0922 per share in 1997, 1996 and 1995, respectively)	(17)	(16)	(16)			
Balance, end of year	\$1,852	\$2,007	\$1,651			
Cumulative Foreign Currency Translation Adjustment						
Balance, beginning of year	\$ (127)	\$ (153)	\$ (159)			
Translation adjustments	(21)	26	6			
Balance, end of year	\$ (148)	\$ (127)	\$ (153)			
Treasury Stock						
Balance, beginning of year	(821)	\$ (30)	(2,618)	\$ (93)	(1,395)	\$ (41)
Shares acquired	(9,790)	(374)	(2,226)	(85)	(3,496)	(118)
Exchange of common stock for convertible preferred stock	70	3	46	2	183	5
Issuances related to benefit and dividend reinvestment plans	2,838	106	2,249	81	2,090	61
Sales of treasury stock	-	-	1,728	65	-	-
Issuances of treasury stock in business acquisitions (see Note 2)	652	26	-	-	-	-
Balance, end of year	(7,051)	\$ (269)	(821)	\$ (30)	(2,618)	\$ (93)
Other						
Balance, beginning of year	\$ (160)	\$ (194)	\$ (225)			
Issuances related to benefit and dividend reinvestment plans	(15)	34	30			
Other	-	-	1			
Balance, end of year	\$ (175)	\$ (160)	\$ (194)			
Total Shareholders' Equity	\$5,618	\$3,723	\$3,165			

Footnote

The accompanying notes are an integral part of these consolidated financial statements.

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.

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. 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.

Depreciation, Depletion and Amortization. The provision for depreciation and amortization with respect to operations other than oil and gas producing activities is computed using the straight-line or regulatorily mandated method, based on estimated economic lives. Composite depreciation rates are applied to functional groups of property having similar economic characteristics. The cost of utility property units retired,

other than land, is charged to accumulated depreciation.

Provisions for depreciation, depletion and amortization of proved oil and gas properties are calculated using the units-of-production method.

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. In accordance with Statement of Financial Accounting Standards (SFAS) No. 128 - "Earnings per Share," basic earnings per share is computed based upon the weighted-average number of common shares outstanding during the periods. Diluted earnings per share is computed based upon the weighted-average number of common shares plus the assumed issuance of common shares for all potentially dilutive securities. 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 for additional information and a reconciliation of the basic and diluted earnings per share computations.

Accounting for Price Risk Management. Enron engages in price risk management activities for both trading and non-trading purposes. Financial instruments utilized in connection with trading activities are accounted for using the mark-to-market method. Under the mark-to-market method of 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." 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. Prepaid transportation costs are included in "Other Assets" in the Consolidated Balance Sheet.

Financial instruments are also utilized for non-trading purposes to hedge the impact of market fluctuations on assets, liabilities, production and other contractual commitments. Hedge accounting is utilized in non-trading activities when there is a high degree of correlation between price movements in the derivative and the item designated as being hedged. In instances where the anticipated correlation of price movements does not occur, hedge accounting is terminated and future changes in the value of the financial instruments are recognized as gains or losses. If the hedged item is sold, the value of the financial instrument is recognized in income. Gains and losses on financial instruments used for hedging purposes are recognized in the Consolidated Income Statement in the same manner as the hedged item and are recognized in the Consolidated Balance Sheet as "Other Assets" or "Other Liabilities".

The cash flow impact of financial instruments is reflected as cash flows from operating activities in the Consolidated Statement of Cash Flows. 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. All development wells and related production equipment and lease acquisition costs are capitalized when incurred. Unproved properties are assessed regularly and any impairment in value is recognized as appropriate. Lease rentals and exploration costs, other than the costs of drilling exploratory wells, are expensed as incurred. Unsuccessful exploratory wells are expensed when determined to be non-productive.

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

Accounting for Development Activity. Enron capitalizes project development costs which may be recovered through development cost reimbursements from joint venture partners or other third parties, written off against development fees received or included as part of an investment in those ventures in which Enron continues to participate. Accumulated project development costs are otherwise expensed in the period that management determines it is probable that the costs will not be recovered.

Development revenue results from development fees, recognized when realizable under the development agreement; long-term construction contracts, recognized using the percentage-of-completion method; and the operation and ownership of various projects. 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.

Investments in Unconsolidated Subsidiaries. Investments in unconsolidated subsidiaries are accounted for by the equity method, except for certain equity investments resulting from Enron's merchant banking activities which are included at market value in "Other Investments" in the Consolidated Balance Sheet. The valuation methodologies utilize market values of publicly-traded securities, independent appraisals and cash flow analyses.

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

2 BUSINESS ACQUISITIONS

Effective July 1, 1997, Enron merged with Portland General Corporation (PGC) in a stock-for-stock transaction. PGC, through its wholly-owned subsidiary Portland General Electric Company (PGE), serves retail electric customers in northwest Oregon as well as wholesale electricity customers throughout the western United States. Enron issued approximately 50.5 million common shares, valued at \$36.88 per share, to shareholders of PGC in a ratio of 0.9825 share of Enron common stock for each share of PGC common stock and assumed PGC's outstanding debt of approximately \$1.1 billion. In connection with the merger, Enron reincorporated in Oregon and reissued its capital stock without par value.

On November 18, 1997, Enron acquired the minority interest in Enron Global Power & Pipelines L.L.C. (EPP) in a stock-for-stock transaction. Enron issued approximately 11.5 million common shares, valued at \$36.09 per share, to shareholders of EPP in a ratio of 0.9189 share of Enron common stock for each EPP share held. Additionally, during 1997, Enron acquired renewable energy, telecommunications and energy management businesses for cash, Enron and subsidiary stock and notes.

Enron has accounted for these acquisitions using the purchase method of accounting as of the effective date of each transaction. Accordingly, the purchase price of each transaction has been allocated to the assets and liabilities acquired based upon the estimated fair value of those assets and liabilities as of the acquisition date. The excess of the aggregate purchase price over estimated fair value of the net assets acquired, approximately \$1.8 billion, has been reflected as goodwill in the Consolidated Financial Statements and is being amortized on a straight-line basis over 30 to 40 years. Assets acquired, liabilities assumed and consideration paid as a result of businesses acquired were as follows:

(In Millions)	
Fair value of assets acquired, other than cash	\$ 3,829
Goodwill	1,847
Fair value of liabilities assumed	(3,235)
Common stock of Enron and subsidiary issued	(2,359)
Net cash paid	\$ 82

The allocation of purchase price related to the determination of reserves for certain contractual and legal contingencies for the PGC merger is preliminary pending completion of Enron's final studies and evaluations. Enron does not anticipate that the final evaluation of these issues will materially affect the allocation of the purchase price.

The following summary presents unaudited pro forma consolidated results of operations as if the business acquisitions had occurred at the beginning of each period presented. The pro forma results are for illustrative purposes

only and are not necessarily indicative of the operating results that would have occurred had the business acquisitions been consummated at that date, nor are they necessarily indicative of future operating results.

(In Millions, except Per Share Amounts)	1997	1996
Revenues	\$20,950	\$14,401
Income before interest, minority interests and income taxes	716	1,511
Net income	181	691
Earnings per share		
Basic	\$ 0.53	\$ 2.20
Diluted	0.52	2.08

3 PRICE RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Trading Activities. Enron, through its Wholesale Energy Operations and Services segment (Wholesale), offers price risk management services to the energy sector through a variety of financial and other 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. Interest rate risks and foreign currency risks associated with the fair value of the energy commodities portfolio are managed using a variety of financial instruments, including financial futures.

Notional Amounts and Terms. The notional amounts and terms of these financial instruments at December 31, 1997 are shown below (volumes in trillions of British thermal units equivalent (TBtue), dollars in millions):

	Fixed Price Payor	Fixed Price Receiver	Maximum Terms in years
Energy commodities			
Natural gas	4,515	3,927	26
Crude oil and liquids	3,405	3,169	9
Electricity	1,456	2,637	22
Financial products			
Interest rate(a)	\$4,094	\$7,174	25
Foreign currency	3,006	1,950	18
Equity investments	972	487	4

Footnote

(a) The interest rate fixed price receiver includes the net notional dollar value of the interest rate sensitive component of the combined commodity portfolio. The remaining interest rate fixed price receiver and the entire interest rate fixed price payor represent 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.

Wholesale includes sales and purchase commitments associated with contracts based on market prices totaling 3,725 TBtue, with terms extending up to 18 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 Enron'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 Enron's fixed price portfolio as of December 31, 1997 was approximately 2.7 years.

Fair Value. The fair value of the financial instruments related to price risk management activities as of December 31, 1997, 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:

(In Millions)	Fair Value as of 12/31/97		Average Fair Value for the Year Ended 12/31/97(a)	
	Assets	Liabilities	Assets	Liabilities
Natural gas	\$2,173	\$1,655	\$2,196	\$1,538
Crude oil and liquids	337	395	323	431
Electricity	641	560	578	423
Equity	60	56	62	72
Total	\$3,211	\$2,666	\$3,159	\$2,464

Footnote

(a) Computed using the ending balance at each month end.

The net gain arising from price risk management activities for 1997 was \$360 million.

Credit Risk. In conjunction with the valuation of its financial instruments, Enron provides reserves for risks associated with such activity, including 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. Enron 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. The counterparties associated with assets from price risk management activities as of December 31, 1997 and 1996 are summarized as follows:

(In Millions)	1997		1996	
	Investment Grade(a)	Total	Investment Grade(a)	Total
Independent power producers	\$ 353	\$ 529	\$ 358	\$ 461
Oil and gas producers	351	529	422	791
Energy marketers	403	585	466	598
Gas and electric utilities	747	815	495	524
Financial institutions	483	486	191	191
Industrials	76	128	35	48
Other	137	139	108	109
Total	\$2,550	3,211	\$2,075	2,722
Credit and other reserves		(282)		(249)
Assets from price risk management activities(b)		\$2,929		\$2,473

Footnote

(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) One and two customers' exposures at December 31, 1997 and 1996, respectively, comprise greater than 5% of Assets From Price Risk Management Activities. All are included above as Investment Grade.

This concentration of counterparties may impact Enron'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. Based on Enron's policies, its exposures and its credit and other reserves, 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 swaps and other contracts primarily for the purpose of hedging the impact of market fluctuations on assets, liabilities, production or other contractual commitments.

Interest Rate Swaps. At December 31, 1997, Enron had entered into interest rate swap agreements with a notional principal amount of \$2.8 billion to manage interest rate exposure. Swap agreements relating to notional amounts of \$1.0 billion and \$1.8 billion are scheduled to terminate in 1998 and thereafter, respectively.

Energy Commodity Price Swaps. At December 31, 1997, Enron was a party to energy commodity price swaps covering 141 TBtu, 4 TBtu and 42 TBtu of natural gas for the years 1998, 1999 and the period 2000 through 2005, respectively, and 2 million and 1 million barrels of crude oil for the years 1998 and 1999, respectively.

Credit Risk. While notional amounts are used to express the volume of various financial instruments, the amounts potentially subject to credit risk, in the event of nonperformance by the third parties, are substantially smaller. Counterparties to forwards, futures and other contracts are equivalent to 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.

Enron has 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 its portfolio of receivables is well diversified and that such diversification minimizes any potential credit risk. Receivables are generally not collateralized.

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, 1997 and 1996 were as follows:

(In Millions)	1997		1996	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Long-term debt (Note 6)	\$6,254	\$6,501	\$3,349	\$3,508
Company-obligated preferred securities of subsidiaries (Note 9)	993	1,024	592	607
Interest rate swaps	-	13	-	(11)
Energy commodity price swaps	-	(31)	-	(64)

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 securities 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 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.

The fair market value of cash and cash equivalents, trade and other receivables, accounts payable, equity investments accounted for at fair value and equity swaps 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:

(In Millions)	1997	1996	1995
United States	\$96	\$551	\$622
Foreign	(81)	304	183
	\$15	\$855	\$805

Total income tax expense (benefit) is summarized as follows:

(In Millions)	1997	1996	1995
Payable currently -			
Federal	\$ 29	\$ 16	\$ 29
State	9	11	26
Foreign	46	37	14
	84	64	69
Payment deferred -			
Federal	(39)	174	158
State	(42)	(1)	30
Foreign	(93)	34	28
	(174)	207	216
Total income tax expense (benefit)	\$ (90)	\$271	\$285

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

(In Millions, except Percentages)	1997	1996	1995	
Statutory federal income tax provision	\$ 5	35.0%	35.0%	35.0%
Net state income taxes	(21)	(140.0)	0.8	4.5
Tight gas sands tax credit	(12)	(80.0)	(1.8)	(2.8)
Equity earnings	(38)	(253.3)	(3.3)	(3.8)
Minority interest	28	186.7	3.1	1.9
Asset and stock sale differences	(79)	(526.7)	1.8	2.1
Cash value in life insurance	(7)	(46.7)	(3.2)	-
Goodwill amortization	9	60.0	-	-
Other	25	166.7	(0.7)	(1.4)
	\$(90)	(598.3)%	31.7%	35.5%

The principal components of Enron's net deferred income tax liability are as follows:

(In Millions)	December 31,	
	1997	1996
Deferred income tax assets -		
Alternative minimum tax credit carryforward	\$ 247	\$ 235
Net operating loss carryforward	361	78
Other	218	65
	826	378
Deferred income tax liabilities -		
Depreciation, depletion and amortization	2,036	1,622
Price risk management activities	457	536
Other	588	638
	3,081	2,796
Net deferred income tax liabilities(a)	\$2,255	\$2,418

Footnote

(a) Includes \$216 million and \$128 million in other current liabilities for 1997 and 1996, respectively.

Enron has an alternative minimum tax (AMT) credit carryforward of approximately \$247 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 \$745 million which will begin to expire in 2011. Enron has a net operating loss carryforward applicable to non-U.S. subsidiaries of approximately \$300 million that can be carried forward indefinitely. The benefits of these net operating losses have been recognized as a deferred tax asset.

U.S. and foreign income taxes have been provided for earnings of foreign subsidiary companies that are expected to be remitted to the U.S. Foreign subsidiaries' cumulative undistributed earnings of approximately \$300 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:

(In Millions)	1997	1996	1995
Income taxes (net of refunds)	\$ 68	\$ 89	\$ 13
Interest (net of amounts capitalized)	420	290	296

During 1997, Enron issued common stock in connection with business acquisitions. See Note 2.

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 \$1.5 billion in long-term committed credit and \$1.4 billion in short-term committed credit. Expiration dates of the committed facilities range from May 1998 to June 2002. 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 1997, \$25 million was outstanding under these facilities.

Enron has also entered into agreements which provide for uncommitted lines of credit totaling \$817 million at December 31, 1997. 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, 1997, \$10 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, 1997 and 1996, short-term borrowings of \$825 million and \$298 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, 1997 and 1996, \$462 million and \$175 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, 1997 and 1996 were 6.0% and 7.0%, respectively.

Detailed information on long-term debt is as follows:

(In Millions)	December 31,	
	1997	1996
Enron Corp.		
Debentures		
6.75% to 8.25% due 2005 to 2012	\$ 350	\$ 350
Notes payable		
6.25% - exchangeable notes due 1998	228	228
6.45% to 10.00% due 1998 to 2023	2,492	1,542
Floating rate notes due 1999 to 2037	350	-
Other	67	4
Northern Natural Gas Company		
Notes payable		
6.875% to 8.00% due 1999 to 2005	350	350
Transwestern Pipeline Company		
Notes payable		

7.55% to 9.20% due 1998 to 2004	150	150
Portland General Electric Company		
First mortgage bonds		
5.65% to 9.46% due 1998 to 2023	564	-
Pollution control bonds		
Variable rate due 2010 to 2031	192	-
Other	172	-
Enron Oil & Gas Company		
Notes payable		
Floating rate notes due 1998 to 2001	120	190
5.44% to 9.10% due 1998 to 2007	390	210
Enron Europe Limited		
Other	37	41
Amount reclassified from short-term debt	825	298
Unamortized debt discount and premium	(33)	(14)
Total long-term debt	\$6,254	\$3,349

The indenture securing PGE's First Mortgage Bonds constitutes a direct first mortgage lien on substantially all electric utility property and franchises, other than expressly excepted property.

The Enron 6.25% Exchangeable Notes are mandatorily exchangeable in December 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 with shares of EOG common stock.

The aggregate annual maturities of long-term debt outstanding at December 31, 1997 were \$462 million, \$508 million, \$161 million, \$664 million and \$180 million for 1998 through 2002, respectively.

7 MINORITY INTEREST

Enron's minority interest primarily includes EOG and EPP prior to Enron's acquisition of the EPP minority interest in November 1997 (see Note 2).

Also in 1997, Enron and a third-party investor contributed approximately \$579 million and \$500 million, respectively, for interests in an Enron-controlled joint venture. The joint venture purchased 250,000 shares of junior convertible preferred stock from Enron and made demand loans to Enron. Each share of junior convertible preferred stock has a cumulative, market-based dividend, is convertible at the option of the holder (currently the Enron-controlled joint venture) initially into 100 shares of Enron stock, subject to certain adjustments, and has a liquidation value of \$4,000 per share, subject to certain adjustments. The joint venture is a separate legal entity from Enron and has separate assets and liabilities. Absent certain defaults or other specified events, Enron has the option to acquire the investor's interest in the joint venture. If Enron does not acquire the investor's interest before December 2002, or earlier upon certain specified events, the joint venture will liquidate its assets and dissolve. The joint venture is included in Enron's consolidated financial statements and the third-party investor's investment in the joint venture is included in minority interest.

8 UNCONSOLIDATED SUBSIDIARIES

Enron's investment in and advances to unconsolidated subsidiaries which are accounted for by the equity method is as follows:

(In Millions)	Ownership Interest	December 31,	
		1997	1996
Citrus Corp.(a)	50%	\$ 432	\$ 405
Compania Estadual de Gas do Rio de Janeiro, S.A.(b)	25%	194	-
EOTT Energy Partners, L.P. (EOTT)(c)	49%	143	130
Joint Energy Development Investments L.P. (JEDI)(b)(d)	50%	392	320
Teesside Power Limited(b)	50%(e)	151	106
Transportadora de Gas del Sur S.A.(b)	35%	472	188
Transredes Transporte de Hidrocarburos S.A.(b)	25%	137	-
Other		735	552
		\$2,656	\$1,701

Footnote

(a) Included in the Transportation and Distribution segment.

(b) Included in the Wholesale Energy Operations and Services segment.

(c) Included in the Corporate and Other segment.

(d) JEDI accounts for its investments at fair value.

(e) Net of minority interests, the ownership is 31%.

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

(In Millions)	1997	1996	1995
Citrus Corp.	\$ 27	\$ 22	\$ 27
Compania Estadual de Gas do Rio de Janeiro, S.A.	1	-	-
EOTT Energy Partners, L.P.	(2)	9	(23)
Joint Energy Development Investments L.P.	68	71	4
Teesside Power Limited	20	29	18
Transportadora de Gas del Sur S.A.	45	29	22
Transredes Transporte de Hidrocarburos S.A.	5	-	-
Other	52	55	38
	\$216	\$215	\$ 86

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

(In Millions)	December 31,	
	1997	1996
Balance sheet		
Current assets	\$2,481	\$2,587
Property, plant and equipment, net	8,851	8,064
Other noncurrent assets	1,356	902
Current liabilities	1,855	2,381
Long-term debt	5,234	5,230
Other noncurrent liabilities	1,295	1,139
Owners' equity	4,304	2,803

(In Millions)	1997	1996	1995
Income statement			
Operating revenues	\$11,183	\$11,676	\$8,258
Operating expenses	10,246	10,567	7,335
Net income	336	464	226
Distributions paid to Enron	68	84	68

9 PREFERRED STOCK

Preferred Stock. Following Enron's reincorporation in Oregon on July 1, 1997, Enron has authorized 16,500,000 shares of preferred stock, no par value. At December 31, 1997, Enron had outstanding 1,337,645 shares of Cumulative Second Preferred Convertible Stock (the Convertible Preferred Stock), no 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 1997, 1996 and 1995, 33,069 shares, 4,780 shares and 29,489 shares, respectively, of the Convertible Preferred Stock were converted into common stock.

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

(In Millions, except Per Share Amounts and Shares)	December 31,		Liquidation Value Per Share
	1997	1996	
Enron Capital LLC			
8% Cumulative Guaranteed Monthly Income Preferred Shares (MIPS)			
(8,550,000 shares)(a)	\$214	\$214	\$ 25

Enron Capital Trust I			
8.3% Trust Originated Preferred Securities (8,000,000 preferred securities)(a)	200	200	25
Enron Capital Trust II			
8 1/8% Trust Originated Preferred Securities (6,000,000 preferred securities)(a)	150	-	25
Enron Capital Trust III			
Adjustable-Rate Capital Trust Securities (200,000 preferred securities)(b)	200	-	1,000
Enron Equity Corp.			
8.57% Preferred Stock (880 shares)(a)	88	88	100,000
7.39% Preferred Stock (150 shares)(a)(c)	15	15	100,000
Enron Capital Resources, L.P.			
9% Cumulative Preferred Securities, Series A (3,000,000 preferred securities)(a)	75	75	25
Other	51	-	
	\$993	\$592	

Footnote

(a) Redeemable under certain circumstances after specified dates.

(b) Mature in 2046.

(c) Mandatorily redeemable in 2006.

10 COMMON STOCK

Earnings Per Share. The computation of basic and diluted earnings per share is as follows:

(In Millions, except per share amounts)	Year Ended December 31,		
	1997	1996	1995
Numerator:			
Net income	\$ 105	\$ 584	\$ 520
Preferred stock dividends	(17)	(16)	(16)
Numerator for basic earnings per share - income available to common shareholders	88	568	504
Effect of dilutive securities:			
Preferred stock dividends(a)	-	16	16
Numerator for diluted earnings per share - income available to common shareholders after assumed conversions	\$ 88	\$ 584	\$ 520
Denominator:			
Denominator for basic earnings per share - weighted-average shares	272	246	244
Effect of dilutive securities:			
Preferred stock (a)	-	19	19
Stock options	5	5	5
Dilutive potential common shares	5	24	24
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	277	270	268
Basic earnings per share	\$0.32	\$2.31	\$2.07
Diluted earnings per share	\$0.32	\$2.16	\$1.94

Footnote

(a) For 1997, the dividends and conversion of preferred stock have been excluded from the computation because it is antidilutive.

Forward Contracts and Options. At December 31, 1997, Enron had forward contracts to purchase 6.7 million shares of Enron Corp. common stock at an average price of \$42.00 per share. Enron may settle the forward contracts in cash or an equivalent value of Enron common stock until April 2001. Shares potentially deliverable to the counterparty under the contracts are assumed to be outstanding in calculating diluted earnings per share.

In 1997, Enron granted options to EOG to purchase 3.2 million shares of Enron common stock (exercise price of \$39.1875) in connection with certain agreements between Enron and EOG. The options vested 25% immediately with 15% vesting in 1998 and the remainder vesting equally in 1999 through 2004.

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, no compensation expense has been recognized for the fixed stock option plans. Compensation expense charged against income for the restricted stock plan for 1997, 1996 and 1995 was \$14 million, \$4 million and \$2 million, respectively. 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 SFAS No. 123 - "Accounting for Stock-Based Compensation," Enron's net income and earnings per share would have been \$66 million (\$0.18 per share basic, \$0.18 per share diluted) in 1997, \$562 million (\$2.22 per share basic, \$2.07 per share diluted) in 1996 and \$514 million (\$2.05 per share basic, \$1.92 per share 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.

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 1997, 1996 and 1995, respectively: (i) dividend yield of 2.5%, 2.3% and 2.4%; (ii) expected volatility of 17.4%, 23.8% and 24.3%; (iii) risk-free interest rates of 5.9%, 5.9% and 6.4%; and (iv) expected lives of 3.7 years, 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:

(Shares in Thousands)	1997		1996		1995	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	25,476	\$32.69	22,493	\$29.02	24,246	\$27.38
Granted(a)	17,658	38.63	7,370	39.71	2,971	34.27
Exercised	(2,165)	41.06	(3,615)	24.41	(3,137)	20.91
Forfeited	(1,514)	35.25	(749)	31.66	(1,586)	29.89
Expired	(26)	34.59	(23)	30.65	(1)	23.42
Outstanding, end of year	39,429	\$35.77	25,476	\$32.69	22,493	\$29.02
Exercisable, end of year	21,252	\$33.55	12,883	\$30.65	9,599	\$26.11
Available for grant, end of year(b)	13,047		6,505		7,831	
Weighted average fair value of options granted		\$7.10		\$9.44		\$7.86

Footnote

(a) Includes 1,768,074 shares issued in connection with business acquisitions discussed in Note 2.

(b) Includes up to 12,246,040 shares, 5,232,218 shares and 5,209,620 shares as of December 31, 1997, 1996 and 1995, respectively, which may be issued either as restricted stock or pursuant to stock options.

The following table summarizes information about stock options outstanding at December 31, 1997 (shares in thousands):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/97	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/97	Weighted Average Exercise Price
\$ 9.13 to \$29.75	5,421	5 years	\$24.17	5,044	\$23.86
30.13 to 34.75	10,143	6 years	31.56	5,798	31.67
35.38 to 39.88	11,397	8 years	37.59	5,239	37.86
40.00 to 45.00	12,468	7 years	42.55	5,171	42.79
\$ 9.13 to \$45.00	39,429	7 years	\$35.77	21,252	\$33.55

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:

(Shares in Thousands)	1997	1996	1995
Outstanding, beginning of year	825	159	194
Granted	2,088	1,772	45
Issued	(321)	(1,062)	(70)
Forfeited or expired	(55)	(44)	(10)
Outstanding, end of year	2,537	825	159
Available for grant, end of year	12,246	5,232	5,210
Weighted average fair value of restricted stock granted	\$38.26	\$37.04	\$31.36

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. During 1997, 1996 and 1995, respectively, 258,658 shares, 2,233,867 shares and 1,049,403 shares were released to fund employee benefits.

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. The benefit accrual is in the form of a cash balance of 5% of annual base pay beginning January 1, 1996. Prior to 1996, the benefit formula was based on final average pay and years of service.

Portland General has a noncontributory defined benefit pension plan (the Portland General Plan) covering substantially all of its employees. Benefits under the Plan are based on years of service, final average pay and covered compensation.

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, 1997 and 1996, 13,508,794 shares and 15,976,195 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:

(In Millions)	1997	1996	1995
Service cost - benefits earned during the year	\$ 22	\$14	\$ 1
Interest cost on projected benefit obligation	32	23	21
Actual return on plan assets	(84)	(34)	(32)
Amortization and deferrals	42	9	9
Pension expense (income)	\$ 12	\$ 12	\$ (1)

The measurement date of the Enron Plan and the ESOP is September 30, and the measurement date of the Portland General Plan is December 31. The funded status as of the valuation date

of the Enron Plan, the Portland General Plan and the ESOP reconciles with the amount detailed below which is included in "Other Assets" on the Consolidated Balance Sheet.

(In Millions)	1997	1996
Actuarial present value of accumulated benefit obligation		
Vested	\$(552)	\$(301)
Nonvested	(20)	(4)
Additional amounts related to projected wage increases	(45)	(5)
Projected benefit obligation	(617)	(310)
Plan assets at fair value(a)	727	315
Plan assets in excess of projected benefit obligation	110	5
Unrecognized net loss	34	46
Unrecognized prior service cost	35	36
Unrecognized net asset at transition	(24)	(30)
Contributions	-	1
Prepaid pension cost at December 31	\$ 155	\$ 58
Discount rate	7.25%	7.5%
Long-term rate of return on assets	(b)	10.5%
Rate of increase in wages	(c)	4.0%

Footnote

- (a) Includes plan assets of the ESOP of \$135 million and \$137 million for the years 1997 and 1996, respectively.
- (b) Long-term rate of return on assets is assumed to be 10.5% for the Enron Plan and 9.0% for the Portland General Plan.
- (c) Rate of increase in wages is assumed to be 4.0% for the Enron Plan and 4.0% to 9.5% for the Portland General Plan.

Assets of the Enron Plan and the Portland General 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 plans which are expected to be recoverable through rates by its regulated pipelines and electric utility operations.

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.

(In Millions)	1997	1996
Actuarial present value of accumulated postretirement benefit obligation (APBO)		
Retirees	\$(121)	\$(126)
Fully eligible active plan participants	(5)	(2)
Other employees	(22)	(16)
Total APBO	(148)	(144)
Plan assets at fair value	54	15
APBO in excess of plan assets	(94)	(129)
Unrecognized transition obligation	62	66
Unrecognized prior service costs	22	20
Unrecognized net loss	6	33
Accrued postretirement benefit obligation	\$ (4)	\$ (10)
Discount rate	7.25%	7.5%
Long-term rate of return on assets, before taxes	(a)	7.5%

Footnote

- (a) Long-term rate of return on assets, before taxes, is assumed to be 7.5% for the Enron assets and 9.5% for the Portland General assets.
- (b) Health care cost trend rate is assumed to be 8.0% for Enron and 7.5% for Portland General. These rates are assumed to decrease to 5.0% by 2003.

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

(In Millions)	1997	1996	1995
Service costs	\$ 2	\$ 1	\$ 1
Interest costs	10	10	9
Amortization and deferrals	4	6	6
Postretirement benefit expense	\$16	\$17	\$16

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.

Additionally, Enron maintains various incentive based compensation plans for which participants may receive a combination of cash, restricted stock or stock options based upon the achievement of certain performance goals.

13 RATES AND REGULATORY ISSUES

Rates and regulatory issues related to certain of Enron's natural gas pipelines and its electric utility operations are subject to final determination by various regulatory agencies. The domestic interstate pipeline operations are regulated by the Federal Energy Regulatory Commission (FERC) and the electric utility operations are regulated by the FERC and the Oregon Public Utilities Commission (OPUC). As a result, these operations are subject to the provisions of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," which recognizes the economic effects of regulation and, accordingly, Enron has recorded regulatory assets and liabilities related to such operations.

The regulated pipelines operations' net regulatory assets at December 31, 1997 and 1996, respectively, were \$283 million and \$312 million, which included transition costs incurred related to FERC Order 636 of \$41 million and \$86 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.

The electric utility operations' net regulatory assets at December 31, 1997, were \$561 million. Based on rates in place at December 31, 1997, Enron estimates that it will collect the majority of these regulatory assets within the next 10 years and substantially all of these regulatory assets within the next 20 years.

Pipeline Operations. Enron's regulated pipelines have all successfully completed their transitions under FERC Order 636. Any future transition costs not recoverable through the pipelines' FERC tariffs are not expected to be substantial.

Electric Utility Operations. On September 2, 1997 and December 1, 1997, pursuant to the OPUC's condition to its approval of the Enron/PGC merger, PGE submitted to the OPUC a Customer Choice Plan and rate case to open its service territory to competition. This plan will separate PGE's potentially competitive businesses, primarily the generation of electricity, from its regulated businesses and allow customers to choose their energy provider. The separation of the generation business is proposed to be accomplished by selling PGE's generating assets, either to an Enron affiliate or third parties. Enron is unable to predict what changes may be required by the OPUC for approval or when the OPUC will approve a Customer Choice Plan.

PGE is a 67.5% owner of the Trojan Nuclear Plant (Trojan). In March 1995, the OPUC issued an order authorizing PGE to recover

all of the estimated costs of decommissioning Trojan and 87% of its remaining investment in the plant. At December 31, 1997, PGE's regulatory asset related to recovery of Trojan costs from customers was \$488 million. Amounts are to be collected over Trojan's original license period ending in 2011. As discussed in Note 14, the OPUC's order and the agency's authority to grant recovery of the Trojan investment under Oregon law are being challenged in state courts.

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 a 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 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 claims. The Court of Appeals has affirmed the trial court's order granting class certification. An appeal to the Texas Supreme Court will be pursued. 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 June 2, 1997, Enron announced the resolution of all contractual issues involving the J-Block contract in the U.K. North Sea with the J-Block producers, Phillips Petroleum Company United Kingdom Limited, BG Exploration & Production Limited and Agip (U.K.) Limited. The J-Block contracts are long-term gas contracts that an Enron subsidiary entered into in March 1993 with the J-Block producers. As consideration for amending the contract, Enron made a cash payment of approximately \$440 million to the producers. Enron recorded a second quarter non-recurring contract restructuring charge of \$675 million (\$463 million after tax), primarily reflecting the impact of the amended contract. Such resolution concluded all J-Block litigation between Enron and the J-Block producers.

On June 3, 1997, the London Commercial Court ruled in favor of the "CATS" parties in their dispute over the availability of the CATS (Central Area Transmission System) transportation facilities. The CATS parties sued Teesside Gas Transportation Limited (TGTL), an Enron subsidiary, and Enron (on the basis of its guarantee of TGTL's obligations under the transportation agreement between TGTL and the CATS parties) for allegedly failing to make quarterly "send-or-pay" payments under the transportation agreement. TGTL had refused to make these payments based upon its position that the transportation facilities were not available as required by the contract. The effect of the Court's decision is that TGTL has released withheld "send-or-pay" payments to the CATS parties in the amount of approximately 81 million Pounds Sterling, plus interest and costs. The judgment has no effect on the above referenced settlement of the J-Block gas sales agreements. Enron is appealing the decision of the London Commercial Court in the CATS litigation. Enron believes that the ultimate resolution of this matter will not have a materially adverse effect on its financial

position or results of operations.

On November 21, 1996, an explosion occurred in or around the Humberto Vidal Building in San Juan, Puerto Rico. The explosion resulted in fatalities, bodily injuries and damage to the building and surrounding property. San Juan Gas Company, Inc. (San Juan), an Enron subsidiary, operates a natural gas distribution system in the vicinity. Although San Juan did not provide gas service to the building, the investigation report of the National Transportation Safety Board (NTSB) has tentatively concluded that the incident was caused by gas leaking from San Juan's distribution system. San Juan and Enron strongly disagree with the NTSB findings principally because the NTSB investigation (i) found no path of migration of gas from San Juan's system to the building and (ii) discovered no scientific evidence that propane gas was the explosive fuel. Enron and San Juan have been named as defendants in a number of lawsuits filed in U.S. District Court for the district of Puerto Rico and Commonwealth courts of Puerto Rico. These suits, which seek damages for wrongful death, personal injury, business interruption and property damage, allege that negligence of Enron and San Juan caused the explosion. Enron and San Juan are vigorously contesting the claims. Although no assurances can be given, Enron believes that the ultimate resolution of these matters will not have a material adverse effect on its financial position or results of operations.

Trojan Nuclear Plant. In early 1993, PGE ceased commercial operation of Trojan. Since plant closure, PGE has committed itself to a safe and economical transition toward a decommissioned plant. PGE has received approval of its decommissioning plan submitted to the Nuclear Regulatory Commission and Oregon Energy Facilities Siting Council. PGE's remaining cost to decommission and close Trojan of \$313 million has been reflected in "Other Liabilities" in the Consolidated Balance Sheet.

Trojan Investment Recovery. In April 1996 a circuit court judge in Marion County, Oregon, found that the OPUC could not authorize PGE to collect a return on its undepreciated investment in Trojan, contradicting a November 1994 ruling from the same court. The ruling was the result of an appeal of PGE's 1995 general rate order which granted PGE recovery of, and a return on, 87% of its remaining investment in Trojan.

The 1994 ruling was appealed to the Oregon Court of Appeals and stayed pending the appeal of the Commission's March 1995 order. Both PGE and the OPUC have separately appealed the April 1996 ruling, which appeals were combined with the appeal of the November 1994 ruling at the Oregon Court of Appeals.

Enron believes that the authorized recovery of and return on the Trojan investment and decommissioning costs will be upheld and that these legal challenges will not have a materially adverse impact on its financial position or results of operations.

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. 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 and remove impacted subsurface soils in certain areas of the tract where the plant was formerly 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.

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, 1997, the estimated aggregate amounts of such required future payments were \$100 million, \$114 million, \$118 million, \$122 million and \$133 million for 1998 through 2002, respectively, and \$942 million for later years.

The costs recognized under firm transportation agreements, including commodity charges on actual quantities shipped, totaled \$27 million, \$25 million and \$18 million in 1997, 1996 and 1995, 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 \$36 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, 1997 were \$142 million, \$117 million, \$114 million, \$63 million and \$46 million for 1998 through 2002, respectively, and \$228 million for later years. Guarantees under the leases total \$1,029 million at December 31, 1997.

Total rent expense incurred during 1997, 1996 and 1995 was \$156 million, \$149 million and \$147 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, 1997, a total of \$278 million of such guarantees were outstanding, including \$92 million on behalf of EOTT. In addition, Enron is a guarantor on certain liabilities of unconsolidated subsidiaries and other companies totaling approximately \$873 million, including \$402 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 \$486 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 1998 planned capital expenditures and equity investments.

16 QUARTERLY FINANCIAL DATA (Unaudited)

Summarized quarterly financial data is as follows:

(In Millions, Except Per Share Amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
1997					
Revenues	\$5,344	\$3,251	\$5,806	\$5,872	\$20,273
Income (loss) before interest, minority interests and income taxes	429	(548)	311	373	565
Net income (loss)	222	(420)	134	169	105
Earnings (loss) per share:					
Basic	\$0.88	\$(1.71)	\$0.44	\$0.55	\$0.32(a)
Diluted	0.81	(1.71)	0.42	0.53	0.32(a)
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:					
Basic	\$0.86	\$0.46	\$0.48	\$0.52	\$2.31(a)
Diluted	0.80	0.43	0.45	0.48	2.16(a)

(a) The sum of earnings per share for the four quarters may not equal earnings per share for the total year due to changes in the average number of common shares outstanding. Additionally, certain items in the diluted earnings per share computation were antidilutive in the second quarter and total year 1997.

17 GEOGRAPHIC AND BUSINESS SEGMENT INFORMATION

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

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

Transportation and Distribution - Interstate transmission of natural gas. Management and operation of pipelines. Electric utility operations.

Wholesale Energy Operations and Services - Energy commodity sales and services, risk management products and financial services to wholesale customers. Development, acquisition and operation of power plants, natural gas pipelines and other energy related assets.

Retail Energy Services - Sale of natural gas and electricity directly to end-use customers, particularly in the commercial and light industrial sectors.

Corporate and Other - Includes operation of renewable energy businesses and clean fuels plants, as well as Enron's investment in crude oil transportation activities.

Enron's business segment information has been reclassified from prior years to reflect the realignment of Enron's operations. Financial information by geographic and business segment follows for each of the three years in the period ended December 31, 1997.

Geographic Segments

(In Millions)	Year Ended December 31,		
	1997	1996	1995
Operating revenues from unaffiliated customers			
United States	\$17,328	\$11,262	\$ 7,855
Foreign	2,945	2,027	1,334
	\$20,273	\$13,289	\$ 9,189
Intersegment sales			
United States	\$ 23	\$ 72	\$ 24
Foreign	176	128	159
	\$ 199	\$ 200	\$ 183
Operating income (loss)			
United States	\$ 173	\$ 490	\$ 487
Foreign	(158)	200	131
	\$ 15	\$ 690	\$ 618
Income (loss) before interest, minority interests and income taxes			
United States	\$ 601	\$ 938	\$ 969
Foreign	(36)	300	196
	\$ 565	\$ 1,238	\$ 1,165
Identifiable assets			
United States	\$17,003	\$11,580	\$10,695
Foreign	3,763	2,856	1,327
	\$20,766	\$14,436	\$12,022

Business Segments

(In Millions)	Exploration and Production	Transportation and Distribution	Wholesale Energy Operations and Services	Retail Energy Services	Corporate and Other(c)	Total
1997						
Unaffiliated revenues(a)	\$ 789	\$1,402	\$17,344	\$ 683	\$ 55	\$20,273
Intersegment revenues(b)	108	14	678	2	(802)	-
Total revenues	897	1,416	18,022	685	(747)	20,273
Depreciation, depletion and amortization	278	160	133	7	22	600
Operating income (loss)	185	398	376	(105)	(839)	15

Equity in earnings of unconsolidated subsidiaries	-	40	172	(1)	5	216
Other income, net	(2)	142	106	(1)	89	334
Income (loss) before interest, minority interests and income taxes	183	580	654	(107)	(745)	565
Capital expenditures	626	337	339	36	75	1,413
Identifiable assets	2,668	7,115	9,531	322	1,130	20,766
Investments in and advances to unconsolidated subsidiaries	-	521	1,932	-	203	2,656
Total assets	\$2,668	\$7,636	\$11,463	\$ 322	\$1,333	\$23,422
1996						
Unaffiliated revenues(a)	\$ 647	\$ 702	\$11,413	\$ 513	\$ 14	\$13,289
Intersegment revenues(b)	177	23	491	15	(706)	-
Total revenues	824	725	11,904	528	(692)	13,289
Depreciation, depletion and amortization	251	66	138	-	19	474
Operating income (loss)	205	337	287	-	(139)	690
Equity in earnings of unconsolidated subsidiaries	-	35	168	-	12	215
Other income, net	(5)	152	11	-	175	333
Income before interest, minority interests and income taxes	200	524	466	-	48	1,238
Capital expenditures	540	175	150	-	13	878
Identifiable assets	2,371	2,363	8,879	-	823	14,436
Investments in and advances to unconsolidated subsidiaries	-	516	1,005	-	180	1,701
Total assets	\$2,371	\$2,879	\$ 9,884	\$ -	\$1,003	\$16,137
1995						
Unaffiliated revenues(a)	\$ 481	\$ 758	\$ 7,531	\$ 400	\$ 19	\$ 9,189
Intersegment revenues(b)	278	55	166	-	(499)	-
Total revenues	759	813	7,697	400	(480)	9,189
Depreciation, depletion and amortization	216	82	132	-	2	432
Operating income (loss)	240	279	291	-	(192)	618
Equity in earnings of unconsolidated subsidiaries	-	46	64	-	(24)	86
Other income, net	1	34	46	-	380	461
Income before interest, minority interests and income taxes	241	359	401	-	164	1,165
Capital expenditures	464	127	152	-	34	777
Identifiable assets	2,067	2,305	6,741	-	909	12,022
Investments in and advances to unconsolidated subsidiaries	-	495	625	-	97	1,217
Total assets	\$2,067	\$2,800	\$ 7,366	\$ -	\$1,006	\$13,239

Footnote

- (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) Includes consolidating eliminations.

18 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 45%, 47%, 39% and 20% at December 31, 1997, 1996, 1995 and 1994, respectively.

Capitalized Costs Relating to Oil and Gas Producing Activities

(In Millions)	December 31,	
	1997	1996
Proved properties	\$ 4,070	\$ 3,593
Unproved properties	221	160
Total	4,291	3,753
Accumulated depreciation, depletion and amortization	(1,904)	(1,653)
Net capitalized costs	\$ 2,387	\$ 2,100

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

(In Millions)	United States	Foreign	Total
1997			
Acquisition of properties			
Unproved	\$ 69	\$ 8	\$ 77
Proved	43	38	81
Total	112	46	158
Exploration	74	27	101
Development	333	109	442
Total	\$519	\$182	\$701
1996			
Acquisition of properties			
Unproved	\$ 39	\$ 6	\$ 45
Proved	69	-	69
Total	108	6	114
Exploration	61	27	88
Development	283	123	406
Total	\$452	\$156	\$608
1995			
Acquisition of properties			
Unproved	\$ 16	\$ 6	\$ 22
Proved	123	5	128
Total	139	11	150
Exploration	48	25	73
Development	217	79	296
Total	\$404	\$115	\$519

Footnote

(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.

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, 1997:

(In Millions)	United States	Foreign	Total
1997			
Operating revenues			
Associated companies	\$207	\$ 15	\$222
Trade	449	160	609
Gains on sales of reserves and related assets	4	5	9
Total	660	180	840
Exploration expenses, including dry hole costs	51	24	75
Production costs	106	43	149
Impairment of unproved oil and gas properties	24	3	27
Depreciation, depletion and amortization	239	39	278
Income before income taxes	240	71	311
Income tax expense	69	40	109
Results of operations	\$171	\$ 31	\$202
1996			
Operating revenues			
Associated companies	\$253	\$ 14	\$267
Trade	282	153	435
Gains on sales of reserves and related assets	19	1	20
Total	554	168	722
Exploration expenses, including dry hole costs	45	23	68
Production costs	77	42	119
Impairment of unproved oil and gas properties	19	2	21
Depreciation, depletion and amortization	209	42	251
Income before income taxes	204	59	263
Income tax expense	54	39	93
Results of operations	\$150	\$ 20	\$170

1995			
Operating revenues			
Associated companies	\$224	\$ 7	\$231
Trade	122	124	246
Gains on sales of reserves and related assets	63	-	63
Total	409	131	540
Exploration expenses, including dry hole costs	35	20	55
Production costs	64	32	96
Impairment of unproved oil and gas properties	22	2	24
Depreciation, depletion and amortization	181	35	216
Income before income taxes	107	42	149
Income tax expense	1	29	30
Results of operations	\$106	\$ 13	\$119

Footnote

(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.

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, 1997, 1996 and 1995 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, 1997, 1996 and 1995 covering producing areas, in the United States and Canada, containing 54%, 64% and 60%, 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 MacNaughton 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

(In Millions)	United States	Foreign	Total
1997			
Future cash inflows(a)	\$ 5,187	\$2,994	\$ 8,181
Future production costs	(1,138)	(836)	(1,974)
Future development costs	(313)	(124)	(437)
Future net cash flows before income taxes	3,736	2,034	5,770

Future income taxes	(888)	(810)	(1,698)
Future net cash flows	2,848	1,224	4,072
Discount to present value at 10% annual rate	(1,298)	(473)	(1,771)
Standardized measure of discounted future net cash flows relating to proved oil and gas reserves(a)	\$ 1,550(b)	\$ 751	\$ 2,301(b)
1996			
Future cash inflows(a)	\$ 9,391	\$2,288	\$11,679
Future production costs	(1,640)	(856)	(2,496)
Future development costs	(306)	(10)	(316)
Future net cash flows before income taxes	7,445	1,422	8,867
Future income taxes	(2,260)	(572)	(2,832)
Future net cash flows	5,185	850	6,035
Discount to present value at 10% annual rate	(2,693)	(273)	(2,966)
Standardized measure of discounted future net cash flows relating to proved oil and gas reserves(a)	\$ 2,492(b)	\$ 577	\$ 3,069(b)
1995			
Future cash inflows(a)	\$ 3,996	\$1,294	\$ 5,290
Future production costs	(747)	(558)	(1,305)
Future development costs	(298)	(24)	(322)
Future net cash flows before income taxes	2,951	712	3,663
Future income taxes	(696)	(233)	(929)
Future net cash flows	2,255	479	2,734
Discount to present value at 10% annual rate	(1,015)	(134)	(1,149)
Standardized measure of discounted future net cash flows relating to proved oil and gas reserves(a)	\$ 1,240(b)	\$ 345	\$ 1,585(b)

Footnote

- (a) Based on year-end market prices determined at the point of delivery from the producing unit.
- (b) Excludes \$18 million, \$75 million and \$36 million at December 31, 1997, 1996 and 1995, respectively, associated with a volumetric production payment sold effective October 1, 1992, as amended, to be delivered over a 78 month period beginning October 1, 1992.

Changes in Standardized Measure of Discounted Future Net Cash Flows

(In Millions)	United States	Foreign	Total
December 31, 1994	\$ 963	\$281	\$1,244
Sales and transfers of oil and gas produced, net of production costs	(268)	(99)	(367)
Net changes in prices and production costs	12	(35)	(23)
Extensions, discoveries, additions and improved recovery, net of related costs	376(a)	138	514(a)
Development costs incurred	29	5	34
Revisions of estimated development costs	1	33	34
Revisions of previous quantity estimates	6	5	11
Accretion of discount	97	38	135
Net change in income taxes	(133)	(25)	(158)
Purchases of reserves in place	194	-	194
Sales of reserves in place	(54)	(1)	(55)
Changes in timing and other	17	5	22
December 31, 1995	\$1,240(a)	\$345	\$1,585(a)
Sales and transfers of oil and gas produced, net of production costs	(437)	(126)	(563)
Net changes in prices and production costs	1,817	172	1,989
Extensions, discoveries, additions and improved recovery, net of related costs	581	275	856
Development costs incurred	58	4	62

Revisions of estimated development costs	(14)	12	(2)
Revisions of previous quantity estimates	7	79	86
Accretion of discount	137	47	184
Net change in income taxes	(656)	(191)	(847)
Purchases of reserves in place	162	-	162
Sales of reserves in place	(103)	(3)	(106)
Changes in timing and other	(300)	(37)	(337)
December 31, 1996	\$2,492(a)	\$577	\$3,069(a)
Sales and transfers of oil and gas produced, net of production costs	(519)	(132)	(651)
Net changes in prices and production costs	(1,664)	(50)	(1,714)
Extensions, discoveries, additions and improved recovery, net of related costs	374	300	674
Development costs incurred	52	2	54
Revisions of estimated development costs	4	(28)	(24)
Revisions of previous quantity estimates	(17)	26	9
Accretion of discount	328	89	417
Net change in income taxes	606	(67)	539
Purchases of reserves in place	44	53	97
Sales of reserves in place	(29)	-	(29)
Changes in timing and other	(121)	(19)	(140)
December 31, 1997	\$1,550(a)	\$751	\$2,301(a)

Footnote

(a) Includes approximately \$86 million, \$344 million and \$77 million related to the reserves in the Big Piney deep Paleozoic formations at December 31, 1997, 1996 and 1995, respectively.

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:

	United States	Foreign	Total
Net proved developed reserves			
Natural gas (Bcf)			
December 31, 1994	1,128.2(a)	494.5	1,622.7(a)
December 31, 1995	1,218.1(a)(b)	544.0	1,762.1(a)(b)
December 31, 1996	1,325.7(a)(b)	814.3	2,140.0(a)(b)
December 31, 1997	1,349.0(a)(b)	986.3	2,335.3(a)(b)
Liquids (MBbl)(c)			
December 31, 1994	16,770(a)	19,087	35,857(a)
December 31, 1995	19,977(a)	23,654	43,631(a)
December 31, 1996	24,868(a)	26,411	51,279(a)
December 31, 1997	27,707(a)	39,108	66,815(a)
Natural gas (Bcf)			
Net proved reserves at			
December 31, 1994	1,307.4(a)	532.1	1,839.5(a)
Revisions of previous estimates	10.1	(19.9)	(9.8)
Purchases in place	174.8	-	174.8
Extensions, discoveries and other additions	1,391.6(b)	190.6	1,582.2(b)
Sales in place	(38.1)	(1.7)	(39.8)
Production	(191.7)	(66.7)	(258.4)
Net proved reserves at			
December 31, 1995	2,654.1(a)(b)	634.4	3,288.5(a)(b)
Revisions of previous estimates	3.6	76.7	80.3
Purchases in place	100.6	0.9	101.5
Extensions, discoveries and other additions	256.8	264.5	521.3
Sales in place	(58.4)	(4.3)	(62.7)
Production	(210.2)	(81.5)	(291.7)
Net proved reserves at			
December 31, 1996	2,746.5(a)(b)	890.7	3,637.2(a)(b)
Revisions of previous estimates	(50.8)	23.2	(27.6)
Purchases in place	60.0	67.6	127.6

Extensions, discoveries and other additions	275.9	299.0	574.9
Sales in place	(17.7)	(0.4)	(18.1)
Production	(229.1)	(84.6)	(313.7)
Net proved reserves at December 31, 1997	2,784.8	1,195.5	3,980.3

	United States	Foreign	Total
Liquids (MBbl)(c)			
Net proved reserves at December 31, 1994	17,787	19,251	37,038
Revisions of previous estimates	(413)	4,919	4,506
Purchases in place	4,264	-	4,264
Extensions, discoveries and other additions	8,703	4,625	13,328
Sales in place	(1,241)	(9)	(1,250)
Production	(3,701)	(3,789)	(7,490)
Net proved reserves at December 31, 1995	25,399	24,997	50,396
Revisions of previous estimates	339	2,026	2,365
Purchases in place	312	2	314
Extensions, discoveries and other additions	7,103	3,779	10,882
Sales in place	(447)	(121)	(568)
Production	(3,830)	(4,272)	(8,102)
Net proved reserves at December 31, 1996	28,876	26,411	55,287
Revisions of previous estimates	3,515	213	3,728
Purchases in place	127	1,123	1,250
Extensions, discoveries and other additions	6,037	21,713	27,750
Sales in place	(1,683)	-	(1,683)
Production	(5,223)	(3,458)	(8,681)
Net proved reserves at December 31, 1997	31,649	46,002	77,651

Footnote

- (a) Excludes approximately 21 Bcf, 38 Bcf, 54 Bcf and 71 Bcf at December 31, 1997, 1996, 1995 and 1994, respectively, associated with a volumetric production payment sold effective October 1, 1992, as amended, to be delivered over a 78 month period beginning October 1, 1992.
- (b) Includes 1,180 Bcf related to net proved deep Paleozoic natural gas reserves.
- (c) Includes crude oil, condensate and natural gas liquids.

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 23, 1998. 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.

Houston, Texas
February 23, 1998

SCHEDULE II

ENRON CORP. AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(In Millions)

Column A Description	Column B Balance at Beginning of Year	Column C Additions		Column D Deductions For Purpose For Which Reserves Were Created	Column E Balance at End of Year
		Charged to Costs and Expenses	Charged to Other Accounts		
1997					
Reserves deducted from assets to which they apply					
Allowance for doubtful accounts	\$ 6	\$ 3	\$ 3	\$ 1	\$ 11
Assets from price risk management activities	\$249	\$ 50	\$ 6	\$23	\$282
Reserve for regulatory issues					
Current	\$ 2	\$ -	\$ -	\$ 1	\$ 1
Noncurrent	\$ 6	\$ 28	\$249	\$22	\$261
Reserve for insurance claims and losses - noncurrent	\$ 29	\$ 10	\$ -	\$ 5	\$ 34
Reserve for depressed MTBE margin on committed production	\$ 20	\$100	\$ -	\$64	\$ 56
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 depressed MTBE margin on committed production	\$ 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 depressed MTBE margin on committed production	\$ -	\$ 75	\$ -	\$ -	\$ 75

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 27th day of March, 1998.

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 27, 1998 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 and Chief Financial Officer (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
KEN L. HARRISON* (Ken L. Harrison)	Director
ROBERT K. JAEDICKE* (Robert K. Jaedicke)	Director
CHARLES A. LeMAISTRE* (Charles A. LeMaistre)	Director
JEROME J. MEYER* (Jerome J. Meyer)	Director
JEFFREY K. SKILLING* (Jeffrey K. Skilling)	Director and President and Chief Operating Officer
JOHN A. URQUHART* (John A. Urquhart)	Director
JOHN WAKEHAM* (John Wakeham)	Director
CHARLS E. WALKER* (Charls E. Walker)	Director
BRUCE G. WILLISON* (Bruce G. Willison)	Director
HERBERT S. WINOKUR, JR.* (Herbert S. Winokur, Jr.)	Director

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

EXHIBITS TO
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1997 Commission File Number 1-13159

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

OREGON 47-0255140
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification
No.)

1400 Smith Street
Houston, Texas 77002
(Address of principal executive offices)
Registrant's Telephone Number, Including Area Code (713) 853-6161

EXHIBIT INDEX

Exhibit Number	Description
*3.01 -	Amended and Restated Articles of Incorporation of Enron (Annex E to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
*3.02 -	Articles of Merger of Enron Oregon Corp., an Oregon corporation, and Enron Corp., a Delaware corporation (Exhibit 3.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
*3.03 -	Articles of Merger of Enron Corp., an Oregon corporation, and Portland General Corporation, an Oregon corporation (Exhibit 3.03 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
*3.04 -	Bylaws of Enron (Exhibit 3.04 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3 - File No. 33-60417).
*3.05 -	Form of Series Designation for the Enron Convertible Preferred Stock (Annex F to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
*3.06 -	Form of Series Designation for the Enron 9.142% Preferred Stock (Annex G to the Proxy Statement/Prospectus included in Enron's Registration Statement on Form S-4 - File No. 333-13791).
*3.07 -	Statement of Resolutions Establishing Series A Junior Voting Convertible Preferred Stock (Exhibit 3.07 to Enron's Registration

Statement on Form S-3 - File No. 333-44133).

- *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 - Supplemental Indenture, dated as of May 8, 1997, by and among Enron Corp., Enron Oregon Corp. and Harris Trust and Savings Bank, as Trustee (Exhibit 4.02 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-3, File No. 33-60417).
 - *4.03 - Form of Supplemental Indenture, dated as of September 1, 1997, between Enron Corp. and Harris Trust and Savings Bank, as Trustee (Exhibit 4.03 to Enron Registration Statement on Form S-3, File No. 333-35549).
 - *4.04 - 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).
 - *4.05 - 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).
 - *4.06 - 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).
 - *4.07 - Articles of Association of Enron Capital LLC (Exhibit 9 to Enron Corp. Form 8-K dated November 12, 1993).
 - *4.08 - 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).
 - *4.09 - 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 10.45
- *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 (Exhibit 10.04 to Enron Corp. Form

10-K for 1996, File No. 1-3423).

- *10.05 - Enron Corp. 1988 Deferral Plan (Exhibit 10.19 to Enron Form 10-K for 1987, File No. 1-3423).
- *10.06 - First Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.06 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.07 - Second Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.07 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.08 - Third Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.09 - Fourth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.10 - Fifth Amendment to Enron Corp. 1988 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.11 - Enron Corp. 1991 Stock Plan (Exhibit 10.08 to Enron Form 10-K for 1991, File No. 1-3423).
- *10.12 - Amended and Restated Enron Corp. 1991 Stock Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 24, 1997).
- 10.13 - First Amendment to Enron Corp. Amended and Restated 1991 Stock Plan.
- 10.14 - Second Amendment to Enron Corp. Amended and Restated 1991 Stock Plan.
- *10.15 - Enron Corp. 1992 Deferral Plan (Exhibit 10.09 to Enron Form 10-K for 1991, File No. 1-3423).
- *10.16 - First Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.10 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.17 - Second Amendment to Enron Corp. 1992 Deferral Plan (Exhibit 10.11 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.18 - Enron Corp. Directors' Deferred Income Plan (Exhibit 10.09 to Enron Form 10-K for 1992, File No. 1-3423).
- *10.19 - 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, File No. 1-3423).
- *10.20 - Employment Agreement between Enron Corp. and Kenneth L. Lay, executed December 18, 1996 (Exhibit 10.25 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.21 - 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).
- *10.22 - 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).
- *10.23 - 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).
- *10.24 - 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).

- *10.25 - 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).
- *10.26 - 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).
- 10.27 - Seventh Amendment to Consulting Services Agreement between Enron and John A. Urquhart, dated October 27, 1997.
- *10.28 - 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).
- *10.29 - 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, File No. 1-3423).
- *10.30 - Enron Corp. Performance Unit Plan (Exhibit A to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.31 - Enron Corp. Annual Incentive Plan (Exhibit B to Enron Proxy Statement filed pursuant to Section 14(a) on March 25, 1994).
- *10.32 - 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).
- *10.33 - First Amendment to Enron Corp. Performance Unit Plan (Exhibit 10.46 to Enron Form 10-K for 1995, File No. 1-3423).
- *10.34 - Enron Corp. Restated 1994 Deferral Plan (Exhibit 4.3 to Enron Form S-8 Registration Statement, File No. 333-48193).
- *10.35 - Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.59 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.36 - First Amendment, dated September 9, 1991, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.60 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.37 - Second Amendment, dated May 2, 1994, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.61 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.38 - Third Amendment, dated January 3, 1997, to Employment Agreement between Enron Power Corp. and Thomas E. White dated July 1, 1990 (Exhibit 10.62 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.39 - Employment Agreement between Enron Capital Trade & Resources Corp. and Jeffrey K. Skilling, dated January 1, 1996 (Exhibit 10.63 to Enron Form 10-K for 1996, File No. 1-3423).
- *10.40 - 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 (Exhibit 10.64 to Enron Form 10-K for 1996, File No. 1-3423).
- 10.41 - Split Dollar Agreement between Enron and Jeffrey K. Skilling dated May 23, 1997.
- 10.42 - Second Amendment effective October 13, 1997, to Employment Agreement between Enron

Corp. and Jeffrey K. Skilling.

- 10.43 - Loan Agreement effective October 13, 1997, between Enron Corp. and Jeffrey K. Skilling.
- *10.44 - Employment Agreement dated July 20, 1996 (effective July 1, 1997) between Enron and Ken L. Harrison (Exhibit 10.1 to Post-Effective Amendment No. 1 to Enron's Registration Statement on Form S-4, File No. 333-13791).
- 10.45 - Executive Employment Agreement between Stanley C. Horton and Enron Operations Corp., effective as of October 1, 1996.
- 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 13, 1998.
- 24 - Powers of Attorney for the directors signing this Form 10-K.
- 27 - Financial Data Schedule.

* Asterisk indicates exhibits incorporated by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by Enron during the last quarter of 1997.

EX-10

2

MATERIAL CONTRACTS

Exhibit 10.13

FIRST AMENDMENT TO
ENRON CORP. 1991 STOCK PLAN
(As Amended and Restated Effective May 6, 1997)

WHEREAS, ENRON CORP. (the "Company") has heretofore adopted and maintains the Enron Corp. 1991 Stock Plan, as amended and restated effective May 6, 1997 (the "Plan"); and

WHEREAS, the Company desires to amend the Plan.

NOW, THEREFORE, the Plan is amended effective as of May 6, 1997, as follows:

1. The following sentence is added to Section 5.3(ii) of the Plan:

"Notwithstanding the foregoing, unless Shares of Restricted Stock are granted in lieu of cash compensation or to compensate for benefits lost due to statutory and/or plan earnings limits, restrictions placed on Awards granted under Section 5.3(vi) herein shall lapse in not less than one year for performance-based Awards, and other Awards granted under this Section 5.3 shall not lapse in total in less than three years."

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

Date: May 6, 1997.

ENRON CORP.

By: /s/ PHILIP J. BAZELIDES
Title: Philip J. Bazelides
Vice President
Compensation & Benefits

ATTEST:

/s/ PEGGY B. MENCHACA
Peggy B. Menchaca
Corporate Secretary

EX-10
3
MATERIAL CONTRACTS

Exhibit 10.14

SECOND AMENDMENT TO
ENRON CORP. 1991 STOCK PLAN
(As Amended and Restated Effective May 6, 1997)

WHEREAS, ENRON CORP. (the "Company") has heretofore adopted and maintains the Enron Corp. 1991 Stock Plan, as amended and restated effective May 6, 1997 (the "Plan"); and

WHEREAS, the Company desires to amend the Plan.

NOW, THEREFORE, the Plan is amended effective as of August 1, 1997, as follows:

1. The following new Section 6.9 is added to the Plan:

"6.9 In the event a non-employee Director, as a result of employment, business or professional interests of such non-employee Director or Director's spouse, becomes subject to restrictions on direct or indirect ownership of shares of Company stock arising from participation in the Plan, and submits to the Committee a written opinion of counsel in a form satisfactory to the Committee that his or her continued participation in the Plan would be deemed to be a material conflict of interest for business, employment or professional purposes for the non-employee Director or Director's spouse, then at the written request to the Committee by such non-employee Director invoking the provisions of this Section 6.9, in a format acceptable to the Committee, such non-employee Director will not be eligible to receive any further grant under this general Section 6 of the Plan until such time as the Committee is satisfied that said restrictions have been removed or no longer apply, and as of the last day of the month in which such written request is received by the Committee, all outstanding grants made to such non-employee Director under this general Section 6 of the Plan shall be forfeited and cancelled."

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

Date: August 10, 1997.

ENRON CORP.

By: /s/ PHILIP J. BAZELIDES
Title: Philip J. Bazelides
Vice President
Compensation & Benefits

ATTEST:

/s/ PEGGY B. MENCHACA
Peggy B. Menchaca
Corporate Secretary

Exhibit 10.27

SEVENTH AMENDMENT TO CONSULTING SERVICES AGREEMENT

This Agreement, made and entered into and effective as of the 27th day of October, 1997 (the "Effective Date"), by and among John A. Urquhart, whose address is 111 Beach Road, Fairfield, Connecticut 06430 ("Consultant"), Enron Corp., a Delaware corporation ("Enron" or "Company"), and Enron Power Corp., a Delaware corporation ("EPC"), is an amendment to that certain Consulting Services Agreement entered into among the parties and effective as of the first day of August, 1991.

WHEREAS, the parties desire to amend the Consulting Services Agreement;

NOW, THEREFORE, in consideration of the Consultant's continued engagement with Company and of the covenants contained herein, the parties agree as follows:

1. The parties agree that the Term of the Consulting Services Agreement is extended through December 31, 1998. Upon mutual consent of both parties, the Term may be extended for a period of twelve (12) months beyond December 31, 1998.

2. Effective January 1, 1998, section C. of Paragraph (2) is hereby deleted and the following inserted in its place:

"C. Consultant agrees to provide up to ninety (90) days consulting services under this Agreement; the intent is for Consultant to devote approximately 35% - 40% of his time and effort ("Consulting Time") to performing consulting services hereunder. The particular amount of time Consultant may spend in fulfilling his obligations under this Agreement may vary from day to day or week to week. Consultant shall use Consultant's best efforts to be prepared and available at such times requested by the Clients. If requested by the Clients in writing, and acceptable to Consultant, Consultant shall perform consulting services in excess of such Consulting Time.

3. Effective October 14, 1997, section ii. of Paragraph (3)A. of the Consulting Services Agreement is deleted and the following is inserted in its place:

"ii. For the period beginning January 1, 1998 and ending December 31, 1998, Consultant shall be paid a fee of Thirty-Three Thousand Seventy-Five Dollars (\$33,075.00) per month (the "Fee"). If or when the number of days in the twelve month period for which Consultant provides consulting services thereunder exceeds the Consulting Time, then Consultant shall be paid a daily rate of Four thousand Four Hundred Ten Dollars (\$4,410.00; "Additional Remuneration"); provided however, for the period from January 1, 1998 and ending December 31, 1998, such daily Additional Remuneration shall be paid to Consultant if or when the number of such days exceeds ninety (90) days."

4. The last sentence of Paragraph 3 of section (3)E. of the Consulting Services Agreement is deleted and the following inserted in its place:

"This grant shall not be exercisable after December 31, 1999."

This Agreement is the seventh amendment to the Consulting Services Agreement as previously amended, and the parties agree that all other terms, conditions and stipulations contained in said Consulting Services Agreement and the previous 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.

JOHN A. URQUHART

/s/ JOHN A. URQUHART

ENRON CORP.

ENRON POWER CORP.

/s/ PHILIP J. BAZELIDES
Title: Vice President
Compensation and Benefits

/s/ PEGGY B. MENCHACA
Title: Vice President &
Secretary

EX-10
5
MATERIAL CONTRACTS

Exhibit 10.41

SPLIT DOLLAR AGREEMENT

THIS SPLIT DOLLAR AGREEMENT (this "Agreement") is made and entered into effective as of May 23, 1997, by and among ENRON CORP., a Delaware corporation, with principal offices and place of business in Houston, Texas (hereinafter referred to as the "Company"), JEFFREY K. SKILLING, an individual residing in Houston, Texas (hereinafter referred to as the "Employee"), and MARK DAVID SKILLING, an individual residing in the State of California, in his capacity as the Trustee of the Jeffrey Keith Skilling Family 1996 Trust under irrevocable trust agreement dated December 31, 1996 (hereinafter referred to as the "Owner"),

WITNESSETH THAT:

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

WHEREAS, the Employee wishes to provide life insurance protection for his family under a policy of life insurance (hereinafter referred to as the "Policy") insuring the life of the Employee, which Policy is described in Exhibit A attached hereto and by this reference made a part hereof, and which is being issued by Massachusetts Mutual Life Insurance Company (hereinafter referred to as the "Insurer"); and

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 Owner will be the owner of the Policy and, as such, will possess all incidents of ownership in and to the Policy; and

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

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 Owner will contemporaneously purchase the Policy from the Insurer in the total face amount of \$8,000,000. The parties hereto agree that they shall take all reasonable action necessary to cause the Insurer to issue the Policy, and shall take any further reasonable 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 Owner 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. On or before the due date of each annual Policy premium, or within the grace period provided therein, the Owner shall pay to the Insurer an amount equal to the annual cost of current life insurance protection on the life of the Employee, measured by the Insurer's current published minimum premium rate for standard risks. Upon request, the Owner shall promptly furnish the Company evidence of timely payment of such premium. If the Owner fails to make such timely payment, the Company, in its sole discretion, may elect to make the Owner's portion of the premium payment, which payment shall be recovered by the Company as provided herein.

b. On or before the due date of each annual Policy premium, or within the grace period provided therein, the Company shall pay to the Insurer the difference between (1) \$115,250 and (2) the amount of such annual Policy premium paid by the Owner pursuant to Section 3(a) above. Upon request, the Company shall promptly furnish the Owner evidence of timely payment of such premium. Notwithstanding any provision herein to the contrary, the Company shall have no obligation (i) to make more than four annual premium payments in the amount specified in the preceding provisions of this paragraph or (ii) 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, if any, reportable by the Employee for federal and state income tax purposes as a result of the payment of Policy premiums by the Company. The Owner 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, the Owner 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 Owner, 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 and the death benefits under 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 above.

5. Limitations on Owner's Rights in Policy. The Owner 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 Owner 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 cash surrender value of the Policy would be reduced (provided, however, that this clause shall not prevent the Owner from taking any action, or failing to take any action, if, as a result thereof, the cash surrender value of the Policy is reduced to an amount that is at least equal to the aggregate amount of premium payments made by the Company hereunder).

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 Owner shall cooperate with the beneficiary or beneficiaries designated by the Owner 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 a portion of such death benefit in a single lump sum cash payment in an amount equal to the aggregate amount of premium payments made by the Company hereunder. The balance of the death benefit provided under the Policy, if any, shall be paid directly to the beneficiary or beneficiaries designated by the Owner, 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 under the Policy at the death of the Employee. No amount shall be paid from such insurance benefits to the beneficiary or beneficiaries designated by the Owner until the full amount due the Company hereunder has been paid. The parties hereto agree that, upon the request of the Company, 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 Owner'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 Owner thereto.

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

a. This Agreement may be terminated by the Owner at any time during the Employee's lifetime upon written notice to the Company and payment to the Company by the Owner at the time of such notice of a single lump sum cash payment in an amount equal to the aggregate premium payments made by the Company pursuant to section 3 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; (3) termination of the Employee's employment with the Company for any reason whatsoever; (4) failure of the Owner to timely pay to the Insurer the Owner's portion of the premium, if any, due hereunder, unless the Company elects to make such payment on behalf of the Owner as provided herein; or (5) 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 Owner shall have the option of obtaining the release of the collateral assignment of the Policy to the Company. To obtain such release, the Owner 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 Owner fails to exercise such option within such sixty (60) day period, then, at the request of the Company, the Owner shall execute any document or documents required by the Insurer to transfer the interest of the Owner in the Policy to the Company. Alternatively, the Company may enforce its right to be repaid the amount due it hereunder 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 Owner. Thereafter, neither the Owner nor any person claiming under the Owner 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 Owner and filed with the Insurer in connection herewith.

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

a. Named Fiduciary. 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. Within 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 Owner, 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 Owner'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.

14. 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 23rd day of May, 1997.

ENRON CORP.

By: /s/ KENNETH L. LAY
Name: Kenneth L. Lay
Title: Chairman and Chief
Executive Officer
"COMPANY"

/s/ JEFFREY K. SKILLING
Jeffrey K. Skilling
"EMPLOYEE"

/s/ MARK DAVID SKILLING
Mark David Skilling, Trustee
of the Jeffrey Keith Skilling
Family 1996 Trust
"OWNER"

EXHIBIT A

The following life insurance policy is subject to the attached Split Dollar Agreement:

Insurer: Massachusetts Mutual Life Insurance Company

Insured: Jeffrey K. Skilling

Policy Number: 11 502 764

Face Amount: \$8,000,000

Effective Date of Policy: May 23, 1997

ASSIGNMENT OF LIFE INSURANCE POLICY AS COLLATERAL

A. FOR VALUE RECEIVED, the undersigned (hereinafter the "Owner") hereby assigns, transfers and sets over to Enron Corp., with principal offices and place of business in Houston, Texas, its successors and assigns (hereinafter the "Assignee"), Policy No.11 502 764 issued by Massachusetts Mutual Life Insurance Company (hereinafter the "Insurer"), and any supplementary contracts issued in connection therewith (said policy and contracts hereinafter the "Policy"), insuring the life of Jeffrey K. Skilling, and all claims, options, privileges, rights, title and interest therein and thereunder (except as otherwise provided herein), subject to all the terms and conditions of the Policy and to all superior liens, if any, which the Insurer may have against the Policy. The Owner, by this Assignment, and the Assignee, by acceptance of the assignment of the

Policy to it hereunder, agree to the terms and conditions contained herein.

B. This Assignment is made and the Policy is to be held as collateral security for any and all liabilities and obligations of the Owner to the Assignee, either now existing or that may hereafter arise, under and pursuant to that certain Split Dollar Agreement by and among the Owner, the Assignee, and Jeffrey K. Skilling, dated and effective as of May 23, 1997 (hereinafter the "Split Dollar Agreement"). The liabilities and obligations described in the preceding sentence are hereinafter referred to as the "Liabilities."

C. It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included in this Assignment and pass to the Assignee by virtue hereof:

1. The sole right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity;
2. The sole right to surrender the Policy and receive the surrender value thereof at any time provided by the terms of the Policy and at such other times as the Insurer may allow; and
3. The sole right to obtain one or more loans or advances on the Policy, either from the Insurer or, at any time, from other persons, and to pledge or assign the Policy as security for such loans or advances.

D. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered and to the extent permitted under the Split Dollar Agreement, are reserved by the Owner and excluded from this Assignment and do not pass by virtue hereof:

1. The right to designate and change the beneficiary; and
2. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer.

However, the reservation of these rights by the Owner shall in no way impair the right of the Assignee to surrender the Policy nor impair any other right of the Assignee hereunder. Further, any exercise of these rights shall be made subject to this Assignment and to the rights of the Assignee hereunder.

E. Notwithstanding the foregoing, the Assignee covenants and agrees with the Owner as follows:

1. Any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities shall be paid by the Assignee to the persons entitled thereto under the terms of the Policy, had this Assignment not been executed;
2. The Assignee will not exercise the right to surrender the Policy, nor the right to obtain policy loans from the Insurer, unless and until there has been default in any of the Liabilities or the Split Dollar Agreement has been terminated, pursuant to its terms; in any event, the Assignee will not exercise any such right until twenty (20) days after the Assignee shall have mailed notice of intention to exercise such right, by first class mail, to the Owner at the address last supplied in writing to the Assignee specifically referring to this Assignment; and
3. The Assignee will, upon request, forward the Policy to the Insurer without unreasonable delay, for endorsement of any designation or change of beneficiary or any election of an optional mode of settlement that has been elected by the Owner.

F. The Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without investigating the reason for any action taken by the Assignee, the validity or the amount of the Liabilities, the existence of any default therein, termination of the Split Dollar Agreement, the giving of any notice hereunder, or the application to be made by the Assignee of any amounts to be paid to the Assignee. The sole signature of the Assignee shall be sufficient for the exercise of any rights under the

Policy assigned hereby and the sole receipt of the Assignee for any sums received shall be a full discharge and release therefor to the Insurer. Payment for all or any part of the sums due under the Policy and assigned herein shall be drawn to the exclusive order of or as directed by the Assignee if, when, and in such amounts as may be requested by the Assignee.

G. The Assignee shall be under no obligation to pay any premium on the Policy nor the principal of or interest on any loans or advances on the Policy, whether or not obtained by the Assignee, or any other charges on the Policy.

H. The exercise of any right, option, privilege or power given herein to the Assignee shall be at the option of the Assignee, and (except as provided herein) the Assignee may exercise any such right, option, privilege or power without notice to, or assent by, or affecting the liability of, or releasing any interest hereby assigned by the Owner.

I. If applicable, the Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply the proceeds of the Policy hereby assigned or any amount received on account of the Policy by the exercise of any right permitted under this Assignment to the Liabilities in such order as the Assignee shall determine, without resorting to or regard to other security.

J. As applied to the duties and responsibilities of the Insurer, in the event of any conflict between the provisions of this Assignment and the provisions of the Split Dollar Agreement with respect to the Policy or the Assignee's rights of collateral security therein, the provisions of this Assignment shall prevail. As applied between the Owner and the Assignee, in the event of any such conflict, the provisions of the Split Dollar Agreement shall prevail.

K. The Owner declares that no proceedings in bankruptcy are pending against the Owner and that the Owner's property is not subject to any assignment for the benefit of creditors of the Owner.

SIGNED this 25th day of June, 1997, effective as of May 23, 1997.

/s/ MARK DAVID SKILLING
Mark David Skilling, Trustee
of the Jeffrey Keith Skilling
Family 1996 Trust

"OWNER"

This Assignment is hereby accepted and agreed to by the Assignee.

ENRON CORP.

By: /s/ KENNETH L. LAY
Name: Kenneth L. Lay
Title: Chairman and Chief
Executive Officer

"ASSIGNEE"

STATE OF CALIFORNIA

SAN FRANCISCO COUNTY

On the 25th day of June, 1997, before me personally came MARK DAVID SKILLING, trustee of the Jeffrey Keith Skilling Family 1996 Trust, to me known to be the individual who executed the Assignment on the preceding pages hereof and acknowledged to me that he executed the same.

/s/ SUSAN C. LEE
Susan C. Lee
Notary Public in and for
THE STATE OF CALIFORNIA

My Commission Expires:

EX-10
6
MATERIAL CONTRACTS

Exhibit 10.42

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT

This Agreement, made and entered into on this ____ day of _____, 19__, and made effective as of October 13, 1997, by and between Enron Corp., (Employer") and Jeffrey K. Skilling ("Employee"), is an amendment to that certain Employment Agreement between the parties entered into and made effective on January 1, 1996 (the "Employment Agreement").

WHEREAS, the parties desire to amend the Employment Agreement as provided herein;

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

1. Article 1: Employment and Duties: Section 1.1 shall be deleted in its entirety and the following inserted in its place:

"1.1 The term of employment under this Agreement shall be for six years, from January 1, 1996 to December 31, 2001 (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, 2001, subject to the terms and conditions of this Agreement.

2. Section 2.3 (a), (b), and (c) shall be deleted and the following inserted in its place:

"(a) Employee hereby waives his right to receive a Phantom Equity Grant equal to 5% of the value of the retail aspects of Employer's business.

(b) Employee shall receive an option to purchase 972,090 shares of Enron Corp Common Stock. The grant shall be effective upon October 13, 1997 with standard vesting of 20% immediately upon grant and 20% on each anniversary date of the grant.

(c) Employee shall receive a grant of 263,158 shares of Enron Corp Restricted Stock. The grant shall be effective upon October 13, 1997 and shall vest 33-1/3% on each of the first three grant date anniversaries, October 13, 1998, October 13, 1999, and October 13, 2000.

(d) Employer shall loan to Employee the sum of 4 Million Dollars (\$4,000,000.00) which shall accrue interest at the October 1997 mid-term Applicable Federal Rate (AFR) of 6.24%, compounded semi-annually until maturity date of December 31, 2001. If Employee fully performs all duties and responsibilities expected of him in his position and under this Agreement through December 31, 2001, 50% of the loan shall be forgiven by Employer and the remaining 50% shall be repaid to Employer by Employee. Employee shall be responsible for 100% of the loan interest. In the event Employee voluntarily terminates his employment or is terminated for cause prior to December 31, 2001, the entire loan and interest shall be due and payable."

This Agreement is the Second 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.

JEFFREY K. SKILLING

ENRON CORP.

/s/ JEFFREY K. SKILLING
Date:

/s/ PEGGY B. MENCHACA
Name: Peggy B. Menchaca
Title: Vice President & Secretary
Date:

EX-10
7
MATERIAL CONTRACTS

Exhibit 10.43

LOAN AGREEMENT

This Loan Agreement ("Agreement"), made and entered into on this ____ day of _____, 19__, and made effective as of October 13, 1997, by and between Enron Corp. ("Company" or "Lender"), a Delaware corporation having its headquarters at 1400 Smith Street, Houston, Texas 77002, and Jeffrey K. Skilling ("Employee" or "Borrower"), an individual currently residing in Houston, Harris County, Texas.

W I T N E S S E T H

WHEREAS, Employer and Employee are parties to that certain Employment Agreement dated January 1, 1996;

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

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Business Day" means a day of the week, Monday through Friday, on which the offices of the Lender at 1400 Smith Street, Houston, Texas 77002, are open for business.

"Events of Default" or "Event of Default" has the meaning specified in Section 4.01.

"Loan" has the meaning specified in Section 2.01.

"Loan Document" has the meaning specified in Section 3.01.

"Note" means a promissory note of the Borrower payable to the order of the Lender, in substantially the form of Attachment A hereto, evidencing the indebtedness of the Borrower to the Lender resulting from the Loan made by the Lender.

"Pledge Agreement" has the meaning specified in section 3.01.

"Termination Date" means the earlier date of (i) December 31, 2001, or (ii) termination of Borrower's employment with Lender pursuant to Section 4.01(b).

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding".

ARTICLE II

AMOUNT AND TERMS OF THE LOAN

SECTION 2.01. The Loan. The Lender agrees, conditioned on the employment of Borrower by Lender, and on the terms and conditions hereinafter set forth, to make a loan to the Borrower (the "Loan") on October 13, 1997 in the principal amount of Four Million Dollars (\$4,000,000.00).

SECTION 2.02. Repayment. Subject to the provisions of this Loan Agreement the Borrower shall repay the unpaid principal amount of the Loan made by the Lender in accordance with the Note made by the Borrower to the order of the Lender, in no event later than December 31, 2001.

SECTION 2.03. Interest. The Borrower shall pay interest, compounded semi-annually, on the unpaid principal and interest of the Loan until the maturity date of December 31, 2001 at the October 1997 mid-term Applicable Federal Rate (AFR) of 6.24%. The borrower shall make payments of accrued interest annually, on the anniversary date of the loan or at the election of Borrower on the subsequent 31st day of December.

SECTION 2.04. Prepayments.

(a) Mandatory. There shall be no mandatory prepayment of the Loan made by the Lender to the Borrower.

(b) Optional. The Borrower may, upon at least three Business Days' notice to the Lender stating the proposed date and aggregate principal amount of the prepayment, prepay such outstanding principal amount of the Loan, together with accrued interest to the date of such prepayment on the principal amount prepaid without premium or penalty, or at the Borrower's election, Borrower may make a prepayment of interest only.

SECTION 2.05. Payments and Computations.

(a) The Borrower shall make each payment under the Note not later than 11:00 A.M. (Houston, Texas time) on the day when due in U.S. dollars to the Lender at its address referred to in Section 5.02.

(b) All computations of interest pursuant to Section 2.03 shall be made on the basis of a year of 365 or 366 days, as the case may be.

(c) Whenever any payment hereunder or under the Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest.

SECTION 2.06. Loan Intentions. It is the intention of the parties that the Loan made under this Loan Agreement is made in full compliance with and conditioned upon U.S. Internal Revenue Code Section 7872(f)(5) in effect as of such date.

SECTION 2.07. Special Loan Provisions.

If none of the Events of Default described in Section 4.01 of this Loan Agreement occur and Borrower fully performs all the duties and responsibilities expected of him in his position and under his employment agreement through December 31, 2001, then 50% of the loan amount will be forgiven and the remaining 50% shall be repaid to Lender by Borrower.

ARTICLE III

CONDITIONS OF LENDING

SECTION 3.01. Condition Precedent to Loan. The obligation of the Lender to make the Loan is subject to the condition precedent that the Lender shall have received prior to the date of the Loan the following, in form and substance satisfactory to the Lender:

(a) The Note made by Borrower to the order of the Lender.

(b) A Pledge Agreement, making a pledge and assignment to the Lender of Pledge Collateral having a present value and liquidity reasonably acceptable to Lender, duly executed by the Borrower, in substantially the form of Attachment B (The "Pledge Agreement" and, together with this Agreement and the Note, the "Loan Documents" and individually a "Loan Document"), together with evidence that all actions in the

opinion of the Lender, desirable to perfect and protect the security interest created by the Pledge Agreement have been or will be taken in a timely manner.

ARTICLE IV

EVENTS OF DEFAULT

SECTION 4.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) A period of ten (10) Business Days shall have elapsed after Lender gives notice to Borrower that Borrower has failed to pay interest on the Note after the same becomes due and payable; or

(b) The employment of the Borrower with the Lender, pursuant to the Employment Agreement between the parties effective January 1, 1996, terminates other than through Borrower's "Involuntary Termination", death, or disability as defined in said Employment Agreement; then, and in any such event, the Lender may by notice to the Borrower, declare the Note, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable and shall be prorated over the current year, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of the Lender to make the Loan shall automatically be terminated and (B) the Note, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE V

MISCELLANEOUS

SECTION 5.01. Amendments, Etc. No amendment or waiver of any provision of any Loan Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telex or cable communication) and mailed, telegraphed, telexed, cabled or delivered, if to the Lender, at its address at 1400 Smith Street, Houston, Texas 77002, Attention: Treasurer; if to the Borrower, at 1912 N. Boulevard, Houston, Texas 77098, or at such other address as shall be designated by either such party in a written notice to the other party. All such notices and communications shall, when mailed, telegraphed, telexed or cabled, be effective when deposited in the mails, delivered to the telegraph company, confirmed by telex answerback or delivered to the cable company, respectively.

SECTION 5.03. No Waiver; Remedies. No failure on the part of the Lender to exercise, and no delay in exercising any right under any Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right by Lender preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in the Loan Documents are cumulative and not exclusive of any remedies provided by law.

SECTION 5.04. Binding Effect; Governing Law. This Agreement and the Note shall be governed by, and construed in accordance with, the laws of the State of Texas.

SECTION 5.05. Nontransferability. Notwithstanding any other provision of a Loan Document to the contrary, in no event shall the benefits of the interest arrangement of the Loan by the Lender and the Borrowings by the Borrower be transferable.

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

ENRON CORP.

By: /s/ PEGGY B. MENCHACA
Name: Peggy B. Menchaca
Title: Vice President & Secretary

ATTEST:

/s/ GENEVA H. HIROMS
Geneva H. Hiroms

EX-10
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MATERIAL CONTRACTS

Exhibit 10.45

EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement"), including the attached Exhibit "A," is entered into between Enron Operations Corp., a Delaware corporation, having offices at 1400 Smith Street, Houston, Texas 77002 ("Employer"), and Stanley C. Horton, an individual currently residing at 70 Champions Bend Circle, Houston, Texas 77069 ("Employee"), to be effective as of October 1, 1996 (the "Effective Date").

WITNESSETH:

WHEREAS, Employee is currently employed under that certain Employment Agreement between Enron Interstate Pipeline Company and Stanley C. Horton, effective as of January 1, 1990, amended and assigned to Enron Operations Corp. as of October 1, 1993.

WHEREAS, Employee is willing to continue his employment with Employer under the terms and conditions set forth in this Agreement, and said Agreement shall supersede all pervious agreements; and

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. Employer agrees to employ Employee, and Employee agrees to be employed by Employer, beginning as of the Effective Date and continuing until the date set forth on Exhibit "A" (the "Term"), subject to the terms and conditions of this Agreement.

1.2. Employee initially shall be employed in the position set forth on Exhibit "A". 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. 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. In connection with Employee's employment by Employer, Employer shall endeavor to provide Employee access to such confidential information pertaining to the business and services of Employer as is appropriate for Employee's employment responsibilities. Employer also shall endeavor to provide to Employee the opportunity to develop business relationships with those of Employer's clients and potential

clients that are appropriate for Employee's employment responsibilities.

1.5. 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 Employer's General Counsel any facts which might involve such a conflict of interest that has not been approved by Employer's President.

1.6. 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 Employer'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.

ARTICLE 2: COMPENSATION AND BENEFITS:

2.1. Employee's Monthly base salary during the Term shall be not less than the amount set forth under the heading "Monthly Base Salary" on Exhibit "A", subject to increase at the sole discretion of the Employer, which shall be paid in semimonthly installments in accordance with Employer's standard payroll practice. Any calculation to be made under this Agreement with respect to Employee's Monthly Base Salary shall be made using the then current Monthly Base Salary in effect at the time of the event for which such calculation is made.

2.2. While employed by Employer (both during the Term and thereafter), Employee shall 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. 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.

2.3. 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.

2.4. 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.

2.5. Employee shall receive an option to purchase 125,000 shares of Enron Corp. Common Stock, subject to approval by the Compensation Committee of the Board of Directors of Enron Corp. at the meeting to be held September 30, 1996.

The grant shall be effective as of September 30, 1996 and the grant price shall be equal to the closing price of Enron Corp. Common Stock on the date of grant. The grant shall have a normal exercise term of ten years from date of grant. The grant shall have an exercise term of ten years from date of grant and shall be evidenced by an award agreement.

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 good faith determination by the Employer's management committee (or, if there is no management committee, the highest applicable level of management) of Employer 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's gross negligence or willful misconduct in the performance of the duties and services required of Employee pursuant to this Agreement; or [b] Employee's final conviction of a felony or of a misdemeanor involving moral turpitude; [c] Employee's involvement in a conflict of interest as referenced in Sections 1.5-1.6 for which Employer makes a determination to terminate the employment of Employee; or [d] Employee's material breach of any material provision of this Agreement which remains uncorrected for thirty (30) days following written notice to Employee by Employer of such breach. 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 the management committee (or, if there is no management committee, the highest applicable level of management) of Employer for determination. If Employee disagrees with the decision reached by Employer, the dispute will be limited to whether the management committee (or, if there is no management committee, the highest applicable level of management) of Employer reached its decision in good faith;
- (ii) for any other reason whatsoever, with or without cause, in the sole discretion of the management committee (or, if there is no management committee, the highest applicable level of management) of Employer;
- (iii) upon Employee's death; or
- (iv) upon Employee's becoming incapacitated by accident, sickness, or other circumstance which renders him or her mentally or physically incapable of performing the duties and services required of Employee.

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 incapacitated is specified in Section 3.7.

3.2. Notwithstanding any other provisions of this Agreement except Section 7.5, Employer 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) a material breach by Employer of any material provision of this Agreement which remains uncorrected for 30 days following written notice of such breach by Employer to Employer; or

(ii) within sixty (60) days of and in connection with or based upon any of the following:

(a) a transfer or assignment from Employee's present position to a non-management position which involves an overall substantial and material reduction in the nature or scope of Employee's duties and responsibilities; or

(b) a permanent change and relocation of Employee from the city in which Employee was serving at the time of such change, to a place which is more than 50 miles away from such locations; 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 Section 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.

3.4. If Employee's employment hereunder shall be terminated by Employer for Cause 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.

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 compensation specified in Section 2.1 and an amount equal to thirty percent (30%) of the amount specified in Section 2.1 as if Employee's employment (which shall cease on the date of such Involuntary Termination) had continued for the full Term of this Agreement. Employee shall not be under any duty or obligation to seek or accept other employment following Involuntary Termination and 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 for any sums for Involuntary Termination other than those sums 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.

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.

3.7. Upon termination of the employment relationship as a result of Employee's incapacity, Employee shall be entitled to his or her 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 to Employee at the date of such termination.

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.

ARTICLE 4: CONTINUATION OF EMPLOYMENT BEYOND TERM;
TERMINATION AND EFFECTS OF TERMINATION:

4.1. Should Employee remain employed by Employer beyond the expiration of the Term specified on Exhibit "A," 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, all future compensation to which Employee is entitled and all future benefits for which Employee is eligible shall cease and terminate. 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.

ARTICLE 5: OWNERSHIP AND PROTECTION OF INFORMATION;
COPYRIGHTS:

5.1. 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 drawings, memoranda, notes, records, files, correspondence, drawings, manuals, models, specifications, computer programs, 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.

5.2. 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. 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's confidential business information and trade secrets. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article 5 by Employee, and 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.

5.3. All written materials, records, and other documents made by, or coming into the possession of, Employee during the period of Employee's employment by Employer which contain or disclose confidential business information or trade secrets of Employer, Enron, or their affiliates shall be and remain the property of Employer, Enron, or their affiliates, as the case may be. Upon termination of Employee's employment by Employer, for any reason, Employee promptly shall deliver the same, and all copies thereof, to Employer.

5.4. 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 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 Employer shall be the author of the work. If such work 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.

5.5. Both during the period of Employee's employment by Employer and thereafter, Employee shall assist Employer and its nominee, at any time, 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.

ARTICLE 6: POST-EMPLOYMENT NON-COMPETITION OBLIGATIONS:

6.1. As part of the consideration for the compensation and benefits to be paid to Employee hereunder, in keeping with Employee's duties as a fiduciary and in order to protect Employer's interests in the confidential information of Employer and the business relationships developed by Employee with the clients and potential clients of Employer, 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 person, association, or entity not affiliated with Enron.

These non-competition obligations shall extend until the expiration of the Term.

6.2. 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.

6.3. 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. 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 Operations Corp.
1400 Smith Street
Houston, Texas 77002
Attention: Chief Executive Officer

With a copy to:

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

If to Employee, to the address shown on the first page hereof.

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.

I. 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.

II. 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.

III. If a dispute arises out of or related to this Agreement, other than a dispute regarding Employee's obligations under Sections 5.2, Article 5, or Section 6.1, 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.

IV. 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.

V. 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.

VI. There exist other agreements between Employer and Employee relating to the employment relationship between them, e.g., the agreement with respect to company policies contained in Employer's Conduct of Business Affairs booklet and agreements with respect to benefit plans. This Agreement replaces and merges previous agreements and discussions pertaining to the following subject matters covered herein: the nature of Employee's employment relationship with Employer and the term and termination of such relationship. 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 such subject matters. Each party to this Agreement acknowledges that no representation, inducement, promise, or agreement, oral or written, has been made by either party with respect to such subject matters, which is not embodied herein, and that no agreement, statement, or promise relating to the employment of Employee by Employer 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 Employer.

IN WITNESS WHEREOF, Employer and Employee have duly executed this Agreement in multiple originals to be effective on the date first stated above.

ENRON OPERATIONS CORP.

By: /s/ PEGGY B. MENCHACA
Name: Peggy B. Menchaca
Title: Vice President &

Secretary
This 15 day of October, 1996

STANLEY C. HORTON

/s/ STANLEY C. HORTON
This 15th day of October, 1996

EXHIBIT "A" TO
EXECUTIVE EMPLOYMENT AGREEMENT
BETWEEN ENRON OPERATIONS CORP. AND STANLEY C. HORTON

Employee Name: Stanley C. Horton
Term: October 1, 1996 through May 31, 2000
Position: Co-Chairman and Chief Executive Officer
Location: Houston, Texas
Monthly Base Salary: Thirty-Six Thousand Two Hundred Fifty
and No/100 Dollars (\$36,250.00) per month
Bonus: Employee shall be eligible to participate
in the Enron Corp. Annual Incentive Plan
("Plan") or any appropriate replacement
bonus plan of ECT. All bonuses may be paid
in accordance with the terms and provisions
of the Plan, a portion of which may be
paid in cash and a portion of which
shall be paid in stock options.
Long-Term Incentives: Employee shall be eligible to
participate in the Enron Corp. Long-Term
Incentive Program or any appropriate
replacement long-term incentive program.

ENRON OPERATIONS CORP.

By: /s/ PEGGY B. MENCHACA
Name: Peggy B. Menchaca
Title: Vice President &
Secretary
This 15 day of October, 1996

STANLEY C. HORTON

/s/ STANLEY C. HORTON
This 15th day of October, 1996

EX-12
9
STATEMENT RE COMPUTATION OF RATIOS

Exhibit 12

ENRON CORP. AND SUBSIDIARIES
Computation of Ratio of Earnings to
Fixed Charges
(Unaudited)

(In Millions)	Year Ended December 31,				
	1997	1996	1995	1994	1993
Earnings available for fixed charges					
Income from continuing operations	\$105	\$ 584	\$ 520	\$ 453	\$333
Less:					
Undistributed earnings and losses of less than 50% owned affiliates	(89)	(39)	(14)	(9)	(20)
Capitalized interest of nonregulated companies	(16)	(10)	(8)	(9)	(26)
Add:					
Fixed charges(a)	674	454	436	487	471

Minority interest	80	75	27	30	28
Income tax expense	(65)	297	310	190	148
Total	\$689	\$1,361	\$1,271	\$1,142	\$934
Fixed charges					
Interest expense(a)	\$624	\$ 404	\$ 386	\$ 445	\$436
Rental expense representative of interest factor	50	50	50	42	35
Total	\$674	\$ 454	\$ 436	\$ 487	\$471
Ratio of earnings to fixed charges	1.02	3.00	2.92	2.34	1.98

Footnote

(a) Amounts exclude costs incurred on sales of accounts receivable.

EX-21
10
SUBSIDIARIES OF THE REGISTRANT

Exhibit 21

ENRON CORP. AND SUBSIDIARY COMPANIES

ATLANTIC COMMERCIAL FINANCE B.V., i.l. (Cayman Islands) (100.00%)
ATLANTIC COMMERCIAL FINANCE, INC. (Delaware) (100.00%)
Atlantic India Holdings Ltd. (Cayman Islands) (100.00%)
Offshore Power Production C.V. (The Netherlands) (99.70%)
DPC Holdings C.V. (The Netherlands) (79.90%)
Enron Mauritius Company (Mauritius) (98.90%)
Dabhol Power Company (India) (80.00%)
Enron India Holdings Ltd. (Cayman Islands) (100.00%)
Enron Mauritius Company (Mauritius) (1.00%)
Dabhol Power Company (India) (80.00%)
DPC Holdings C.V. (The Netherlands) (0.10%)
Enron Mauritius Company (Mauritius) (98.90%)
Dabhol Power Company (India) (80.00%)
Enron Mauritius Company (Mauritius) (0.10%)
Dabhol Power Company (India) (80.00%)
BR-VT Holdings Ltd. (Cayman Islands) (100.00%)
BR-VT Investments Ltd. (Cayman Islands) (100.00%)
Compression Projects Finance Ltd. (Cayman Islands) (100.00%)
EDC Atlantic Ltd. (Cayman Islands) (100.00%)
Enron Caribe C.V. (Cayman Islands) (1.00%)
Enron Power I C.V. (The Netherlands) (99.00%)
Enron Power II C.V. (The Netherlands) (99.00%)
Enron Power Colombia C.V. (The Netherlands) (99.00%)
EI Venezuela Holdings Ltd. (Cayman Islands) (100.00%)
EI Venezuela Development Ltd. (Cayman Islands) (99.00%)
Hanover/Enron Venezuela Ltd. (Cayman Islands) (40.00%)
EI Venezuela Investments Ltd. (Cayman Islands) (100.00%)
EI Venezuela Development Ltd. (Cayman Islands) (1.00%)
Hanover/Enron Venezuela Ltd. (Cayman Islands) (40.00%)
Enron Agua Colombia Holdings Ltd. (Cayman Islands) (100.00%)
Enron Agua Colombia Investments Ltd. (Cayman Islands) (100.00%)
Enron Agua Colombia Ltd. (Cayman Islands) (99.00%)

Enron Agua Panama Holdings Ltd.(Cayman Islands)
 (100.00%)
 Enron Agua Panama Investments Ltd. (Cayman
 Islands) (100.00%)

Enron Agua Philippines Holdings Ltd. (Cayman Islands)
 (100.00%)
 Enron Agua Philippines Investments Ltd. (Cayman
 Islands) (100.00%)
 Enron Agua Philippines Ltd. (Cayman Islands)
 (99.00%)

Enron Argentina Development Ltd. (Cayman Islands)
 (100.00%)
 CORDEX Americas 1997, L.L.C. (Delaware) (50.00%)

Enron Brazil Gas Supply Ltd. (Cayman Islands) (100.00%)

Enron Brazil Pipeline Ltd. (Cayman Islands) (100.00%)

Enron Brazil Power Holdings I Ltd. (Cayman Islands)
 (100.00%)
 EGE - Empresa de Geracao de Energia Ltd. (99.00%)
 Enron Brazil Power Investments I Ltd. (Cayman
 Islands) (100.00%)
 EGE - Empresa de Geracao de Energia Ltd.
 (1.00%)

Enron Brazil Power Holdings II Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments II Ltd. (Cayman
 Islands) (100.00%)
 ESAE - Empresa Sul Americana de Energia Ltda.
 (Brazil) (50.00%)
 ESAE - Empresa Sul Americana de Energia Ltda.
 (Brazil) (50.00%)

Enron Brazil Power Holdings III Ltd.(Cayman Islands)
 (100.00%)
 EBE-Empresa Brasileira de Energia Ltda. (Brazil)
 (99.00%)
 Enron Brazil Power Investments III Ltd.(Cayman
 Islands) (100.00%)
 EBE - Empresa Brasileira de Energia Ltda.
 (Brazil) (1.00%)

Enron Brazil Power Holdings IV Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments IV Ltd. (Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings V Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments V Ltd.(Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings VI Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments VI Ltd. (Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings VII Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments VII Ltd.(Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings VIII Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments VIII Ltd. (Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings IX Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments IX Ltd. (Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings X Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments X Ltd. (Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings XI Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments XI Ltd.(Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings XII Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments XII Ltd.(Cayman
 Islands) (100.00%)

Enron Brazil Power Holdings XIII Ltd. (Cayman Islands)
 (100.00%)
 Enron Brazil Power Investments XIII Ltd.(Cayman
 Islands) (100.00%)

Enron Caribe Holdings Ltd.(Cayman Islands) (100.00%)
 Enron Caribe Ltd.(Cayman Islands) (100.00%)

Enron Caribe IV Holdings Ltd.(Cayman Islands) (100.00%)
 Enron Caribe IV Ltd.(Cayman Islands) (100.00%)

Enron Caribe V Holdings Ltd.(Cayman Islands) (100.00%)
 Enron Caribe V Ltd.(Cayman Islands) (100.00%)

Enron Colombia Energy B.V. (The Netherlands) (100.00%)
 Enron Power Colombia C.V. (The Netherlands)
 (1.00%)

Enron Colombia Holdings Ltd. (Cayman Islands) (100.00%)
 Enron Colombia Ventures Ltd. (Cayman Islands)

(100.00%)
 Enron Colombia, Inc. (Delaware) (100.00%)
 Enron Colombia Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron Colombia Transportation B.V. (The Netherlands)
 (100.00%)
 Enron Colombia Transportation B.V. Colombia Branch
 (Colombia) (100.00%)
 Enron Development Shanghai Ltd.(Cayman Islands)
 (100.00%)
 Enron Development Spain Ltd. (Cayman Islands) (100.00%)
 Enron do Brazil Holdings Ltd. (Cayman Islands)
 (100.00%)
 EPE-Empresa Produtora de Energia Ltda. (Brazil)
 (90.00%)
 Enron do Brazil Investments Ltd. (Cayman Islands)
 (100.00%)
 EPE-Empresa Produtora de Energia Ltda.
 (Brazil) (10.00%)
 Enron Electric Brazil Holdings Ltd. (Cayman Islands)
 (100.00%)
 Enron Electric Brazil Ltd. (Cayman Islands)
 (100.00%)
 Enron Electrica de Venezuela Ltd. (Cayman Islands)
 (100.00%)
 Enron Energy Marketing Colombia Ltd. (Cayman Islands)
 (100.00%)
 Enron EPI Ltd. (Cayman Islands) (100.00%)
 Enron Equity Corp. (Delaware) (14.00%)
 ECT Colombia Pipeline Holdings 1 Ltd. (Cayman
 Islands) (100.00%)
 ECT Colombia Pipeline Holdings 2 Ltd. (Cayman
 Islands) (100.00%)
 Promigas S.A., E.S.P. (Colombia)
 (38.67%)
 Enron Global Power & Pipelines L.L.C. (Delaware)
 (1.90%)
 Enron Dominican Republic Ltd. (Cayman
 Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 Smith/Enron O&M Limited Partnership (Turks &
 Caicos Isles) (49.00%)
 Enron Dominican Republic Operations Ltd. (Cayman
 Islands) (100.00%)
 Smith/Enron Cogeneration Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Smith/Enron O&M Limited Partnership (Turks &
 Caicos Isles) (1.00%)
 Enron Power Philippines Corp. (Philippines)
 (100.00%)
 Batangas Power Corp. (Philippines) (50.00%)
 Subic Power Corp. (Philippines) (50.00%)
 Puerto Quetzal Power Corp. (Delaware) (50.00%)
 Electricidad del Pacifico, S.A. (Guatemala)
 (100.00%)
 Western Caribbean Finance L.P. (Texas)
 (98.00%)
 Enron Gas de Venezuela Ltd.(Cayman Islands)
 (100.00%)
 Enron Holding Company, L.L.C. (Delaware) (78.00%)
 Enron Global Power & Pipelines L.L.C.
 (Delaware) (52.00%)
 Enron Dominican Republic Ltd. (Cayman
 Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
 Enron Dominican Republic Operations Ltd.
 (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (1.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Enron Power Philippines Corp.
 (Philippines) (100.00%)
 Batangas Power Corp. (Philippines)
 (50.00%)
 Subic Power Corp. (Philippines)
 (50.00%)
 Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 Electricidad del Pacifico, S.A.
 (Guatemala) (100.00%)
 Western Caribbean Finance L.P.

(Texas) (98.00%)

Enron ERE Holdings Ltd. (Cayman Islands) (100.00%)

Enron Entre Rios Expansion Ltd. (Cayman Islands) (99.00%)

Enron ERE Investments Ltd. (Cayman Islands) (100.00%)

Enron Europe Operations (Advisor) Limited (England) (100.00%)

Enron Europe Operations (Supervisor) Limited (England) (100.00%)

Enron Fiji Power Ltd. (Cayman Islands) (100.00%)

Enron Ghana Holdings Ltd. (Cayman Islands) (100.00%)

Enron Ghana Investments Ltd. (Cayman Islands) (100.00%)

Enron Ghana Ltd. (Cayman Islands) (99.00%)

Enron India Power Ltd. (Cayman Islands) (100.00%)

Enron MHC Tamil Nadu Company (Mauritius) (100.00%)

Enron Global Pakistan Ltd.(Cayman Islands) (100.00%)

Enron Global Mauritius Company, L.L.C. (Mauritius) (100.00%)

Enron Guinea Development Ltd. (Cayman Islands) (100.00%)

Enron Hainan Fertilizer Ltd. (Cayman Islands) (100.00%)

Enron Haripur Holdings B.V. (The Netherlands) (100.00%)

Enron India Energy Ltd. (Cayman Islands) (100.00%)

Enron Industrial de Venezuela Ltd. (Cayman Islands) (100.00%)

Enron International Argentina Holdings Ltd. (Cayman Islands) (20.00%)

Enron Comercializadora de Energia Argentina S.A. (Argentina) (1.00%)

Enron International Argentina Investments Ltd. (Cayman Islands) (100.00%)

Enron Comercializadora de Energia Argentina S.A. (Argentina) (99.00%)

Enron International Argentina Transmission Ltd. (Cayman Islands) (100.00%)

Enron International Argentina Transmission Investment Ltd. (Cayman Islands) (100.00%)

Enron International Australia Ltd. (Cayman Islands) (100.00%)

Enron International Bahia Ltd. (Cayman Islands) (100.00%)

EBD Empresa Brasileira Distribudora Ltda. (Brazil) (1.00%)

Enron International Bahia Holdings Ltd. (Cayman Islands) (100.00%)

EBD Empresa Brasileira Distribudora Ltda. (Brazil) (99.00%)

Enron International Bolivia Holdings Ltd. (Cayman Islands) (100.00%)

Enron International Bolivia Investments Ltd. (Cayman Islands) (100.00%)

Enron International Brazil 1997 Ltd. (Cayman Islands) (100.00%)

Borgogna Participacoes Empreendimentos Ltda. (Brazil) (84.00%)

Ementhal Participacoes Empreendimentos Ltda. (Brazil) (51.00%)

GEC Participacoes Ltda. (Brazil) (1.00%)

Giverny Participacoes Empreendimentos Ltda. (Brazil) (1.00%)

Global Petroleum & Gas Industry Limited (Jersey) (100.00%)

Gas Participacoes S.A. (Brazil) (100.00%)

Companhia de Gas de Bahia S.A. (Brazil) (41.50%)

Companhia de Gas de Santa Catarina S.A. (Brazil) (41.00%)

Companhia Estadual de Gas do Rio de Janeiro (Brazil) (25.38%)

Companhia Paraibana de Gas S.A. (Brazil) (41.50%)

Companhia Pernambucana de Gas S.A. (Brazil) (41.50%)

Dutopar Participacoes Ltda (Brazil) (99.00%)

Companhia Paranaense de Gas S.A. (Brazil) (24.50%)

Empresa Sergipana de Gas S.A. (Brazil) (41.50%)

Gas de Alagoas S.A. (Brazil) (41.50%)

RGS Participacoes Ltda. (Brazil) (99.00%)

Giverny Participacoes e Empreendimentos Ltda. (Brazil) (99.00%)

Enron International Brazil Gas Holdings Ltd. (Cayman Islands) (100.00%)

GEC Participacoes Ltda. (Brazil) (99.00%)

RGS Participacoes Ltda. (Brazil) (1.00%)
 Enron International B.V. (The Netherlands) (100.00%)
 Enron International China CP Ltd.(Cayman Islands)
 (100.00%)
 China Pipeline Holdings Ltd.(Cayman Islands)
 (64.85%)
 Enron International CMI Ltd. (Cayman Islands) (100.00%)
 Enron MHC India Development Ltd.
 (Mauritius) (100.00%)
 Enron India Private Ltd. (India) (100.00%)
 Enron International C.V. (The Netherlands) (0.10%)
 Enron International El Salvador Holdings Ltd. (Cayman
 Islands) (100.00%)
 Enron International Energy (Asia) Pte. Ltd. (Singapore)
 (100.00%)
 Enron International Gujarat Ltd.(Cayman Islands)
 (100.00%)
 Enron MHC Gujarat Company (Mauritius) (100.00%)
 Enron International Holdings Corp. (Delaware) (27.00%)
 Enron Global, Inc. (Delaware) (100.00%)
 Enron International Haripur Ltd. (Cayman Islands)
 (100.00%)
 Enron Holding Company, L.L.C. (Delaware)
 (1.00%)
 Enron Global Power & Pipelines L.L.C.
 (Delaware) (52.00%)
 Enron Power Philippines Corp.
 (Philippines) (100.00%)
 Subic Power Corp.
 (Philippines) (50.00%)
 Enron International India Ltd. (Cayman Islands)
 (100.00%)
 Enron International MHC Kannur Ltd. (Mauritius)
 (100.00%)
 Enron International Latin America Ltd. (Cayman Islands)
 (100.00%)
 Enron International Latin America Investments Ltd.
 (Cayman Islands) (100.00%)
 Enron International Mauritius Ltd.(Cayman Islands)
 (100.00%)
 Enron International Nepal Ltd. (Cayman Islands)
 (100.00%)
 Enron International Peru Holdings Ltd. (Cayman Islands)
 (100.00%)
 Enron International Peru Ltd. (Cayman Islands)
 (100.00%)
 Enron International (Philippines) Ltd.(Cayman Islands)
 (100.00%)
 Enron International Rio Investments 1997 Ltd. (Cayman
 Islands) (100.00%)
 Enron International South Australia Development
 Ltd.(Cayman Islands) (100.00%)
 Enron International Uganda Ltd.(Cayman Islands)
 (100.00%)
 Enron LNG Atlantic Holdings Ltd. (Cayman Islands)
 (100.00%)
 Enron LNG Atlantic Investments Ltd. (Cayman
 Islands) (100.00%)
 Enron LNG Atlantic Ltd. (Cayman Islands) (99.00%)
 Enron LNG Holdings Ltd. (Cayman Islands) (100.00%)
 Enron LNG Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron LNG Services Ltd. (Cayman Islands) (99.00%)
 Enron LNG Power (Atlantic) Ltd. (Cayman Islands)
 (100.00%)
 Buenergia Enron de Puerto Rico Ltd. (Cayman
 Islands) (100.00%)
 Buenergia Gas & Power Ltd. (Cayman Islands)
 (1.00%)
 EcoElectrica L.P. (Bermuda) (49.00%)
 Penuelas Holdings, Ltd. (Cayman Islands)
 (100.00%)
 Penuelas, Ltd. (Cayman Islands)
 (100.00%)
 Buenergia Gas & Power Ltd. (Cayman Islands)
 (99.00%)
 EcoElectrica L.P. (Bermuda) (49.00%)
 EcoElectrica Holdings, Ltd. (Cayman Islands)
 (50.00%)
 EcoElectrica L.P. (Bermuda) (1.00%)
 Penuelas Holdings, Ltd. (Cayman Islands)
 (100.00%)
 Penuelas, Ltd. (Cayman Islands)
 (100.00%)
 EcoElectrica L.P. (Bermuda) (1.00%)
 Buenergia Ltd. (Cayman Islands) (100.00%)
 EcoElectrica L.P. (Bermuda) (1.00%)
 Buenergia B.V. (The Netherlands)
 (100.00%)

EcoElectrica Holdings, Ltd. (Cayman Islands) (50.00%)
 EcoElectrica L.P. (Bermuda) (1.00%)
 Enron Mariana Holdings Corp. (Delaware) (100.00%)
 Enron Mariana Power L.L.C. (Delaware) (100.00%)
 Enron Mauritius Pakistan Company, L.L.C. (Mauritius) (100.00%)
 Enron Mendoza Water Investments Ltd. (Cayman Islands) (100.00%)
 Enron Phu My 2-2 Holdings Ltd. (Cayman Islands) (100.00%)
 Enron Vietnam Power II Ltd. (Cayman Islands) (100.00%)
 Enron Polska B.V. (The Netherlands) (100.00%)
 Enron Reserve 4 B.V. (The Netherlands) (100.00%)
 Enpak Power (Private) Company (Pakistan) (100.00%)
 Enron Reserve 6 B.V. (The Netherlands) (100.00%)
 Enron Development International C.V. (The Netherlands) (0.10%)
 Enron Reserve 7 B.V. (The Netherlands) (100.00%)
 Enron (Bolivia) C.V. (The Netherlands) (1.00%)
 Gas TransBoliviana S. A. (Bolivia) (49.60%)
 Enron Reserve 8 B.V. (The Netherlands) (100.00%)
 Enron Caribe C.V. (The Netherlands) (1.00%)
 Enron Power I C.V. (The Netherlands) (1.00%)
 Enron Power Honduras S. de R.L. de C.V.** (Honduras) (99.00%)
 Enron Reserve 9 B.V. (The Netherlands) (100.00%)
 Enron Power II C.V. (The Netherlands) (1.00%)
 Enron Reserve I B.V. (The Netherlands) (100.00%)
 Smith/Enron Cogeneracion Internacional, S.A. Dominican Republic (50.00%)
 Smith/Enron Cogeneration Limited Partnership (Turks & Caicos Isles) (1.00%)
 Smith/Enron O&M Limited Partnership (Turks & Caicos Isles) (1.00%)
 Enron Reserve II B.V. (The Netherlands) (100.00%)
 Offshore Power Operations C.V. (The Netherlands) (0.10%)
 Enron Servicios Energeticos Holdings Ltd.(Cayman Islands) (100.00%)
 Enron Servicios Energeticos Ltd.(Cayman Islands) (100.00%)
 Enron Sumatra Gas B.V. (The Netherlands) (100.00%)
 Enron Transportadora Holdings Ltd.(Cayman Islands) (100.00%)
 TR Holdings (Bolivia) C.V. (The Netherlands) (50.00%)
 TR Holdings Ltda. (Bolivia) (50.00%)
 TR Investments (Bolivia) B.V. (The Netherlands) (100.00%)
 Enron UAE Ltd.(Cayman Islands) (100.00%)
 Enron Venezuela Services Ltd.(Cayman Islands) (100.00%)
 Enron VenSteel Ltd. (The Netherlands) (100.00%)
 Enron Water China Holdings Ltd.(Cayman Islands) (100.00%)
 Enron Water China Investments Ltd.(Cayman Islands) (100.00%)
 Enron Water Projects Holdings Ltd.(Cayman Islands) (100.00%)
 Enron Water Projects Ltd.(Cayman Islands) (100.00%)
 Enron Water Saigon Holding Co.(Cayman Islands) (100.00%)
 Enron Water Saigon Ltd.(Cayman Islands) (100.00%)
 Enron Water Vietnam Holdings Ltd. (Cayman Islands) (100.00%)
 Enron Water Vietnam Investments Ltd. (Cayman Islands) (100.00%)
 Enron Water Vietnam Ltd. (Cayman Islands) (99.00%)
 Enron Wenchang Holdings Company Ltd. (Cayman Islands) (100.00%)
 Enron Wenchang Investments Ltd. (Cayman Islands) (100.00%)
 Hainan Holdings Ltd. (Cayman Islands) (1.00%)
 Enron Wenchang Power C.V. (The Netherlands) (99.00%)
 Hainan Meinan Power Company CJV (China) (99.00%)
 Enron Reserve III B.V. (The Netherlands) (100.00%)
 Enron Wenchang Power C.V. (The Netherlands) (1.00%)
 Hainan Meinan Power Company CJV (China) (99.00%)
 Hainan Meinan Power Services Company, Limited (China) (100.00%)

Hainan Meinan Power Company CJV
 (China) (1.00%)
 Hainan Holdings Ltd. (Cayman Islands) (49.00%)
 Enron Wenchang Power C.V. (The Netherlands)
 (99.00%)
 Hainan Meinan Power Company CJV (China)
 (99.00%)
 Enron Reserve III B.V. (The Netherlands)
 (100.00%)
 Enron Wenchang Power C.V. (The
 Netherlands) (1.00%)
 Hainan Meinan Power Company CJV
 (China) (99.00%)
 Hainan Meinan Power Services Company,
 Limited China) (100.00%)
 Hainan Meinan Power Company CJV
 (China) (1.00%)
 Hainan Funding LLC (Turks & Caicos Isles) (50.00%)
 India Electric Maintenance Ltd. (Cayman Islands)
 (100.00%)
 Enron International C.V. (The Netherlands)
 (99.90%)
 Luanda Power Holdings Ltd. (Cayman Islands) (100.00%)
 Luanda Power Company Ltd. (Cayman Islands)
 (100.00%)
 Mesquite Holdings B.V. (The Netherlands) (100.00%)
 Enron Design C.V. (The Netherlands) (99.00%)
 Enron Power Holdings C.V. (The Netherlands)
 (99.90%)
 Trakya Elektrik Uretim ve Ticaret A.S. (Turkey)
 (50.00%)
 Enron Power Management B.V. (The Netherlands)
 (100.00%)
 Enron Design C.V. (The Netherlands) (1.00%)
 Enron Proje Yonetimi Limited Sirketi (Turkey)
 (95.00%)
 Enron Turkey Energy B.V. (The Netherlands)
 (100.00%)
 Enron Power Holdings C.V. (The Netherlands)
 (0.10%)
 Trakya Elektrik Uretim ve Ticaret A.S.
 (Turkey) (50.00%)
 Servicios Colombianos de Electricidad Ltd. (Cayman
 Islands) (100.00%)
 Transborder Pipeline Services Ltd. (Cayman Islands)
 (100.00%)
 Travamark Two B.V. (The Netherlands) (100.00%)
 Offshore Power Production C.V. (The Netherlands)
 (0.30%)
 DPC Holdings C.V. (The Netherlands) (79.90%)
 Enron India Holdings Ltd. (Cayman Islands)
 (100.00%)
 Enron Mauritius Company (Mauritius)
 (1.00%)
 Dabhol Power Company (India)
 (80.00%)
 DPC Holdings C.V. (The Netherlands)
 (0.10%)
 Enron Mauritius Company (Mauritius) (0.10%)
 Dabhol Power Company (India) (80.00%)
 BELCO PETROLEUM CORPORATION (Delaware) (100.00%)
 BELO HORIZONTE POWER LTD. (Cayman Islands) (100.00%)
 BOLIVIA HOLDINGS LTD. (Cayman Islands) (100.00%)
 BRAZIL POWER INVESTMENTS LTD. (Cayman Islands) (100.00%)
 EGP FUELS COMPANY (Delaware) (100.00%)
 ENERGY CARIBBEAN FINANCE COMPANY (Cayman Islands) (100.00%)
 ENPAK HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enpak Investments Ltd. (Cayman Islands) (100.00%)
 Enpak Power Company Ltd. (Cayman Islands) (99.00%)
 ENRON ACQUISITION II CORP. (Delaware) (100.00%)
 ENRON AGUAVEN HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Aguaven Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron Agua Venezuela Ltd. (Cayman Islands) (99.00%)
 ENRON AMERICAS, INC. (Delaware) (100.00%)
 The Protane Corporation (Delaware) (100.00%)
 Citadel Corporation Limited (Cayman Islands)
 (100.00%)
 Citadel Venezolana, S.A. (Venezuela)
 (100.00%)
 Interruptores Especializados Lara, S.A.
 (Venezuela) (66.00%)
 Enron Caribbean Holdings Ltd. (Cayman
 Islands) (100.00%)
 Industrial Gases Limited (Jamaica) (100.00%)
 Manufacturera de Aparatos Domesticos, S.A.
 (Venezuela) (41.77%)
 Enron Americas Energy Services, Inc. (Puerto Rico)
 (100.00%)

Enron Americas Limited (Cayman Islands) (100.00%)
 ProCaribe Division of The Protane Corporation
 (Delaware) (100.00%)
 Progasco, Inc. (Puerto Rico) (100.00%)
 V. Holdings Industries, S.A. (Venezuela) (100.00%)
 Finven Financial Institution Limited (Cayman
 Islands) (100.00%)
 Smith Dominicana Holding Limited
 Partnership (Cayman Islands) (99.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)(35.00%)
 Industrias Ventane, S.A. (Venezuela) (100.00%)
 Duck Lake International A.V.V. (Aruba)
 (97.00%)
 Industrial Larcada, S.A. (Venezuela)
 (100.00%)
 Servicios Consolidados Ventane, S.A.
 (Venezuela) (100.00%)
 Servicios Vengas, S.A. (Venezuela) (100.00%)
 Transporte Mil Ruedas, S.A. (Venezuela)
 (100.00%)
 Vengas de Caracas, S.A. (Venezuela) (100.00%)
 Vengas de Occidente, S.A. (Venezuela)
 (100.00%)
 Vengas de Oriente, S.A. (Venezuela) (100.00%)
 Vengas del Centro, S.A. (Venezuela) (100.00%)
 ENRON ARGENTINA HOLDING, INC. (Delaware) (100.00%)
 Enron Capital & Trade Resources Argentina S.A.
 (Argentina) (99.99%)
 ENRON ARGENTINA INVESTMENTS, INC. (Delaware) (100.00%)
 Enron CHESA Delaware Limited Liability Company
 (Delaware) (1.00%)
 Enron CHESA Texas Limited Liability Company (Texas)
 (1.00%)
 Compania Hidroelectrica Enron S.A. (Argentina)
 (99.99%)
 Enron International Argentina Holdings Ltd.
 (Cayman Islands) (80.00%)
 Enron International Argentina Investments
 Ltd. (Cayman Islands) (100.00%)
 ENRON ARGENTINA VENTURES, INC. (Delaware) (100.00%)
 ENRON ATLANTIC LNG LTD. (Cayman Islands) (100.00%)
 ENRON BORDER HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Border Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron SAM Border Ltd. (Cayman Islands) (99.00%)
 ENRON BPAC LTD. (Cayman Islands) (100.00%)
 ENRON BRAZIL SERVICES LTD. (Cayman Islands) (100.00%)
 Enron Brazil Ltd. (Cayman Islands) (100.00%)
 Enron Servicios do Brasil Ltda. (Brazil) (99.00%)
 ENRON CAPITAL & TRADE RESOURCES CORP. (Delaware) (100.00%)
 Clinton Energy Management Services (Ohio) (100.00%)
 Cusiana-Cupiagua Oil Securitization 1996 Ltd. (Cayman
 Islands) (100.00%)
 Cypress Acadian Exploration Corp. (Delaware) (100.00%)
 ECT Cayman Reserve 5 Ltd. (Cayman Islands) (100.00%)
 Enron Distribuidora de Petroleo e Derivados Ltda.
 (Brazil) (99.00%)
 ECT Cayman Reserve 6 Ltd (Cayman Islands) (100.00%)
 ECT Cayman Reserve 8 Ltd. (Cayman Islands) (100.00%)
 ECT Cayman Reserve 9 Ltd. (Cayman Islands) (100.00%)
 ECT Coal Company No. 1 (Delaware) (100.00%)
 ECT Eocene Enterprises, Inc. (Delaware) (100.00%)
 ECT Eocene Enterprises II, Inc. (Delaware) (100.00%)
 ECT Eocene Enterprises III, Inc. (Delaware) (100.00%)
 ECT Funding L.L.C. (Delaware) (100.00%)
 ECT Development and Funding (England) (50.00%)
 European Commercial Finance S.a.r.l.
 (Luxembourg) (100.00%)
 ECT International L.L.C. (Delaware) (100.00%)
 ECT Development and Funding (England) (50.00%)
 European Commercial Finance S.a.r.l.
 (Luxembourg) (100.00%)
 ECT Investing Corp. (Delaware) (100.00%)
 ECT Investments Holding Corp. (Delaware) (100.00%)
 ECT Investments Inc. (Delaware) (100.00%)
 ECT Overseas Holding Corp. (Delaware) (100.00%)
 Enron Capital & Trade Resources Korea Corp.
 (Delaware) (100.00%)
 ECT Securities Corp. (Delaware) (100.00%)
 ECT Sierra Water Conversation, Inc. (Delaware)
 (100.00%)
 ECT Strategic Value Corp. (Delaware) (100.00%)
 EGS Hydrocarbons Corp. (Texas) (100.00%)
 EGS New Ventures Corp. (Delaware) (100.00%)
 LGMI, Inc. (Delaware) (100.00%)
 Louisiana Gas Pipeline Company L. P.
 (Oklahoma) (99.00%)
 LRCI, Inc. (Delaware) (100.00%)

Louisiana Resources Pipeline Company L.P.
 (Oklahoma) (99.00%)
 Louisiana Gas Marketing Company (Delaware)
 (100.00%)
 Louisiana Gas Pipeline Company L.P.
 (Oklahoma) (1.00%)
 Louisiana Resources Company (Delaware) (100.00%)
 Louisiana Resources Pipeline Company L.P.
 (Oklahoma) (1.00%)
 Enron Acquisition III Corp. (Delaware) (100.00%)
 Enron Administrative Services Corp. (Delaware)
 (100.00%)
 Enron Cactus III Corp. (Delaware) (100.00%)
 Cactus Hydrocarbon III Limited Partnership
 (Delaware) (1.00%)
 Enron Cantarell Holdings B.V. (The Netherlands)
 (100.00%)
 Enron Capital Corp.(formerly JILP-G.P., Inc.)
 (Delaware) (100.00%)
 Enron Capital Management Limited Partnership
 (Delaware) (1.00%)
 Joint Energy Development Investments Limited
 Partnership (Delaware) (50.00%)
 Ameritex Venture II, Ltd. (Texas)
 (99.00%)
 Cerrito Gathering Company, Ltd. (38.71%)
 CGAS, Inc. (Ohio) (97.00%)
 CGAS Exploration, Inc. (Ohio)
 (100.00%)
 Eagle Mountain Energy
 Corporation (Ohio) (100.00%)
 CGAS Investment Corp. (Ohio)
 (100.00%)
 CGAS Services Corporation (Ohio)
 (100.00%)
 CGAS Securities, Inc. (Ohio)
 (100.00%)
 Clinton Nominee Corporation
 (Ohio) (100.00%)
 Haulco, Inc. (Ohio) (100.00%)
 LDC Securities, Inc. (Ohio)
 (100.00%)
 Metertech, Inc. (Ohio) (100.00%)
 Ohio Gasportation, Inc. (Ohio)
 (100.00%)
 Gantry Corp. (Delaware) (100.00%)
 Hughes-Rawls, L.L.C. (Delaware) (50.00%)
 JEDI Capital L.L.C. (Delaware) (99.00%)
 JEDI Hydrocarbon Finance I Limited
 Partnership (Delaware) (1.00%)
 JEDI Hydrocarbon Finance Limited
 Partnership (Delaware) (1.00%)
 JEDI Hydrocarbon Investments I
 Limited Partnership (Delaware) (1.00%)
 JEDI Hydrocarbon Investments II
 Limited Partnership (FUEL, CNEN)
 (Delaware) (1.00%)
 JEDI Hydrocarbon Investments II
 Limited Partnership (FUEL, CNEN)
 (Delaware) (1.00%)
 Mariner Holdings, Inc. (Delaware)
 (100.00%)
 Mariner Energy, Inc. (Delaware)
 (100.00%)
 Meridian Ventures I, L.P. (97.00%)
 Michigan Gas Partners, L. P. (15.00%)
 Napoleonville Storage Company Limited
 Partnership Texas) (1.00%)
 Pinto Holdings B.V. (The Netherlands)
 (100.00%)
 Rocksprings Energy I, L. P. (Texas)
 (99.00%)
 Segundo Navarro Drilling, Ltd. (Texas)
 (99.00%)
 South Dauphin Partners II, L.P. (85.00%)
 Sweetwater Gas Partners, L. P. (95.00%)
 Enron Capital II Corp. (Delaware) (100.00%)
 Enron Capital Management II Limited Partnership
 (Delaware) (1.00%)
 Joint Energy Development Investments II
 Limited Partnership (Delaware) (1.00%)
 Enron Capital III Corp. (Delaware) (100.00%)
 Enron Capital Management II Limited Partnership
 (Delaware) (99.00%)
 Joint Energy Development Investments II
 Limited Partnership (Delaware) (1.00%)
 Enron Capital IV Corp. (Delaware) (100.00%)
 Enron Capital Management III Limited Partnership
 (Delaware) (1.00%)

Joint Energy Development Investments II
 Limited Partnership (Delaware) (49.00%)
 Enron Capital V Corp. (Delaware) (100.00%)
 Enron Capital Management III Limited Partnership
 (Delaware) (99.00%)
 Joint Energy Development Investments II
 Limited Partnership (Delaware) (49.00%)
 Enron Capital & Trade Resources Canada Corp. (Alberta)
 (100.00%)
 Enron Capital & Trade Resources Europe B.V. (The
 Netherlands) (100.00%)
 Enron LPG Italy S.R.L. (Italy) (100.00%)
 Enron Netherlands B.V. (The Netherlands) (100.00%)
 Enron Capital & Trade Resources International Corp.
 (Delaware) (100.00%)
 Enron Capital & Trade Resources International
 Corp. - Singapore Branch (100.00%)
 Enron Europe Finance & Trading Limited (England)
 (100.00%)
 Enron Finland Energy Oy Finland (100.00%)
 Enron Nordic Energy - Swedish branch of ECTRIC
 (100.00%)
 Enron Nordic Energy - Norwegian branch of ECTRIC
 (100.00%)
 Enron Capital & Trade Resources Mexico Holdings B.V.
 (The Netherlands) (100.00%)
 Enron Mexico I B.V. (The Netherlands) (100.00%)
 Enron Mexico II B.V. (The Netherlands) (100.00%)
 Enron Mexico III B.V. (The Netherlands) (100.00%)
 Enron Mexico IV B.V. (The Netherlands) (100.00%)
 Enron CASH Company No. 1 (Delaware) (100.00%)
 Enron CASH Company No. 2 (Delaware) (100.00%)
 Enron CASH Company No. 3 (Delaware) (100.00%)
 Enron CASH Company No. 5 (Delaware) (100.00%)
 Enron Cushing Oil Marketing, Inc. (Delaware) (100.00%)
 Enron Finance Corp. (Delaware) (100.00%)
 Enron Hydrocarbons Marketing Corp. (Delaware)
 (100.00%)
 Enron Reserve Acquisition Corp. (Delaware)
 (100.00%)
 Enron GasBank, Inc. (Delaware) (100.00%)
 Enron Global de Guatemala, S.A. (Guatemala) (100.00%)
 Enron Mexico Corp. (Delaware) (100.00%)
 Enron Mexico Holdings 2 Ltd. (Cayman Islands) (100.00%)
 Enron Mexico Holdings 3 Ltd. (Cayman Islands) (100.00%)
 Enron Mexico Holdings 4 Ltd. (Cayman Islands) (100.00%)
 Enron Mexico Holdings 5 Ltd. (Cayman Islands) (100.00%)
 Enron Mexico Holdings 6 Ltd. (Cayman Islands) (100.00%)
 Enron Minority Development Corp. (Delaware) (100.00%)
 Cook Inlet Energy Supply, Limited Partnership
 (30.00%)
 Enron Natural Gas Marketing Corp. (Delaware) (100.00%)
 Enron Power Investments, Inc. (Texas) (100.00%)
 Enron Power Investments Limited (England)
 (100.00%)
 Enron Power Marketing, Inc. (Delaware) (100.00%)
 Enron Services Company of Louisiana, L.L.C. (100.00%)
 Enron TDF Ltd. (Cayman Islands) (100.00%)
 Enron Wholesale Generating Company, L.L.C. (Delaware)
 (100.00%)
 HGK Enterprises GP, Inc. (Delaware) (100.00%)
 Destec Properties Limited Partnership (Nevada)
 (1.00%)
 HGK Enterprises LP, Inc. (Delaware) (100.00%)
 Destec Properties Limited Partnership (Nevada)
 (99.00%)
 JILP-L.P., Inc. (Delaware) (100.00%)
 Kenobe, Inc. (Delaware) (100.00%)
 EnSerCo, L.L.C. (Delaware) (1.00%)
 EB/GB, L.L.C. (Delaware) (90%)
 Louisiana Power Marketing Company, L.L.C. (Delaware)
 (100.00%)
 OBI-1 Holdings, L.L.C. (Delaware) (100.00%)
 Risk Management & Trading Corp. (Delaware) (100.00%)
 SpectraNet International (California) (49.33%)
 SpectraNet Anaheim (California) (100.00%)
 SpectraNet Engineering (California) (100.00%)
 SpectraNet Orange (California) (100.00%)
 SpectraNet Orange Coast (California) (100.00%)
 SpectraNet S.G.V. (California) (100.00%)
 Oilfield Business Investments-1, L.L.C. (Delaware)
 (100.00%)
 EnSerCo, L.L.C. (Delaware) (49.00%)
 ENRON CAPITAL LLC (Turks & Caicos Isles) (99.00%)
 ENRON CAPITAL RESOURCES, L.P. (Delaware) (21.00%)
 ENRON CAPITAL & TRADE RESOURCES SOUTH AMERICA S.A.
 (Argentina) (50.00%)
 ENRON CAPITAL TRUST I (Delaware) (100.00%)
 Enron Preferred Funding, L.P. (Delaware) (97.00%)

ENRON CAPITAL TRUST II (Delaware) (100.00%)
 Enron Preferred Funding II, L.P. (Delaware) (97.00%)
 ENRON CARIBE I LTD. (Cayman Islands) (100.00%)
 ENRON CARIBE II LTD. (Cayman Islands) (100.00%)
 ENRON CARIBE III LTD. (Cayman Islands) (100.00%)
 ENRON CAYMAN LEASING LTD. (Cayman Islands) (100.00%)
 Enron Property Management Corp. (Delaware) (100.00%)
 Enron Leasing Partners, L.P. (1.00%)
 ENRON CAYMAN RESERVE 4 LTD. (Cayman Islands) (100.00%)
 ENRON CAYMAN RESERVE 6 LTD. (Cayman Islands) (100.00%)
 ENRON CAYMAN RESERVE 12 LTD. (Cayman Islands) (100.00%)
 ENRON CESKA REPUBLIKA LTD. (The Netherlands) (100.00%)
 ENRON CHINA HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron China Fuels Ltd. (Cayman Islands) (100.00%)
 Enron Lan Yan Limited (Cayman Islands) (99.00%)
 ENRON CHINA POWER HOLDINGS LTD. (Cayman Islands) (100.00%)
 ENRON CLEAN ELECTRICITY LTD. (Cayman Islands) (100.00%)
 ENRON COAL COMPANY (Delaware) (100.00%)
 ENRON COAL PIPELINE COMPANY (Delaware) (100.00%)
 ENRON CTS INTERNATIONAL, INC. (Delaware) (100.00%)
 ENRON DEVELOPMENT (AUSTRALIA) LTD. (Cayman Islands)
 (100.00%)
 ENRON DEVELOPMENT BELO HORIZONTE LTD. (Cayman Islands)
 (100.00%)
 Enron Brazil Development C.V. (The Netherlands) (1.00%)
 ENRON DEVELOPMENT BRAZIL LTD. (Cayman Islands) (100.00%)
 Enron Electric Power Brazil C.V. (The Netherlands)
 (1.00%)
 ENRON DEVELOPMENT (COSTA RICA) LTD. (Cayman Islands)
 (100.00%)
 ENRON DEVELOPMENT FUNDING LTD. (Cayman Islands) (100.00%)
 ENRON DEVELOPMENT MANAGEMENT LTD. (Cayman Islands) (100.00%)
 Enron Guam Piti Corporation (Guam) (100.00%)
 ENRON DEVELOPMENT PITI HOLDINGS CORP. (Delaware) (100.00%)
 Enron Development Piti L.L.C. (Delaware) (50.00%)
 ENRON DEVELOPMENT (PHILIPPINES) LTD. (Cayman Islands)
 (100.00%)
 ENRON DEVELOPMENT TURKEY LTD. (Cayman Islands) (100.00%)
 ENRON DEVELOPMENT (WEST AFRICA) LTD. (Cayman Islands)
 (100.00%)
 ENRON DEVELOPMENT VIETNAM L.L.C. (Delaware) (99.00%)
 ENRON DUTCH HOLDINGS B.V. (The Netherlands) (100.00%)
 Sarlux s.r.l. (Italy) (45.00%)
 ENRON ECUADOR HOLDINGS LTD. (Cayman Islands) (100.00%)
 ENRON EGYPT POWER LTD. (Cayman Islands) (100.00%)
 ENRON ELECTRIC (BOLIVIA) LTD (Cayman Islands) (100.00%)
 ENRON ENERGIA DE LA REGION DEL CAUCA HOLDINGS, LTD. (Cayman
 Islands) (100.00%)
 Enron Energia de la Region del Cauca Investments, Ltd.
 (Cayman Islands) (100.00%)
 Enron Energia del Valle 1 Ltd. (Cayman Islands)
 (50.25%)
 Enron Energia del Valle 2 Ltd. (Cayman Islands)
 (50.25%)
 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) (100.00%)
 Enron Energy Natal Development Ltd. (Cayman Islands)
 (100.00%)
 ENRON ENERGY OF PERU LTD. (Cayman Islands) (100.00%)
 ENRON ENERGY SERVICES L.L.C. (Delaware) (100.00%)
 ENRON ENERGY SERVICES OPERATIONS, INC. (Delaware) (100.00%)
 Enron Energy Services, Inc. (Delaware) (100.00%)
 ENRON ENNORE HOLDINGS LTD. (Cayman Islands) (100.00%)
 ENRON EPICYCLE THREE B.V. (The Netherlands) (100.00%)
 ENRON EPICYCLE FIVE B.V. (The Netherlands) (100.00%)
 ENRON EPICYCLE SEVEN B.V. (The Netherlands) (100.00%)
 Enron Water Israel Ltd. (Israel) (100.00%)
 ENRON EPICYCLE EIGHT B.V. (The Netherlands) (100.00%)
 ENRON EQUITY CORP. (Delaware) (86.00%)
 ECT Colombia Pipeline Holdings 1 Ltd. (Cayman
 Islands) (100.00%)
 ECT Colombia Pipeline Holdings 2 Ltd. (Cayman
 Islands) (100.00%)
 Promigas S.A., E.S.P. (38.67%)
 ECT Colombia Pipeline Holdings 3 Ltd. (Cayman
 Islands) (100.00%)
 Enron Colombia Holdings de ECT Cayman
 Reserve 3 Ltd. & CIA, S.en C.(Colombia)
 (1.00%)
 ECT Colombia Pipeline Holdings 4 Ltd. (Cayman
 Islands) (100.00%)
 Enron Colombia Holdings de ECT Cayman
 Reserve 3 Ltd. & CIA, S.en C. (Columbia)
 (99.00%)

Enron Global Power & Pipelines L.L.C. (Delaware)
 (1.90%)

- Enron Dominican Republic Ltd. (Cayman
 Islands) (100.00%)
 - Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles) (49.00%)
 - Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
- Enron Dominican Republic Operations Ltd.
 (Cayman Islands) (100.00%)
 - Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles) (1.00%)
 - Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
- Enron Power Philippines Corp. (Philippines)
 (100.00%)
 - Batangas Power Corp. (Philippines)
 (50.00%)
 - Subic Power Corp. (Philippines) (50.00%)
- Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 - Electricidad del Pacifico, S.A.
 (Guatemala) (100.00%)
 - Western Caribbean Finance L.P. (Texas)
 (98.00%)

Enron Holding Company L.L.C. (Delaware) (78.00%)

- Enron Global Power & Pipelines L.L.C.
 (Delaware) (52.00%)
 - EGPP Services Inc. (Delaware) (100.00%)
 - Enron Commercial Finance Ltd. (Cayman
 Islands) (100.00%)
 - Enron Cayman Reserve 5 Ltd. (Cayman
 Islands) (100.00%)
 - Enron Colombia Transportation
 Ltd. (Cayman Islands) (100.00%)
 - Enron Colombia Investments
 Limited Partnership
 (Cayman Islands) (1.00%)
 - Enron Colombia
 Operations Limited
 Partnership (Cayman
 Islands) (99.00%)
 - Enron Pipeline Colombia
 Limited Partnership
 (Cayman Islands) (1.00%)
 - Enron Colombia
 Operations Limited
 Partnership (Cayman
 Islands) (1.00%)
 - Enron Pipeline Company - Colombia
 Ltd. (Texas) (99.00%)
 - Enron Dominican Republic Ltd. (Cayman
 Islands) (100.00%)
 - Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 - Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
- Enron Dominican Republic Operations Ltd.
 (Cayman Islands) (100.00%)
 - Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (1.00%)
 - Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
- Enron Pipeline Company - Argentina S.A.
 (Argentina) (100.00%)
 - Compania de Inversiones de Energia
 S.A. (Argentina) (25.00%)
 - Transportadora de Gas del Sur
 S.A. (Argentina) (70.00%)
 - Enron CIESA Holding L.L.C. Ltd.
 (Cayman Islands) (51.00%)
 - EPCA CIESA Holding L.L.C. Ltd.
 (Cayman Islands) (100.00%)
 - EPCA CIESA Inversiones
 Limitada (Chile) (99.00%)
 - Compania de Inversiones
 de Energia S.A. (Argentina)
 (8.33%)

Enron Power Philippines Corp.
 (Philippines) (100.00%)

- Batangas Power Corp. (Philippines)
 (50.00%)
- Subic Power Corp. (Philippines)
 (50.00%)

Puerto Quetzal Power Corp. (Delaware)
 (50.00%)

- Electricidad del Pacifico, S.A.

(Guatemala) (100.00%)
 Western Caribbean Finance L.P.
 (Texas) (98.00%)
 Enron Light Hydrocarbons France (France) (100.00%)
 Norelf Limited (Bermuda) (50.00%)
 ENRON EUROPE L.L.C. (Delaware) (100.00%)
 ENRON EXPAT SERVICES INC. (Delaware) (100.00%)
 OPC, Ltd. (Cayman Islands) (100.00%)
 ENRON FUELS SERVICES HOLDING CORP. (Cayman Islands)
 (100.00%)
 Enron Fuels Services India Ltd. (Mauritius) (100.00%)
 Enron MHC LNG India Ltd. (Mauritius) (100.00%)
 Metropolis Gas Company Private Limited (India)
 (100.00%)
 ENRON FOUNDATION (Nebraska) (100.00%)
 ENRON GLOBAL FUELS LTD. (Cayman Islands) (100.00%)
 ENRON HAINAN LTD. (Cayman Islands) (100.00%)
 ENRON HOLDING EQUITY CORP. (Delaware) (100.00%)
 ENRON HOLDINGS, LTD. (Cayman Islands) (100.00%)
 Enron Ecuador Ltd. (Cayman Islands) (100.00%)
 Enron Ecuadorian Pipeline (Cayman Islands) (99.00%)
 ENRON HRVATSKA DEVELOPMENT B.V. (The Netherlands) (100.00%)
 Jertovec Management & Finance B.V. (The Netherlands)
 (100.00%)
 Elektrana Jertovec d.o.o. (Croatia) (100.00%)
 ENRON INTERNATIONAL ARGENTINA S.A. (Argentina) (99.99%)
 ENRON INTERNATIONAL ASSET MANAGEMENT CORP. (Delaware)
 (100.00%)
 Enron International Americas Corp. (Delaware) (100.00%)
 EI Puerto Rico Operations Inc. (Delaware)
 (100.00%)
 Enron Transredes Services L.L.C. (Delaware)
 (100.00%)
 Enron International Asia Corp. (Delaware) (100.00%)
 Enron Indonesia Operations L.L.C. (Delaware)
 (100.00%)
 EI Guam Operations, L.L.C. (Delaware) (100.00%)
 Enron International Europe Corp. (Delaware) (100.00%)
 Enron JVM Sarlux Corp. (Delaware) (100.00%)
 ENRON INTERNATIONAL CAPITAL INC. (Delaware) (100.00%)
 Enron International Equity Holding L.L.C. (Delaware)
 (50.00%)
 ENRON INTERNATIONAL EL SALVADOR HOLDINGS LTD. (Cayman
 Islands) (100.00%)
 Enron International de El Salvador Ltd. (Cayman
 Islands) (100.00%)
 ENRON INTERNATIONAL ENNORE LTD. (Cayman Islands) (100.00%)
 ENRON INTERNATIONAL EQUITY INC. (Delaware) (100.00%)
 Enron Global Equity Ltd. (Cayman Islands) (100.00%)
 Enron International Equity Holding L.L.C. (Delaware)
 (50.00%)
 ENRON INTERNATIONAL HOLDINGS CORP. (Delaware) (100.00%)
 Electricidad Enron de Guatemala, Sociedad Anonima
 (Guatemala) (100.00%)
 Enron Global, Inc. (Delaware) (100.00%)
 Enron Holding Company, L.L.C. (Delaware) (1.00%)
 Enron Global Power & Pipelines L.L.C.
 (Delaware) (52.00%)
 Enron Power Philippines Corp.
 (Philippines) (100.00%)
 Batangas Power Corp. (Philippines)
 (50.00%)
 Subic Power Corp. (Philippines)
 (50.00%)
 Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 Electricidad del Pacifico, S.A.
 (Guatemala) (100.00%)
 Western Caribbean Finance L.P.
 (Texas) (98.00%)
 Enron Global Power & Pipelines L.L.C. (Delaware)
 (1.50%)
 Enron Dominican Republic Ltd. (Cayman Islands)
 (100.00%)
 Smith/Enron Cogeneration Limited Partnership
 (Turks & Caicos Isles) (49.00%)
 Smith/Enron O&M Limited Partnership (Turks &
 Caicos Isles) (49.00%)
 Enron Dominican Republic Operations Ltd. (Cayman
 Islands) (100.00%)
 Smith/Enron Cogeneration Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Smith/Enron O&M Limited Partnership (Turks &
 Caicos Isles) (1.00%)
 Enron Power Philippines Corp. (Philippines)
 (100.00%)
 Batangas Power Corp. (Philippines) (50.00%)
 Subic Power Corp. (Philippines) (50.00%)
 Puerto Quetzal Power Corp. (Delaware) (50.00%)

Electricidad del Pacifico, S.A. (Guatemala)
 (100.00%)
 Western Caribbean Finance L.P. (Texas)
 (98.00%)
 Enron Holding Company, L.L.C. (Delaware) (21.00%)
 Enron Global Power & Pipelines L.L.C. (Delaware)
 (52.00%)
 Enron Power Philippines Corp. (Philippines)
 (100.00%)
 Batangas Power Corp. (Philippines)
 (50.00%)
 Subic Power Corp. (Philippines) (50.00%)
 Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 Electricidad del Pacifico, S.A.
 (Guatemala) (100.00%)
 Western Caribbean Finance L.P. (Texas)
 (98.00%)
 ENRON INTERNATIONAL HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron International Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron International Development Ltd. (Cayman Islands)
 (99.00%)
 ENRON INTERNATIONAL INC. (Delaware) (45.00%)
 Enron Global Capital Co. (Delaware) (100.00%)
 Enron International Development Services, Inc.
 (Delaware) (100.00%)
 Enron Java Power Corp. (Delaware) (100.00%)
 P.T. East Java Power Corp. (in formation)
 (Indonesia) (50.10%)
 Enron Mauritius Services Company Ltd. (Mauritius)
 (100.00%)
 Enron Pasuruan Power Corp. (Delaware) (100.00%)
 Enron Pipeline Company - Colombia G. P. Inc. (Texas)
 (100.00%)
 Enron Pipeline Company - Colombia Ltd. (Texas)
 (1.00%)
 India Power Ventures Inc. (Delaware) (100.00%)
 Verdenergia Enron de Puerto Rico, Inc. (Delaware)
 (100.00%)
 ENRON INTERNATIONAL PHILLIPINES HOLDINGS LTD. (Delaware)
 (100.00%)
 Enron International Philippines Investments LTD.
 (Delaware) (100.00%)
 ENRON INTERNATIONAL SERVICES INC. (Delaware) (100.00%)
 ENRON KALIMANTAN POWER CORP. (Delaware) (100.00%)
 ENRON LNG MIDDLE EAST LTD. (Cayman Islands) (100.00%)
 ENRON LATVIA HOLDINGS (Cayman Islands) (100.00%)
 Enron Latvia Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron Latvia Development Ltd. (Cayman Islands) (99.00%)
 Enron Latvia Limited (Latvia) (100.00%)
 Baltic Energy Corporation (Latvia) (50.00%)
 ENRON LAWHILL CAPITAL CORP. (Delaware) (100.00%)
 ENRON LIQUID FUELS, INC. (Delaware) (100.00%)
 Clyde River Inc. (Liberia) (99.00%)
 ENRON LIQUIDS HOLDING CORP. (Delaware) (100.00%)
 Enron Gas Liquids, Inc. (Delaware) (100.00%)
 Enron Capital & Trade Resources Singapore Pte.
 Ltd. (Singapore) (100.00%)
 Enron Gas Liquids Europe S.A.R.L. (France)
 (100.00%)
 Enron Gas Liquids Holding B.V. (The Netherlands)
 (100.00%)
 Enron Gas Liquids B. V. (The Netherlands)
 (100.00%)
 Enron Liquid Hydrocarbons Latin America Inc.
 (Delaware) (100.00%)
 Halton International Limited (Liberia) (100.00%)
 Enron Gas Liquids Far East, Ltd. (Liberia)
 (100.00%)
 Mundogas (Storage) Inc. (Liberia) (100.00%)
 Mundo Services Ltd. (Liberia) (100.00%)
 Mundogas Trading Ltd. (Liberia) (100.00%)
 Enron Equipment Company (Delaware) (100.00%)
 Enron Louisiana Transportation Company
 (Delaware) (100.00%)
 Enron Methanol Company (Delaware) (100.00%)
 Enron Products Pipeline, Inc. (Delaware) (100.00%)
 EOTT Energy Corp. (Delaware) (100.00%)
 EOTT Canada Ltd. (Alberta) (100.00%)
 EOTT Energy Canada Limited Partnership (Delaware)
 (1.00%)
 EOTT Energy Operating Limited Partnership
 (Delaware) (1.00%)
 EOTT Energy Canada Limited Partnership
 (Delaware) (99.00%)
 EOTT Energy Pipeline Limited Partnership
 (Delaware) (99.00%)

EOTT Energy Partners, L. P. (Delaware) (37.80%)
 EOTT Energy Operating Limited Partnership
 (Delaware) (99.00%)
 EOTT Energy Pipeline Limited Partnership
 (Delaware) (1.00%)
 ENRON MAGYAR DEVELOPMENT B.V. (The Netherlands) (100.00%)
 ENRON MANAGEMENT, INC. (Delaware) (100.00%)
 ENRON MEXICO HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Mexico Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron Mexico Development Ltd. (Cayman Islands) (99.00%)
 Enron Energia de Merida S.R.L. de C.V.
 (Mexico)(89.00%)
 ENRON MEXICO PIPELINE HOLDINGS LTD. (Cayman Islands)
 (100.00%)
 Enron Mexico Pipeline Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron Mexico Pipeline Ltd. (Cayman Islands) (99.00%)
 Gasoductos Enron de Yucatan, S.R.L. de C.V.
 (Mexico) (99.00%)
 ENRON MINERALS COMPANY (Delaware) (100.00%)
 ENRON NETHERLANDS HOLDING B.V. (The Netherlands) (100.00%)
 ENRON OIL & GAS COMPANY (Delaware)(80.00%)
 Enron Oil & Gas - Callaghan, Inc. (CNEN)
 (Delaware) (100.00%)
 Enron Oil & Gas - Carthage, Inc. (Delaware) (100.00%)
 Enron Oil & Gas International, Inc. (Delaware)
 (100.00%)
 Enron Oil & Gas Bangladesh Ltd. (Cayman Islands)
 (100.00%)
 EOGI - Algeria, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Algeria Ltd. (Cayman Islands)
 (100.00%)
 EOGI - Australia, Inc. (Delaware) (100.00%)
 Enron Exploration Australia Pty Ltd
 (Australia) (100.00%)
 EOGI - China, Inc. (Delaware) (100.00%)
 Enron Oil & Gas China Ltd. (Cayman Islands)
 (100.00%)
 Enron Oil & Gas China Investments Ltd.
 (Cayman Islands) (100.00%)
 EOGI - China (Sichuan), Inc. (Delaware) (100.00%)
 Enron Oil & Gas China (Sichuan) Ltd. (Cayman
 Islands) (100.00%)
 EOGI - France, Inc. (Delaware) (100.00%)
 Enron Exploration France S.A. (France)
 (100.00%)
 EOGI - India, Inc. (Delaware) (100.00%)
 Enron Oil & Gas India Ltd (Cayman Islands)
 (100.00%)
 EOGI - Kazakhstan, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Kazakhstan Ltd. (Cayman
 Islands) (100.00%)
 EOGI - Kuwait, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Kuwait Ltd. (Cayman Islands)
 (100.00%)
 EOGI - Mozambique, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Mozambique Ltd. (Cayman
 Islands) (100.00%)
 EOGI - Qatar, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Qatar Ltd. (Cayman
 Islands) (100.00%)
 EOGI - Trinidad, Inc. (Delaware) (100.00%)
 EOGI Trinidad Company (Cayman Islands)
 (100.00%)
 Enron Gas & Oil Trinidad Limited
 (Trinidad) (100.00%)
 Enron Oil & Gas Capital Management I,
 Ltd. (Cayman Islands) (99.00%)
 Harfin Capital and Finance Ltd. (Cayman
 Islands) (100.00%)
 OCC Investment Company Ltd. (Cayman
 Islands) (100.00%)
 Wilsyx International Finance B.V. (The
 Netherlands) (100.00%)
 EOGI - Trinidad U(a) Block, Inc. (Delaware)
 (100.00%)
 EOGI Trinidad - U(a) Block Company (Cayman
 Islands) (100.00%)
 Enron Gas & Oil Trinidad - U(a) Block Limited
 (Cayman Islands) (99.00%)
 EOGI - United Kingdom, Inc. (Delaware) (100.00%)
 EOGI United Kingdom Company B.V. (The
 Netherlands) (100.00%)
 Enron Oil U.K. Limited (England)
 (100.00%)
 EOGI - Uzbekistan, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Uzbekistan Ltd. (Cayman
 Islands) (100.00%)

EOGI - Venezuela (Guarico), Inc. (Delaware) (100.00%)
 EOGI - Venezuela, Inc. (Delaware) (100.00%)
 EOGI Venezuela Company (Cayman Islands) (100.00%)
 Enron Oil & Gas Venezuela Ltd. (Cayman Islands) (100.00%)
 Administradora del Golfo de Paria Este, S.A. (Venezuela) (58.50%)
 Gulf of Paria East Operating Company (Cayman Islands) (100.00%)
 Enron Oil & Gas Jordan Ltd. (Cayman Islands) (100.00%)
 Enron Oil & Gas Venezuela - Guarico Ltd. (Cayman Islands) (100.00%)
 Enron Oil & Gas Investments, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Acquisitions L.P. (Delaware) (99.00%)
 Enron Oil & Gas Marketing, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Property Management, Inc. (Delaware) (100.00%)
 Enron Oil & Gas Acquisitions L.P. (Delaware) (1.00%)
 EOG - Canada, Inc. (Delaware) (100.00%)
 EOG Company of Canada (Nova Scotia) (100.00%)
 EOG Canada Company Ltd. (Alberta) (100.00%)
 Enron Oil Canada Ltd. (Alberta) (100.00%)
 EOG Expat Services, Inc. (Delaware) (100.00%)
 EOG Venezuela III Ltd. (Cayman Islands) (100.00%)
 ERSO, Inc. (Texas) (100.00%)
 Nilo Operating Company (Delaware) (100.00%)
 ENRON OMAN INVESTMENTS LTD. (Cayman Islands) (100.00%)
 ENRON OPERATING SERVICES CORP. (Delaware) (100.00%)
 ENRON OPERATIONS CORP. (Delaware) (100.00%)
 Enron Gathering Company (Delaware) (100.00%)
 Enron Gulf Coast Gathering Limited Partnership (Delaware) (99.00%)
 Enron Liquid Services Corp. (Delaware) (100.00%)
 Enron Processing Properties, Inc. (Delaware) (100.00%)
 Port Arthur Olefins, L.L.C. (Delaware) (50.00%)
 Enron Permian Gathering Inc. (Delaware) (100.00%)
 NBP Services Corporation (Delaware) (100.00%)
 ENRON OVERTHRUST PIPELINE COMPANY (Delaware) (100.00%)
 ENRON PAPUA NEW GUINEA LTD (Cayman Islands) (100.00%)
 EP InterOil, Ltd. (Cayman Islands) (40.00%)
 InterOil Pty Limited (New Guinea) (100.00%)
 ENRON PIPELINE COMPANY (Delaware) (100.00%)
 Black Marlin Pipeline Company (Texas) (100.00%)
 Enron Capital & Trade Resources South America S.A. (Argentina) (0.012%)
 Enron Gulf Coast Gathering Limited Partnership (Delaware) (1.00%)
 Enron International Argentina S.A. (Argentina) (0.01)
 Enron Operations Services Corp. (Delaware) (100.00%)
 Enron Preferred Capital Corp. (Delaware) (100.00%)
 Northern Natural Gas Company (Delaware) (100.00%)
 Transwestern Gathering Company (Delaware) (100.00%)
 Transwestern Pipeline Company (Delaware) (100.00%)
 ENRON POWER CORP. (Delaware) (100.00%)
 Enron Development Corp. (Delaware) (100.00%)
 Enron Global Power & Pipelines L.L.C. (Delaware) (0.13%)
 Enron Dominican Republic Ltd. (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited Partnership (Turks & Caicos Isles) (49.00%)
 Smith/Enron O&M Limited Partnership (Turks & Caicos Isles) (49.00%)
 Enron Dominican Republic Operations Ltd. (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited Partnership (Turks & Caicos Isles) (1.00%)
 Smith/Enron O&M Limited Partnership (Turks & Caicos Isles) (1.00%)
 Enron Power Philippines Corp. (Philippines) (100.00%)
 Batangas Power Corp. (Philippines) (50.00%)
 Subic Power Corp. (Philippines) (50.00%)
 Puerto Quetzal Power Corp. (Delaware) (50.00%)
 Electricidad del Pacifico, S.A. (Guatemala) (100.00%)
 Western Caribbean Finance L.P. (Texas) (98.00%)
 Enron-Citizens of Panama, S.A. (Panama) (100.00%)

Enron Global Power & Pipelines L.L.C. (Delaware)
 (0.13%)

- Enron Power Philippines Corp. (Philippines)
 (100.00%)
 - Batangas Power Corp. (Philippines)
(50.00%)
 - Subic Power Corp. (Philippines) (50.00%)
- Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 - Electricidad del Pacifico, S.A.
(Guatemala) (100.00%)
 - Western Caribbean Finance L.P. (Texas)
(98.00%)

Enron International Holdings Corp. (Delaware)
 (10.00%)

- Enron Global , Inc. (Delaware) (100.00%)
 - Enron Holding Company, L.L.C. (Delaware)
 (1.00%)
 - Enron Global Power & Pipelines
 L.L.C. (Delaware) (52.00%)
 - Enron Dominican Republic Ltd.
 (Cayman Islands) (100.00%)
 - Smith/Enron Cogeneration
 Limited Partnership
 (Turks & Caicos Isles)
 (49.00%)
 - Smith/Enron O&M Limited
 Partnership (Turks &
 Caicos Isles) (49.00%)
 - Enron Dominican Republic
 Operations Ltd. (Cayman Islands)
 (100.00%)
 - Smith/Enron Cogeneration
 Limited Partnership
 (Turks & Caicos Isles)
 (1.00%)
 - Smith/Enron O&M Limited
 Partnership (Turks &
 Caicos Isles) (1.00%)
 - Enron Power Philippines Corp.
 (Philippines) (100.00%)
 - Batangas Power Corp.
(Philippines) (50.00%)
 - Subic Power Corp.
(Philippines) (50.00%)
 - Puerto Quetzal Power Corp.
 (Delaware) (50.00%)
 - Electricidad del
Pacifico, S.A. (Guatemala)
(100.00%)
 - Western Caribbean Finance
L.P. (Texas) (98.00%)
 - Enron Global Power & Pipelines L.L.C.
 (Delaware) (1.50%)
 - Enron Dominican Republic Ltd. (Cayman
 Islands) (100.00%)
 - Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 - Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
 - Enron Dominican Republic Operations Ltd.
 (Cayman Islands) (100.00%)
 - Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (1.00%)
 - Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 - Enron Power Philippines Corp. (Philippines)
 (100.00%)
 - Batangas Power Corp. (Philippines)
 (50.00%)
 - Subic Power Corp. (Philippines)
(50.00%)
 - Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 - Electricidad del Pacifico, S.A.
(Guatemala) (100.00%)
 - Western Caribbean Finance L.P.
(Texas) (98.00%)
 - Enron Holding Company, L.L.C. (Delaware)
 (1.00%)
 - Enron Global Power & Pipelines
 L.L.C. (Delaware) (52.00%)
 - Enron Dominican Republic Ltd.
 (Cayman Islands) (100.00%)
 - Smith/Enron Cogeneration
 Limited Partnership
 (Turks & Caicos Isles)

(49.00%)
 Smith/Enron O&M Limited
 Partnership (Turks &
 Caicos Isles) (49.00%)
 Enron Dominican Republic
 Operations Ltd. (Cayman Islands)
 (100.00%)
 Smith/Enron Cogeneration
 Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Smith/Enron O&M Limited
 Partnership (Turks &
 Caicos Isles) (1.00%)
 Enron Power Philippines Corp.
 (Philippines) (100.00%)
 Batangas Power Corp.
 (Philippines) (50.00%)
 Subic Power Corp.
 (Philippines) (50.00%)
 Puerto Quetzal Power Corp.
 (Delaware) (50.00%)
 Electricidad del
 Pacifico, S.A.
 (Guatemala) (100.00%)
 Western Caribbean Finance
 L.P. (Texas) (98.00%)
 Enron International Holdings Corp. (Delaware) (30.00%)
 Enron Global , Inc. (Delaware) (100.00%)
 Enron Holding Company, L.L.C. (Delaware)
 (1.00%)
 Enron Global Power & Pipelines L.L.C.
 (Delaware) (52.00%)
 Enron Dominican Republic Ltd.
 (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
 Enron Dominican Republic Operations Ltd.
 (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (1.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Enron Power Philippines Corp.
 (Philippines) (100.00%)
 Batangas Power Corp.
 (Philippines) (50.00%)
 Subic Power Corp.
 (Philippines) (50.00%)
 Puerto Quetzal Power Corp.
 (Delaware) (50.00%)
 Electricidad del Pacifico,
 S.A. (Guatemala) (100.00%)
 Western Caribbean Finance L.P.
 (Texas) (98.00%)
 Enron Global Power & Pipelines L.L.C. (Delaware)
 (1.50%)
 Enron Dominican Republic Ltd. (Cayman
 Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
 Enron Dominican Republic Operations Ltd.
 (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles) (1.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Enron Power Philippines Corp. (Philippines)
 (100.00%)
 Batangas Power Corp. (Philippines)
 (50.00%)
 Subic Power Corp. (Philippines) (50.00%)
 Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 Electricidad del Pacifico, S.A.
 (Guatemala) (100.00%)
 Western Caribbean Finance L.P.
 (Texas) (98.00%)
 Enron Holding Company, L.L.C. (Delaware) (1.00%)
 Enron Global Power & Pipelines L.L.C.
 (Delaware) (52.00%)
 Enron Dominican Republic Ltd.
 (Cayman Islands) (100.00%)

Smith/Enron Cogeneration
 Limited Partnership (Turks
 & Caicos Isles) (49.00%)
 Smith/Enron O&M Limited
 Partnership (Turks & Caicos
 Isles) (49.00%)
 Enron Dominican Republic Operations
 Ltd. (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration
 Limited Partnership (Turks
 & Caicos Isles) (1.00%)
 Smith/Enron O&M Limited
 Partnership (Turks &
 Caicos Isles) (1.00%)
 Enron Power Philippines Corp.
 (Philippines) (100.00%)
 Batangas Power Corp.
 (Philippines) (50.00%)
 Subic Power Corp.
 (Philippines) (50.00%)
 Puerto Quetzal Power Corp.
 (Delaware) (50.00%)
 Electricidad del Pacifico,
 S.A. (Guatemala) (100.00%)
 Western Caribbean Finance L.P.
 (Texas) (98.00%)
 Enron Reserve Holdings (Turks & Caicos Isles)
 (100.00%)
 Enron LNG Development Corp. (Delaware) (100.00%)
 Enron India Natural Gas, Inc. (Delaware)
 (100.00%)
 Enron Transportation Services Ltd. (Cayman
 Islands) (100.00%)
 Enron Development Corp. - Colombia Branch
 Centragas - Transportadora de Gas de la Region
 (Columbia) (1.00%)
 Central de Enron Development & Cia, S.C.A
 (Columbia) (1.00%)
 Enron Development Corp. - UK Branch
 EEL Company Limited (England) (100.00%)
 Enron Europe Limited (England) (100.00%)
 Bretton Holdings (One) Limited (England)
 (100.00%)
 Bretton Holdings (Two) Limited (England)
 (100.00%)
 Enron Capital & Trade Resources Limited
 (England) (100.00%)
 Enron Engineering Services (England)
 (99.00%)
 Enron Europe Operations Limited
 (England) (100.00%)
 Enron Gas & Petrochemicals Trading
 Limited (England) (100.00%)
 Enron Petrochemicals B.V. (The
 Netherlands) (100.00%)
 Enron Europe Construction Limited (England)
 (100.00%)
 Enron Europe Liquids Processing (England)
 (99.00%)
 Enron Pakistan Operating Company
 (Private) Limited (Pakistan) (99.00%)
 Enron Europe Power Holdings Limited (England)
 (100.00%)
 Enron Europe Power Unlimited (England)
 (65.00%)
 Teesside Power Holdings Limited
 (England) (85.00%)
 Teesside Power Limited (England)
 (50.00%)
 Enron Gas Construction Limited (England)
 (99.00%)
 Enron Gas Processing (U.K.) Limited (England)
 (100.00%)
 Enron Guc Santrallari Isletme Limited Sirketi
 (Turkey) (99.00%)
 Enron Power (Europe) Limited (England)
 (100.00%)
 Bretton Power (England) (50.00%)
 Enrici Power Marketing Limited (England)
 (100.00%)
 Enron Power Construction Limited (England)
 (100.00%)
 Enron Gas Processing (Europe) Limited
 (England) (100.00%)
 Enron Power Operations Limited (England)
 (100.00%)
 Enron Power Operations Teesside
 (England) (75.00%)
 Enron Power Trading Limited (England)

(100.00%)
 Enron SB 2 Limited (England) (100.00%)
 Enron SB Limited (England) (100.00%)
 IPG Power Limited (England) (99.00%)
 Sutton Bridge Power (England) (100.00%)
 Sutton Bridge Financing Limited
 (Cayman Islands) (100.00%)
 Enron SB Operations & Maintenance Limited
 (England) (99.00%)
 Enron Unlimco (England) (50.00%)
 EP Holdings Limited (England) (100.00%)
 Falco UPG, Limited (England) (100.00%)
 UPG Falco Limited (England) (100.00%)
 Flotilla Power Limited (England) (100.00%)
 Flotilla Power (UK) Limited (England)
 (100.00%)
 Kent Power Limited (England) (50.00%)
 Teesside Gas Processing Limited (England)
 (100.00%)
 Teesside Gas Transportation Limited (England)
 (50.00%)
 Trenron Limited (England) (100.00%)
 Bretton Power (England) (50.00%)
 Enron Engineering Services (England)
 (1.00%)
 Enron Power Operations Teesside
 (England) (0.50%)
 Enron SB Operations & Maintenance
 Limited (England) (1.00%)
 Enron Unlimco (England) (50.00%)
 Wallerscote Operations & Maintenance Ltd.
 (England) (99.00%)
 Wallerscote Power Operations Limited
 (England) (100.00%)
 Enron Power Operations Limited (England)
 (100.00%)
 Enron Power Operations Teesside
 England) (75.00%)
 Teesside Gas Processing Limited
 (England) (100.00%)
 Teesside Gas Transportation Limited
 (England) (50.00%)
 Enron International Holdings Corp. (Delaware) (30.00%)
 Enron Global, Inc. (Delaware) (100.00%)
 Enron Holding Company, L.L.C. (Delaware)
 (1.00%)
 Enron Global Power & Pipelines L.L.C.
 (Delaware) (52.00%)
 Enron Dominican Republic Ltd.
 (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 Enron Dominican Republic Operations
 Ltd. (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (1.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Enron Power Philippines Corp.
 (Philippines) (100.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
 Enron Global Power & Pipelines L.L.C. (Delaware)
 (1.50%)
 Enron Dominican Republic Ltd. (Cayman
 Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (49.00%)
 Enron Dominican Republic Operations Ltd.
 (Cayman Islands) (100.00%)
 Smith/Enron Cogeneration Limited
 Partnership (Turks & Caicos Isles)
 (1.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (1.00%)
 Enron Power Philippines Corp. (Philippines)
 (100.00%)
 Smith/Enron O&M Limited Partnership
 (Turks & Caicos Isles) (49.00%)
 Subic Power Corp. (Philippines) (50.00%)
 Puerto Quetzal Power Corp. (Delaware)
 (50.00%)
 Electricidad del Pacifico, S.A.
 (Guatemala) (100.00%)
 Western Caribbean Finance L.P. (Texas)
 (98.00%)

Enron Power Corp. - U.S. (Delaware) (100.00%)
 Enron Equipment Installation Company (Delaware)
 (100.00%)
 Enron Equipment Procurement Company
 (Delaware) (100.00%)
 Enron/CNF Equipment, L.P. (Delaware) (1.00%)
 Enron Export Sales Ltd. (Barbados) (100.00%)
 Enron Fuels International, Inc. (Delaware)
 (100.00%)
 Enron Onshore Procurement Company (Delaware)
 (100.00%)
 Enron Power I (Puerto Rico), Inc. (Delaware)
 (100.00%)
 Enron/CNF Power Construction, L.P. (Delaware)
 (1.00%)
 Enron/CNF Power Construction Partnership
 (50.00%)
 Enron Power Construction Company (Delaware)
 (100.00%)
 Enron Power Oil Supply Corp. (Delaware) (100.00%)
 Enron Power Philippine Operating Corp. (Delaware)
 (100.00%)
 Superior Construction Company (Delaware) (100.00%)
 Enron Power Holdings B.V. (The Netherlands) (100.00%)
 Enron Power Holdings GmbH (Germany) (100.00%)
 Enron Energie GmbH (Germany) (100.00%)
 Kraftwerk Bitterfeld GmbH (Germany) (50.00%)
 Enron Power Operating Company (Delaware) (100.00%)
 Enron Subic Power Corp. (Philippines) (99.00%)
 OWER ISRAEL LTD. (Cayman Islands) (100.00%)
 ENRON POWER JORDAN LTD. (Cayman Islands) (100.00%)
 ENRON PREFERRED FUNDING, L. P. (Delaware) (3.00%)
 ENRON PREFERRED FUNDING II, L. P. (Delaware) (3.00%)
 ENRON PROPERTY COMPANY (Delaware) (100.00%)
 Access Real Estate Advisors, Inc. (Delaware) (100.00%)
 ENRON PROPERTY & SERVICES CORP. (Delaware) (100.00%)
 ENRON QATAR HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Qatar Investments Ltd. (Cayman Islands) (100.00%)
 Enron Qatar Ltd. (Cayman Islands) (99.00%)
 Enron Qatar LNG Marketing Ltd. (Cayman Islands)
 (99.00%)
 ENRON RENEWABLE ENERGY CORP. (Delaware) (78.33%)
 Enron Wind Corp. (California) (100.00%)
 Aeolos S.A. (Greece) (2.00%)
 Enron Wind Holdings B.V. (The Netherlands) (100.00%)
 Enron Wind Holding GmbH (Germany) (100.00%)
 Tacke Windenergie GmbH (Germany) (100.00%)
 Tacke Service GmbH (Germany) (100.00%)
 Enron Wind International Holding Corp.
 (California) (100.00%)
 Zond Chile S.A. (Chile) (99.00%)
 Zond de Espana Parques Eolicos, S.L. (Spain)
 (100.00%)
 Zond International Holding Corporation (Cayman
 Islands) (100.00%)
 Mynydd Eleri Limited (Cayman Islands)
 (99.00%)
 Zond Cayman Corporation (Cayman Islands)
 (100.00%)
 Mynydd Eleri Limited (Cayman Islands)
 (1.00%)
 Zond Honduras L.L.C. (Cayman Islands)
 (1.00%)
 Zond Power Partners of Chandras L.L.C.
 (Cayman Islands) (1.00%)
 Zond Power Partners of Honduras L.L.C.
 (Cayman Islands) (1.00%)
 Zond Power Partners of Megali Vrissi
 L.L.C. (Cayman Islands) (1.00%)
 Zond Power Partners of Mynydd Gorddu
 L.L.C. (Cayman Islands) (1.00%)
 Mynydd Gorddu Investment Company
 (Cayman Islands) (100.00%)
 Zond Power Partners of Owenreagh L.L.C.
 (Cayman Islands) (1.00%)
 Zond Honduras L.L.C. (Cayman Islands)
 (99.00%)
 Zond Power Partners of Chandras L.L.C.
 (Cayman Islands) (99.00%)
 Zond Power Partners of Honduras L.L.C.
 (Cayman Islands) (99.00%)
 Zond Power Partners of Megali Vrissi L.L.C.
 (Cayman Islands) (99.00%)
 Zond Power Partners of Mynydd Gorddu L.L.C.
 (Cayman Islands) (99.00%)
 Zond Power Partners of Owenreagh L.L.C.
 (Cayman Islands) (99.00%)
 Owenreagh Power Partners (Cayman
 Islands) (5.50%)

Enron Wind Systems, Inc. (California) (100.00%)
 Triveni Zond Private Limited (India) (100.00%)
 Zond International Limited (England) (100.00%)
 Mynydd Gorddu Maintenance Limited (England)
 (100.00%)
 Parco Eolico Faeto S.R.L.(Italy) (50.00%)
 Zond International Contractors Limited
 (England) (100.00%)
 Iweco S.A. (Greece) (98.00%)
 Aeolos S.A. (Greece) (98.00%)
 Iweco Megali Vrissi S.A. (Greece) (98.00%)
 Iweco Megali Vrissi S.A. (Greece) (2.00%)
 X2Y2 Corporation (California) (81.10%)
 Zond Construction Corporation (California) (100.00%)
 Zond Construction Corporation II (California) (100.00%)
 Zond Construction Corporation III (California)
 (100.00%)
 Zond Construction Corporation IV (California) (100.00%)
 Zond Constructors, Inc. (California) (100.00%)
 Zond Constructors II, Inc. (California) (100.00%)
 Zond Minnesota Construction Company L.L.C.
 (California) (99.00%)
 Zond Minnesota Construction Company L.L.C.
 (California) (1.00%)
 Zond Development Corporation (California) (78.33%)
 Iowa Power Partners I L.L.C. (Delaware) (100.00%)
 Iowa Power Partners II L.L.C. (Delaware) (100.00%)
 Zond Cabazon Development Corporation (California)
 (100.00%)
 Cabazon Wind Developers (California) (50.00%)
 Zond Iowa Development Corporation (California)
 (100.00%)
 Midwest Wind Developers (California) (50.00%)
 Zond Maine Development Corporation (California)
 (100.00%)
 Zond Minnesota Development Corporation
 (California) (78.33%)
 Zond Lake Benton L.L.C. (Delaware) (100.00%)
 Lake Benton Power Partners L.L.C.
 (Delaware) (100.00%)
 Zond Energy Systems, Inc. (California) (100.00%)
 Zond-PanAero Windsystems Partners I (California) (0.5%)
 Zond-PanAero Windsystems Partners II (California)
 (0.5%)
 Zond Systems, Inc. (California) (100.00%)
 Mesa Wind Developers (California) (50.00%)
 Painted Hills Wind Developers (California)
 (50.00%)
 Zond Mesa-VGIV Corporation (California) (100.00%)
 Zond Construction Corporation (California)
 (100.00%)
 Mesa Construction Company (California)
 (50.00%)
 Zond Construction Corporation II (California)
 (100.00%)
 Mesa Construction Company II (California)
 (50.00%)
 Zond Minnesota Development Corporation
 (California) (100.00%)
 Zond Pacific, Inc.Hawaii (100.00%)
 Zond Palm Springs Development Corporation
 (California) (100.00%)
 Palm Springs Wind Developers (California)
 (50.00%)
 ZWHC, L.L.C. (California) (50.00%)
 Sagebrush Partner Twenty, Inc. (California)
 (100.00%)
 Zond Windsystems Management Corporation
 (California) (100.00%)
 Zond Windsystems Management Corporation II
 (California) (100.00%)
 Zond Windsystems Management Corporation III
 (California) (100.00%)
 Zond Windsystems Management Corporation IV
 (California) (100.00%)
 Zond Windsystems Management Corporation V
 (California) (100.00%)
 Zond Windsystems Operating Corporation
 (California) (100.00%)
 Zond International Development Corp. (California)
 (100.00%)
 Zond International Limited (England) (99.99%)
 Mynydd Gorddu Maintenance Limited (England)
 (100.00%)
 Zond Ireland Limited (Ireland) (100.00%)
 Zond International Sales Corporation (Barbados)
 (100.00%)
 Zond Maintenance Corporation (California) (100.00%)
 Zond Victory Garden Phase IV Maintenance

Corporation (California) (100.00%)
 Zond Windsystems Partners, Ltd. Series 85-A
 (California) (1.00%)
 Sagebrush Partner Seventeen, Inc. (California)
 (100.00%)
 Zond Windsystems Partners, Ltd. Series 85-B
 (California) (1.00%)
 Sagebrush Partner Eighteen, Inc. (California)
 (100.00%)
 Zond Windsystems Partners, Ltd. Series 85-C
 (California) (1.00%)
 Sagebrush Partner Nineteen, Inc. (California)
 (100.00%)
 ENRON RUSSIA DEVELOPMENT, INC. (Delaware) (100.00%)
 ENRON SAUDI ENERGY LTD. (Cayman Islands) (100.00%)
 ENRON SERVICIOS DE ELECTRICIDAD HOLDINGS LTD. (Cayman
 Islands) (100.00%)
 Enron Servicios de Electricidad Colombia Ltd. (Cayman
 Islands) (99.00%)
 Enron Servicios de Electricidad Investments Ltd. (Cayman
 Islands) (100.00%)
 ENRON SERVICIOS DE ENERGIA, S.A. (Bolivia) (100.00%)
 ENRON SICHUAN HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Sichuan Investments Ltd. (Cayman Islands) (100.00%)
 Enron Sichuan Ltd. (Cayman Islands) (99.00%)
 ENRON SOLAR ENERGY, INC. (Delaware) (100.00%)
 Amoco/Enron Solar Partnership (General Partnership)
 (50.00%)
 Amoco/Enron Solar Power Development International,
 Inc. (Cayman Islands) (100.00%)
 Amoco/Enron Solar Power Development Global, Inc.
 (Cayman Islands) (100.00%)
 Amoco Enron Solar Mauritius, Inc. (Mauritius)
 (99.00%)
 Indo-Star Energy (India) (100.00%)
 ENRON SOUTHERN AFRICA HOLDINGS (Cayman Islands) (100.00%)
 Enron Southern Africa Investments (Cayman Islands)
 (100.00%)
 Enron Southern Africa Development Ltd. (Cayman Islands)
 (99.00%)
 ENRON S. A. HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron South Africa Ltd. (Cayman Islands) (99.00%)
 Enron S. A. Investments Ltd. (Cayman Islands) (100.00%)
 ENRON STORAGE COMPANY (Delaware) (100.00%)
 Napoleonville Storage Company Limited Partnership
 (Texas) (1.00%)
 ENRON TAIWAN COGEN HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Taiwan Cogen Investments Ltd. (Cayman Islands)
 (100.00%)
 ENRON THAI HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Thai Investments Ltd. (Cayman Islands) (100.00%)
 Enron Thailand Ltd. (Cayman Islands) (99.00%)
 ENRON TRAILBLAZER PIPELINE COMPANY (Delaware) (100.00%)
 Trailblazer Pipeline Company (33.30%)
 ENRON TRANSITION COMPANY, INC. (Delaware) (100.00%)
 ENRON TRANSPORTADORA DE BOLIVIA LTD. (Cayman Islands)
 (100.00%)
 Enron Transportadora (Bolivia) S.A. (Bolivia) (100.00%)
 ENRON TRANSPORTADORA URUGUAY LTD. (Cayman Islands) (100.00%)
 Enron Pipeline Uruguay Ltd. (Cayman Islands) (51.00%)
 Perez Enron Transportadora Ltd. (Cayman Islands)
 (51.00%)
 ENRON TUNISIA HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Tunisia Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron Tunisia Power Ltd. (Cayman Islands) (99.00%)
 ENRON VENEZUELA HOLDINGS LTD. (Cayman Islands) (100.00%)
 ENRON VENTURE CAPITAL COMPANY (Delaware) (100.00%)
 EnerTek Partners, L.P. (16.50%)
 ENRON VENTURES CORP. (Delaware) (100.00%)
 Enron Nuclear Services Corp. (Delaware) (100.00%)
 ENRON VIETNAM HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Vietnam Investments Ltd. (Cayman Islands)
 (100.00%)
 Enron Vietnam Gas Ltd. (Cayman Islands) (99.00%)
 ENRON VIETNAM POWER LTD. (Cayman Islands) (100.00%)
 Enron Ba Ria Power Company Ltd. (Cayman Islands)
 (100.00%)
 Vung Tau Power Ltd. (Cayman Islands) (100.00%)
 ENRON WASHINGTON, INC. (Delaware) (100.00%)
 ENRON WEST AFRICA POWER LTD. (Cayman Islands) (100.00%)
 ENRON-MEX SERVICES LTD. (Cayman Islands) (100.00%)
 ENRON SPORTS CORP. (Delaware) (100.00%)
 Stadium Partners, L. P. (Texas) (50.00%)
 EOTT ENERGY PARTNERS, L.P. (Delaware) (9.62%)
 FIRSTPOINT, INC. (Oregon) (100.00%)
 Firstpoint California, Inc. (Oregon) (100.00%)
 Firstpoint Connections, Inc. (Oregon) (100.00%)
 Firstpoint Convergent Systems, Inc. (Oregon) (100.00%)

Firstpoint Customer Care, Inc. (Oregon) (100.00%)
 Firstpoint Energy Services, Inc. (Oregon) (100.00%)
 Firstpoint Power Marketing, Inc. (Oregon) (100.00%)
 Firstpoint Utility Solutions, Inc. (Oregon) (100.00%)
 Firstpoint Information Services, Inc. (Oregon)
 (100.00%)
 SI3 L.L.C. (Delaware) (50.00%)
 FIRSTPOINT TELECOMMUNICATIONS, INC. (Oregon) (100.00%)
 Firstpoint Communications, Inc. (Oregon) (100.00%)
 FirstPoint Brazil Communications Ltd. (Cayman
 Islands) (100.00%)
 FTV Communications L.L.C. (Delaware) (33.33%)
 FUJIAN HOLDINGS LTD. (Cayman Islands) (100.00%)
 Fujian Investments Ltd. (Cayman Islands) (100.00%)
 Enron Clean Electricity II Ltd. (Cayman Islands)
 (99.00%)
 GULF COMPANY LTD. (Vermont) (100.00%)
 HAINAN FUNDING LTD. (Cayman Islands) (100.00%)
 HOUSTON PIPE LINE COMPANY (Delaware) (100.00%)
 A-S Line (Delaware) (50.00%)
 Austin Line (Delaware) (50.00%)
 Big Cowboy Line (Delaware) (50.00%)
 Citrus Corp. (Delaware) (50.00%)
 Citrus Energy Services, Inc. (Delaware) (100.00%)
 Citrus Trading Corp. (Delaware) (100.00%)
 Citrus Marketing, Inc. (Delaware) (100.00%)
 Florida Gas Transmission Company (Delaware)
 (100.00%)
 Border Gas, Inc. (Delaware) (3.33%)
 Coal Properties Corporation (Illinois) (100.00%)
 Enron Engineering & Construction Company (Texas)
 (100.00%)
 Enron Engineering Acquisition Corp. (Delaware)
 (100.00%)
 Enron Advisory Services, Inc. (Delaware) (100.00%)
 National Energy Production Corporation (Delaware)
 (100.00%)
 Thai Nepco, Ltd. (Thailand) (99.94%)
 Enron Industrial Natural Gas Company (Delaware)
 (100.00%)
 Enron Interstate Pipeline Company (Delaware) (100.00%)
 Enron Texoma Gas Company (Texas) (100.00%)
 Houston Pipe Line Marketing Company (Texas) (100.00%)
 HPL Resources Company (Delaware) (100.00%)
 Overthrust Pipeline Company (18.00%)
 Intratex Gas Company (Delaware) (100.00%)
 MidTexas Pipeline Company (Joint Venture) (50.00%)
 Panhandle Gas Company (Delaware) (100.00%)
 Riverside Farms Company (Illinois) (100.00%)
 San Marco Pipeline Company (Colorado) (50.00%)
 Seagull Shoreline System (30.00%)
 South Texas Line (80.00%)
 Transgulf Pipeline Company (Florida) (100.00%)
 Three Rivers Gas Gathering Company, L.L.C. (Delaware)
 (50.00%)
 INTERNATIONAL ENERGY DEVELOPMENTS OF PERU CORP. (Delaware)
 (100.00%)
 INTERNATIONAL ENERGY INVESTMENTS OF PERU CORP. (Delaware)
 (100.00%)
 INTERNATIONAL ENERGY HOLDINGS OF PERU CORP. (Delaware)
 (100.00%)
 MULTIVA HOLDINGS, LTD. (Cayman Islands) (100.00%)
 Ilijan Power Corporation (Philippines) (100.00%)
 NORTHERN PLAINS NATURAL GAS COMPANY (Delaware) (100.00%)
 Northern Border Intermediate Limited Partnership
 (Delaware) (0.50%)
 Black Mesa Holdings, Inc (Delaware) (60.50%)
 Black Mesa Pipeline Operations, L.L.C (Delaware)
 (60.50%)
 Northern Border Pipeline Company (Texas) (70.00%)
 Williams Technologies, Inc. (Oklahoma) (100.00%)
 China Pipeline Holdings Ltd. (Cayman Islands)
 (00.82%)
 Northern Border Partners, L.P. (Delaware) (12.630%)
 Northern Border Intermediate L.P. (Delaware)
 (98.9899%)
 Northern Border Pipeline Corporation (Delaware)
 (100.00%)
 NOWA SARZYNA HOLDING B.V. (The Netherlands) (100.00%)
 Enron Poland Investment B.V. (The Netherlands)
 (100.00%)
 Electrocieplownia Nowa Sarzyna Sp. z o.o
 (73.00%)
 OMNICOMP, INC. (Pennsylvania) (100.00%)
 OPTEC, INC. (Oregon) (100.00%)
 ORGANIZATIONAL PARTNER, INC. (Delaware) (100.00%)
 PANTANAL ENERGETICA HOLDINGS LTD. (Cayman Islands) (100.00%)
 Pantanal Energetica Investments Ltd. (Cayman Islands)
 (100.00%)

PANTANAL ENERGETICA DO SUL HOLDINGS LTD. (Cayman Islands) (100.00%)
 Pantanal Energetica do Sul Investments Ltd. (Cayman Islands) (100.00%)

PORTLAND GENERAL ELECTRIC COMPANY (Oregon) (100.00%)
 Portland General Transport Corporation (Oregon) (100.00%)
 121 S.W. Salmon St. Corporation (Oregon) (100.00%)
 World Trade Center Northwest Corporation (Oregon) (100.00%)

PORTLAND GENERAL HOLDINGS, INC. (Oregon) (100.00%)
 PLC-Kalamazoo, Inc. (Oregon) (100.00%)
 Columbia Willamette Development Company (Oregon) (100.00%)
 Columbia Willamette Leasing, Inc. (Oregon) (100.00%)
 Rail Leasing, Inc. (Oregon) (100.00%)
 Tule Hub Services Company (Oregon) (100.00%)
 Portland General Property Holdings, Inc. (Oregon) (100.00%)

PORTLAND TRANSITION COMPANY, INC. (Oregon) (100.00%)

PRAIRIE HAWK, INC. (Delaware) (100.00%)

SAN JUAN GAS COMPANY, INC. (Puerto Rico) (100.00%)

SHELBY LTD. (Cayman Islands) (100.00%)

SMITH STREET LAND COMPANY (Delaware) (100.00%)
 Block 321 Partnership (Texas) (99.00%)

SOUTHERN BRAZIL ELECTRIC HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Sao Paulo Investments Ltd. (Cayman Islands) (100.00%)
 Enron Electric Sao Paulo C.V. (The Netherlands) (1.00%)

SOUTHWEST BRAZIL ELECTRIC HOLDINGS LTD. (Cayman Islands) (100.00%)
 Enron Electric Mato Gross do Sul C.V. (The Netherlands) (99.00%)
 Enron Mato Grosso do Sul Investments Ltd. (Cayman Islands) (100.00%)
 Enron Electric Mato Gross do Sul C.V. (The Netherlands) (1.00%)

SPORTS FINANCING CORP. (Delaware) (100.00%)
 Stadium Facilities, L. P. (Texas) (50.00%)

THE BENTLEY COMPANY (California) (100.00%)
 Bentley Energy Services, Inc. (California) (100.00%)
 Engineering and Design Associates, Inc. (Oregon) (100.00%)

WHITEWING ASSOCIATES L.L.C. (Delaware) (53.00%)

EX-23
 11
 CONSENTS OF EXPERTS AND COUNSEL

Exhibit 23.01

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated February 23, 1998 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), 33-52768 (1991 Stock Plan), 33-52143 (955,640 Shares of Common Stock), 33-60821 (1994 Stock Plan), 333-22739 (347,793 Shares of Common Stock), 333-19253 (Stock Option Plan for Zond Exchange Agreements), 333-42645 (Debt Securities, Warrants to Purchase Common Stock, Preferred Stock and Depositary Shares), 333-44133 (244,283 Shares of Common Stock), 333-38253 (176,634 Shares of Common Stock) and 333-48193 (1994 Deferral Plan).

Houston, Texas
March 30, 1998

EX-23
12
CONSENTS OF EXPERTS AND COUNSEL

Exhibit 23.02

DeGolyer and MacNaughton
One Energy Square
Dallas, Texas 75206

March 25, 1998

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 22, 1996, January 17, 1997, and January 13, 1998, for estimates as of December 31, 1995, December 31, 1996, and December 31, 1997, respectively. The opinions are referred to in the section "Oil and Gas Exploration and Production Properties and Reserves-Reserve Information" and Note 18 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, 1997, to be filed with the Securities and Exchange Commission on or about March 27, 1998. DeGolyer and MacNaughton also consents to the inclusion of our letter report, dated January 13, 1998, 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, 33-52768, 33-52261, 33-52143, 33-60821, 333-22739, 333-19253, 333-42645, 333-44133, and 333-38253.

Very truly yours,

/s/ DeGOLYER and MacNAUGHTON
DeGOLYER and MacNAUGHTON

EX-23
13
CONSENTS OF EXPERTS AND COUNSEL

Exhibit 23.03

DeGolyer and MacNaughton
One Energy Square
Dallas, Texas 75206

January 13, 1998

Enron Oil & Gas Company
1400 Smith Street
Houston, Texas 77002

Gentlemen:

Pursuant to your request, we have prepared estimates, as of December 31, 1997, 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 in California, New Mexico, Texas, Utah, and Wyoming and in the offshore waters of Texas, Louisiana, and Alabama, in Saskatchewan, Canada, and in the offshore waters of Trinidad. The estimates are reported in detail in our "Report as of December 31, 1997, on Proved Reserves of Certain Properties in the United States owned by Enron Oil & Gas Company - Selected Properties," our "Report as of December 31, 1997, on Proved Reserves of Certain Properties in Canada owned by Enron Oil & Gas Company - Selected Properties," and our "Report as of December 31, 1997, on Proved Reserves of the Kiskadee Field, 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, 1997, 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, 1997, net to its leasehold interests in the properties included in the Reports are as follows, expressed in thousands of barrels (Mbbbl) or millions of cubic feet (MMcf):

Oil, Condensate, and Natural Gas Liquids (MMcf)	Natural Gas (MMcf)	Net Equivalent (MMcf)
29,694	1,593,114	1,771,278

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, 1997, are as follows, expressed in thousands (Mbbbl) or millions of cubic feet (MMcf):

Oil, Condensate, and Natural Gas	Natural Gas (MMcf)	Net Equivalent (MMcf)
---	-----------------------	-----------------------------

Liquids
(MMcf)

29,733 1,577,185 1,755,583

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,

/s/ DeGOLYER and MacNAUGHTON
DeGOLYER and MacNAUGHTON

EX-24
14
POWER OF ATTORNEY

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 11th day of March, 1998.

/s/ ROBERT A. BELFER
Robert A. Belfer

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 12th day of March, 1998.

/s/ NORMAN P. BLAKE, JR.
Norman P. Blake, Jr.

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 13th day of March, 1998.

/s/ RONNIE C. CHAN
Ronnie C. Chan

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 12th day of March, 1998.

/s/ JOHN H. DUNCAN
John H. Duncan

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 11th day of March, 1998.

/s/ JOE H. FOY
Joe H. Foy

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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), her true and lawful attorney-in-fact and agent, for her and on her behalf and in her 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 her hand this 11th day of March, 1998.

/s/ WENDY L. GRAMM
Wendy L. Gramm

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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, 1998.

/s/ KEN L. HARRISON
Ken L. Harrison

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 11th day of March, 1998.

/s/ ROBERT K. JAEDICKE
Robert K. Jaedicke

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 12th day of March, 1998.

/s/ KENNETH L. LAY
Kenneth L. Lay

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 12th day of March, 1998.

/s/ CHARLES A. LeMAISTRE
Charles A. LeMaistre

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 11th day of March, 1998.

/s/ JEROME J. MEYER
Jerome J. Meyer

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 12th day of March, 1998.

/s/ JEFFREY K. SKILLING
Jeffrey K. Skilling

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 12th day of March, 1998.

/s/ JOHN A. URQUHART
John A. Urquhart

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year

ended December 31, 1997 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 11th day of March, 1998.

/s/ JOHN WAKEHAM
John Wakeham

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 14th day of March, 1998.

/s/ CHARLS E. WALKER
Charls E. Walker

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 10th day of March, 1998.

/s/ BRUCE G. WILLISON
Bruce G. Willison

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the filing by Enron Corp., an Oregon corporation (the "Company"), of its Annual Report on Form 10-K for the year ended December 31, 1997 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 12th day of March, 1998.

/s/ HERBERT S. WINOKUR, JR.
Herbert S. Winokur, Jr.

EX-27
15
ARTICLE 5 FDS FOR 10-K

5
1,000,000

YEAR	
DEC-31-1997	
DEC-31-1997	170
	0
	1,988
	0
	136
4,669	13,742
	4,572
	23,422
4,412	6,254
	0
	134
	4,224
	1,260
23,422	18,312
	20,273
	17,311
	20,258
	(550)
	0

401
15
(90)
105
0
0
0
105
0.32
0.32

-----END PRIVACY-ENHANCED MESSAGE-----
/n