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News Release

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**ENRON ANNOUNCES SKILLING RESIGNATION;
LAY ASSUMES PRESIDENT AND CEO DUTIES**

FOR IMMEDIATE RELEASE: Tuesday, August 14, 2001

HOUSTON -- Enron announced today that its Board of Directors has accepted the resignation of Jeffrey K. Skilling as Enron's President and CEO. Skilling will continue to serve as a consultant to Enron and its Board of Directors. Kenneth L. Lay, currently Enron's chairman of the board, will assume the additional responsibilities of president and CEO and has agreed to extend his employment agreement with the company through the end of 2005.

"I am resigning for personal reasons. I want to thank Ken Lay for his understanding of this purely personal decision, and I want to thank the board and all of my colleagues at Enron," said Skilling.

"We regret Jeff's decision to resign, as he has been a big part of our success for over eleven years," said Lay. "But, we have the strongest and deepest talent we have ever had in the organization, our business is extremely strong, and our growth prospects have never been better."

Lay served as Enron's CEO from 1985 until Skilling's election earlier this year. Lay transformed Enron from a regional natural gas pipeline company to one of the largest and most respected companies in the world. Over his fifteen years as CEO, Enron's market capitalization increased from $2 billion to $70 billion and Enron's shareholders received a total return three times that of the S&P 500.

A conference call with Enron management will be conducted live today at 5:30 PM EDT and may be accessed through the Investor Relations page at www.enron.com.

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Enron is one of the world's leading electricity, natural gas and communications companies. The company, with revenues of $101 billion in 2000, markets electricity and natural gas, delivers physical commodities and financial and risk management services to customers around the world, and has developed an intelligent network platform to facilitate online business. *Fortune* magazine has named Enron "America's Most Innovative Company" for six consecutive years. Enron's Internet address is www.enron.com. The stock is traded under the ticker symbol "ENE."

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although Enron believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include success in marketing natural gas and power to wholesale customers; the ability to penetrate new retail natural gas and electricity markets, including the energy outsource market, in the United States and Europe; development of Enron's broadband network and customer demand for intermediation and content services; and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.

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