AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 1, 2001
Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

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

1400 SMITH STREET, HOUSTON, TEXAS 77002
TELEPHONE NO. (713) 853-6161
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

REX R. ROGERS, ESQ.
VICE PRESIDENT AND ASSOCIATE GENERAL COUNSEL
ENRON CORP.
1400 SMITH STREET
HOUSTON, TEXAS 77002
(713) 853-3069
(Name, address, including zip code, and telephone number, including area code, of agent for service)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after the effective date of this Registration Statement as determined in light of market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. [ ]

If any of the securities registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
Zero Coupon Convertible Senior Notes due 2021.....	$1,907,698,000	65.524%	$1,250,000,038	$312,500
Common Stock, no par value...	(2)	(3)	(3)	(3)

(1) Estimated solely for purposes of calculating the registration fee. The notes were issued at an original issue discount price of $655.24 per $1,000 principal amount at maturity, which represents an aggregate issue price of $1,250,000,038.

(2) There is being registered hereunder an indeterminate number of shares of common stock issuable upon conversion of the notes. Initially, the number of shares of common stock issuable upon conversion of the notes is 10,981,664. The notes are convertible into 5.7565 shares of common stock per $1,000 principal

amount at maturity, subject to adjustments under certain circumstances. Pursuant to Rule 416 under the Securities Act, such number of shares of common stock registered hereby shall include an indeterminate number of shares of common stock that may be issued in connection with a stock split, stock dividend, recapitalization or similar event or adjustment in the number of shares issuable as provided in the indenture governing the notes.

(3) The shares of common stock issuable upon conversion of the notes will be issued for no additional consideration, and therefore no registration fee is required pursuant to Rule 457(i).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED JUNE 1, 2001

$1,907,698,000

ENRON CORP.

ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2021

This prospectus relates to the offering for resale of Enron Corp.'s Zero Coupon Convertible Senior Notes due 2021 and the shares of our common stock issuable upon conversion of the notes. In this prospectus, the terms "Enron", "we" "us", and "our" will each refer to Enron Corp.

We issued the notes in a private placement on February 7, 2001 at an issue price of $655.24 per $1,000 principal amount at maturity. This prospectus will be used by selling securityholders to resell their notes and shares of our common stock issuable upon conversion of their notes. We will not receive any proceeds from sales by the selling securityholders.

We will not pay interest on the notes prior to maturity. Instead, on February 7, 2021, the maturity date of the notes, noteholders will receive $1,000 per note. The issue price per note represented a yield to maturity of 2.125% per year calculated from February 7, 2001. If a Tax Event (as defined herein) occurs and we so elect, interest, instead of future original issue discount, shall accrue and be payable semi-annually on each note at 2.125% per year. We may redeem some or all of the notes at any time on or after February 7, 2004 at the prices described under the heading "Description of the Notes -- Optional Redemption."

Noteholders may convert their notes at any time on or before the maturity date, unless the notes have been redeemed or purchased previously, into 5.7565 shares of Enron common stock per note (equivalent to an initial conversion price of $113.83 per share). However, if the Sale Price (as defined herein) of common stock on the conversion date is less than 110% of the accreted conversion price, then the exercising holder will receive, in lieu of common stock, cash in an amount described herein. Upon other conversions, we will have the right to deliver, in lieu of common stock, cash in an amount described herein. The conversion rate may be adjusted for certain reasons, but will not be adjusted for accrued original issue discount.

Noteholders may require Enron to purchase all or a portion of their notes on February 7, 2004, February 7, 2009, and February 7, 2014 at a price per note of $698.13, $775.96 and $862.46, respectively. We will pay cash for all notes purchased on February 7, 2004, but on the other two purchase dates we may choose to pay the purchase price in cash or common stock valued at its Market Price (as defined herein) or a combination of cash and common stock.

Noteholders may also require us to repurchase notes upon a Fundamental Change (as defined herein) involving Enron prior to February 7, 2004. In the case of a repurchase upon a Fundamental Change, the repurchase price will be equal to the issue price of the notes plus accrued original issue discount and we may pay the repurchase price in cash, in common stock valued at its Market Price, or in a combination of cash and common stock, at our election.

The notes are unsecured obligations of ours and rank equally with all of our other unsecured senior indebtedness.

Our common stock is listed on the New York Stock Exchange under the symbol "ENE." On May 31, 2001, the last reported sale price for our common stock was $52.91 per share.

INVESTING IN THE NOTES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

_____ ___, 2001

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED, OR INCORPORATED BY REFERENCE, IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THIS PROSPECTUS.

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This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement.

This prospectus is part of a registration statement that we filed with the SEC utilizing a "shelf" registration process or continuous offering process. Under this shelf registration process, the selling security holders may, from time to time, sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities which may be offered by the selling securityholders. Each time a selling securityholder sells securities, the selling securityholder is required to provide you with a prospectus and a prospectus supplement containing specific information about the selling securityholder and the terms of the securities being offered. That prospectus supplement may include additional risk factors or other special considerations applicable to those securities. Any prospectus supplement may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission. Our SEC filings are available over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facilities:

Public Reference Room	Northeast Regional Office	Midwest Regional Office
450 Fifth Street, N.W.	7 World Trade Center	Citicorp Center
Room 1024	Suite 1300	500 West Madison Street
Washington, D.C. 20549	New York, New York 10048	Suite 1400
		Chicago, Illinois 60661-2511

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the operations of the public reference facilities and copying charges. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, the offices of the Chicago Stock Exchange at 120 South LaSalle Street, Chicago, Illinois 60603, and the offices of the Pacific Stock Exchange at 301 Pine Street, San Francisco, California 94014.

We incorporate by reference in this prospectus the following documents filed by us with the SEC:

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2000;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2001;
- Our Current Reports on Form 8-K filed with the SEC on January 31, 2001 and February 28, 2001; and
- The description of our capital stock set forth in our Registration Statement on Form 8-B filed on July 2, 1997.

Any statement made in a document incorporated by reference or deemed incorporated herein by reference is deemed to be modified or superseded for purposes of this prospectus if a statement contained in this prospectus or in any other subsequently filed document which also is incorporated or deemed incorporated by reference herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus. We also incorporate by reference all documents filed pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and prior to the termination of this offering.

Statements made in this prospectus or in any document incorporated by reference in this prospectus as to the contents of any contract or other document referred to herein or therein are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the documents incorporated by reference, each such statement being qualified in all material respects by such reference.

We will provide a copy of these filings and any exhibits specifically incorporated by reference in these filings and a copy of the indenture and registration rights agreement referred to herein at no cost by request directed to us at the following address and telephone number: Secretary Division, Enron Corp., 1400 Smith Street, Houston, Texas, (713) 853-6161.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. All statements other than statements of historical facts contained in or incorporated by reference, including, but not limited to, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. Although we believe our expectations reflected in the forward-looking statements are based on reasonable assumptions, no assurance can be given that these expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include, among others:

- success in marketing natural gas and power to wholesale customers,
- the ability to penetrate new retail natural gas and electricity markets (including energy outsourcing markets) in the United States and in foreign jurisdictions,
- development of Enron's broadband network and customer demand for intermediation and content services,
- the timing, extent and market effects of deregulation of energy markets in the United States, including the current energy market conditions in California, and in foreign jurisdictions,
- other regulatory developments in the United States and in foreign countries, including tax legislation and regulations,
- political developments in foreign countries,
- the extent of efforts by governments to privatize natural gas and electric utilities and other industries,
- the timing and extent of changes in commodity prices for crude oil, natural gas, electricity, foreign currencies and interest rates,
- the timing and success of efforts to develop international power, pipeline and other infrastructure projects,
- the ability of counterparties to financial risk management instruments and other contracts with us to meet their financial commitments to us,
- the effectiveness of our risk management activities,
- the extent of success in acquiring oil and gas properties and discovering, developing, producing and marketing reserves, and
- our ability to access the capital markets and equity markets during the periods covered by the forward-looking statements, which will depend on general market conditions and our ability to maintain or increase the credit ratings for our unsecured senior long-term debt obligations.

We undertake no obligation to update or revise our forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed herein might not occur.

BUSINESS OF ENRON

Enron is an Oregon corporation and is headquartered in Houston, Texas. Enron provides products and services related to natural gas, electricity and communications to wholesale and retail customers. Enron's operations are conducted through its subsidiaries and affiliates, which are principally engaged in:

- the marketing of natural gas, electricity and other commodities and related risk management and finance services worldwide;
- the development, construction and operation of power plants, pipelines and other energy related assets worldwide;
- the delivery and management of energy commodities and capabilities to end-use retail customers in the industrial and commercial business sectors;
- the development of an intelligent network platform to provide bandwidth management services and to deliver high bandwidth applications;
- the transportation of natural gas through pipelines to markets throughout the United States; and
- the generation and transmission of electricity to markets in the northwestern United States.

WHOLESALE SERVICES

Enron's wholesale services businesses operate worldwide in developed and deregulated markets such as North America and Europe, as well as developing or newly deregulating markets, including Japan, Australia, South America and India. Enron builds its wholesale businesses through the creation of networks involving asset ownership, contractual access to third-party assets and market-making activities. Wholesale services can be categorized into two business lines: (a) Commodity Sales and Services and (b) Assets and Investments.

Commodity Sales and Services. Enron provides commodity delivery and predictable pricing to its customers through forwards and other contracts. This market-making activity includes the purchase, sale, marketing and delivery of natural gas, electricity, liquids and other commodities, as well as the management of Enron's own portfolio of contracts. Enron's market-making activity is facilitated through a network of capabilities including asset ownership. Accordingly, certain assets involved in the delivery of these services are included in this business (such as intrastate natural gas pipelines, power plants and gas storage facilities).

Assets and Investments. Enron makes investments in various energy-related assets as a part of its network strategy either by purchasing the asset from a third party or developing and constructing the asset. Additionally, Enron invests in debt and equity securities of energy and technology-related businesses, which may also utilize Enron's products and services.

RETAIL ENERGY SERVICES

Enron Energy Services is a provider of energy outsourcing products and services to business customers. This includes sales of natural gas, electricity, liquids and other commodities and the provision of energy management services directly to commercial and industrial customers located in North America and Europe. Enron Energy Services provides end-users with a broad range of energy products and services to reduce total energy costs or to minimize risks. These products and services include delivery of natural gas and electricity, energy tariff and information management, demand-side services to reduce energy consumption, and financial services, including price risk management. Enron Energy Services' products and services help commercial and industrial businesses maximize total energy savings while meeting their operational needs. With a focus on total energy savings and nationwide commodity, services and finance capabilities, Enron Energy Services provides outsourcing and other innovative programs not only to supply electricity and natural gas to businesses, but also to manage unregulated energy assets to reduce their energy consumption, delivery and billing costs, to eliminate inefficiencies of decentralized systems, to reduce energy demand and to minimize the risk of energy prices and operations to the customer.

BROADBAND SERVICES

During 2000 Enron Broadband Services substantially completed the Enron Intelligent Network, or EIN, a high capacity, global fiber optic network which through pooling points can switch capacity from one independent network to another and create scaleability. Enron Broadband Services provides: (i) bandwidth management and intermediation services, and (ii) high quality content delivery services.

The EIN consists of a high capacity fiber-optic network based on ownership or contractual access to approximately 18,000 miles of fiber optic network capacity throughout the United States. At December 31, 2000, the EIN included 25 pooling points of which 18 were in the U.S. and one each in Tokyo, London, Brussels, Amsterdam, Paris, Dusseldorf and Frankfurt, allowing the EIN to connect to most major U.S. cities and a large number in Europe. The breadth of pooling points within the EIN extends its reach by allowing

connectivity with a greater number of network and service providers. Enron anticipates further increasing the scope and reach of the EIN by adding pooling points during 2001.

The EIN's fiber network and imbedded software intelligence bypasses traditional fragmented and congested public internet routes to deliver faster, higher quality data. Enron's Broadband Operating System provides the intelligence to the EIN and connects to both physical and software network elements. Enron's broadband operating system enables the EIN to: (i) provide bandwidth in real time; (ii) control quality and access to the network for internet service providers; and (iii) control and monitor applications as they stream over the network to ensure quality and avoid congested routes. Enron's broadband operating system automates the transaction process from the order's inception to electronic billing and funds transfer. As a result, the EIN allows Enron to provide high quality content delivery services for content providers and to contract for firm bandwidth delivery commitments to support Enron's bandwidth intermediation business.

TRANSPORTATION AND DISTRIBUTION

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

Interstate Transmission of Natural Gas. Included in Enron's domestic interstate natural gas pipeline operations are Northern Natural Gas Company, Transwestern Pipeline Company and Florida Gas Transmission Company (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. Each pipeline serves customers in a specific geographical area. Northern serves the upper Midwest, Transwestern serves principally the California market and pipeline interconnects on the east end of the Transwestern system, and Florida Gas serves the State of Florida. In addition, Enron holds an interest in Northern Border Partners, L.P., which owns a 70% interest in the Northern Border Pipeline system. One of Enron's subsidiaries operates the Northern Border Pipeline system, which transports gas from Western Canada to delivery points in the midwestern United States.

Electricity Transmission and Distribution Operations. Enron conducts its electric utility operations through its wholly−owned subsidiary, Portland General Electric Company. Portland General is engaged in the generation, purchase, transmission, distribution and sale of electricity in the State of Oregon. Portland General also sells energy to wholesale customers throughout the western United States. Portland General's Oregon service area is approximately 3,150 square miles. At December 31, 2000, Portland General served approximately 725,000 customers. On April 26, 2001, Enron announced that the previously disclosed agreement to sell Portland General to Sierra Pacific Resources had been terminated by the mutual consent of both parties because the effect of developments in California and Nevada on the purchaser had made completion of the transaction impractical.

THE OFFERING

Securities Offered.....	$1,907,698,000 aggregate principal amount at maturity of Zero Coupon Convertible Senior Notes due 2021. We will not pay interest on the notes prior to maturity. The notes were originally sold by Salomon Smith Barney Inc., Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC and Barclays Capital Inc. to qualified institutional investors (as defined in Rule 144A of the Securities Act) at an issue price of $655.24 per note and a principal amount at maturity of $1,000 per note. This prospectus also relates to the offering of shares of our common stock which are issuable upon conversion of the notes.
Maturity.....	February 7, 2021.
Yield to Maturity of Notes.....	2.125% per year (computed on a semi-annual bond equivalent basis) calculated from February 7, 2001.
Conversion Rights.....	Holders may convert their notes at any time [on or after the 90th day following the issuance of the notes and] prior to the close of business on February 7, 2021, unless the notes have been redeemed or purchased by Enron previously. For each note converted, we will deliver 5.7565 shares of our common stock, which is equivalent to an initial conversion price of $113.83 per share based on the initial issue price of the notes. However, if the Sale Price (as defined below) on the conversion date is (a) less than 100% of the accreted conversion price, then the holder electing to exercise its conversion right will receive, in lieu of common stock, cash in an amount equal to 95% of the product of the conversion rate and such Sale Price or (b) greater than or equal to 100% of the accreted conversion price but less than 110% of the accreted conversion price, the holder will receive, in lieu of common stock, cash in an amount equal to the sum of the issue price of the notes plus accrued original issue discount. Also, in lieu of delivering shares of common stock upon conversion of any notes, we may elect to pay holders cash for their notes in an amount equal to the average Sale Price of our common stock for the five consecutive trading days following either: o our notice of our election to deliver cash, which we must give within two business days of receiving a conversion notice unless we have earlier given notice of redemption as described herein, or o the conversion date, if we have given notice of redemption specifying we intend to deliver cash upon conversions thereafter. The conversion rate may be adjusted for certain reasons but will not be adjusted for accrued original issue discount. Upon conversion, the holder will not receive any cash payment representing accrued original issue discount; accrued original issue discount will be deemed paid by shares of the common stock received by the holder of notes on conversion.

Ranking.....	The notes are our unsecured obligations and rank equally with all of our other unsecured senior indebtedness.
Original Issue Discount.....	The notes were offered with original issue discount for U.S. federal income tax purposes equal to the principal amount at maturity of each note less the issue price to investors. You should be aware that, although we will not pay interest on the notes, U.S. investors must include accrued original issue discount in their gross income for U.S. federal income tax purposes prior to the conversion, redemption, purchase or maturity of the notes, (even if such notes are ultimately not converted, redeemed, purchased or paid at maturity).
Sinking Fund.....	None.
Optional Redemption.....	We may redeem all or a portion of the notes for cash at any time on or after February 7, 2004. Indicative redemption prices are set forth in this prospectus. Holders may convert their notes after they are called for redemption at any time prior to the redemption date. Our notice of redemption will inform the holders of our election to deliver shares of common stock or to pay cash in lieu of delivery of the shares with respect to any notes converted prior to the redemption date.
Purchase of the Notes by Enron at the Option of the Holder.....	Holders may require us to purchase their notes on any one of the following dates at the following prices: o on February 7, 2004 at a price of $698.13 per note; o on February 7, 2009 at a price of $775.96 per note; and o on February 7, 2014 at a price of $862.46 per note. We will pay cash for all notes purchased on February 7, 2004, but on the other two purchase dates we may choose to pay the purchase price in cash or common stock valued at its Market Price (as defined herein) or a combination of cash and common
Optional Conversion to Semi-annual Coupon Notes upon a Tax Event.....	From and after the occurrence of a Tax Event, at the option of Enron, interest in lieu of future original issue discount shall accrue on each note from the date on which Enron exercises such option at the rate of 2.125% per year on the restated principal amount (i.e., the issue price of the note plus any original issue discount accrued to the later of the date of the Tax Event and the date Enron exercises such option) and shall be payable semi-annually on each interest payment date to holders of record at the close of business on each regular record date immediately preceding

	such interest payment date. Interest will be computed based upon a 360−day year comprised of twelve 30−day months and will initially accrue from the Option Exercise Date (as defined herein) and thereafter from the most recent date to which interest has been paid. In such an event, the redemption price, purchase price, and Fundamental Change repurchase price shall be adjusted as described herein. However, there will be no changes in a holder's conversion rights.
Fundamental Change.....	Upon a Fundamental Change involving Enron occurring prior to February 7, 2004, each holder may require us to repurchase all or a portion of such holder's notes. This repurchase price will be equal to the issue price of the notes plus accrued original issue discount to the date of repurchase. We may choose to pay the repurchase price in cash or in common stock valued at its Market Price or a combination of cash and common stock. See "Description of the Notes−− Fundamental Change Permits Holder to Require Us to Repurchase Notes" for the definition of the term "Fundamental Change."
Use of Proceeds.....	We will not receive any proceeds from the sale of the securities contemplated by this prospectus.
Trading.....	The notes and the shares of our common stock issuable upon conversion thereof have been designated for trading in the PORTAL Market. However, any notes or shares of common stock issuable upon conversion sold under this prospectus will no longer trade in the PORTAL Market. Our common stock is listed on the New York Stock Exchange under the symbol "ENE."

RISK FACTORS

You should carefully consider each of the following risks relating to the offer and sale of the notes. Our business may also be adversely affected by risks and uncertainties not presently known to us or that we currently believe to be immaterial, including as a result of factors described under "Special Note Regarding Forward-Looking Information."

ALTHOUGH THE NOTES ARE REFERRED TO AS "SENIOR NOTES," THEY WILL BE EFFECTIVELY SUBORDINATED TO ANY FUTURE SECURED DEBT AND DEBT OF OUR SUBSIDIARIES

The notes are unsecured and therefore will be effectively subordinated to any indebtedness of our subsidiaries and our future secured indebtedness to the extent of the value of the assets securing such indebtedness. If we default on the notes, become bankrupt, liquidate or reorganize, any secured creditors could use their collateral to satisfy their secured indebtedness before you would receive any payment on the notes. If the value of such collateral is not sufficient to pay any secured indebtedness in full, our secured creditors would share the value of our other assets, if any, with you and the holders of other claims against us which rank equally with the notes.

YOU CANNOT BE SURE THAT AN ACTIVE TRADING MARKET WILL DEVELOP FOR THE NOTES

The notes are eligible for trading on the PORTAL Market; however, any notes sold under this prospectus will no longer trade in the PORTAL Market. We cannot assure you that any market for the notes will develop or, if one does develop, that it will be maintained. If an active market for the notes fails to develop or be sustained, the trading price of the notes could be materially adversely affected.

USE OF PROCEEDS

The selling securityholders will receive all of the proceeds from the sale of the notes under this prospectus and the shares of our common stock issuable upon conversion of the notes. We will not receive any proceeds from theses sales.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges of Enron for each of the years 1996 through 2000 and for the three-month period ended March 31, 2001.

YEAR ENDED DECEMBER 31,					THREE MONTHS ENDED MARCH 31,
1996	1997	1998	1999	2000	2001
3.00	1.02	2.08	2.29	2.34	2.97

The ratio of earnings to fixed charges is based on continuing operations. "Earnings" is determined by adding (i) the pre-tax income of Enron and its majority owned subsidiaries, (ii) Enron's share of pre-tax income of its 50% owned companies, (iii) any income actually received from less than 50% owned companies, and (iv) fixed charges, net of interest capitalized. "Fixed Charges" represent interest (whether expensed or capitalized), amortization of debt discount and expense and that portion of rentals considered to be representative of the interest factor.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock is listed on the New York Stock Exchange under the symbol "ENE." The table below shows the high and low sales prices of our common stock on the New York Stock Exchange Composite Tape as reported in The Wall Street Journal and the quarterly cash dividends declared per share of common stock during the periods indicated.

	PRICE RANGE		CASH DIVIDENDS
	HIGH	LOW	DECLARED
Fiscal Year 1999			
First Quarter	$ 35.594	$ 28.750	$ 0.125
Second Quarter	41.469	30.500	0.125
Third Quarter	44.719	38.063	0.125
Fourth Quarter	44.875	34.875	0.125
Fiscal Year 2000			
First Quarter	$ 78.063	$ 41.375	$ 0.125
Second Quarter	78.938	62.500	0.125
Third Quarter	90.750	65.563	0.125
Fourth Quarter	88.688	63.500	0.125
Fiscal Year 2001			
First Quarter	$ 84.063	$ 66.063	$ 0.125
Second Quarter (through May 31)	64.750	52.000	--

The above information gives effect to a 2 for 1 stock split effected July 23, 1999. For a recent closing sale price of our common stock on the New York Stock Exchange, see the cover page of this prospectus. Future dividend policy will depend on our earnings, capital requirements, financial condition and other factors considered relevant by our board of directors.

DESCRIPTION OF THE NOTES

We issued the notes under an indenture (the "indenture") dated as of February 7, 2001 between us and The Chase Manhattan Bank, as trustee (the "trustee"). The trustee's address is 600 Travis Street, Houston, Texas 77002. A copy of the form of the indenture and the notes is filed as an exhibit to the registration statement of which this prospectus forms a part and is available as set forth under "Where You Can Find More Information". The following summary of certain provisions of the indenture and the notes does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the indenture, including the definitions therein of certain terms. Because the following is only a summary, it does not contain all information that you may find useful. For further information you should read the notes and the indenture.

GENERAL

The notes:

- are our unsecured obligations and rank equally with all of our other unsecured senior indebtedness;
- are limited to $1,907,698,000 aggregate principal amount at maturity;
- will mature on February 7, 2021; and
- will not pay interest annually, except as described under "-- Optional Conversion to Semi-Annual Coupon Note Upon Tax Event," but will pay a principal amount of $1,000 per note upon maturity, representing a yield to maturity of 2.125%.

The notes are redeemable prior to maturity only on or after February 7, 2004, as described below under "-- Optional Redemption," and do not have the benefit of a sinking fund. Principal of the notes will be payable, and the transfer of notes will be registrable, at the office of the trustee.

The notes were offered at a substantial discount from their principal amount at maturity. See "United States Federal Income Tax Considerations." Except as described below, we will not make periodic payments of interest on the notes. Each note was issued at an issue price of $655.24 per note. However, the notes will accrue original issue discount while they remain outstanding. Original issue discount is the difference between the issue price and the principal amount at maturity of a note. The calculation of the accrual of original issue discount will be on a semi-annual bond equivalent basis using a 360-day year composed of twelve 30-day months. The issue date for the notes and the commencement date for the accrual of original issue discount was February 7, 2001.

The notes were issued only in registered form without coupons in denominations of $1,000 and any integral multiple of $1,000 above that amount. No service charge will be made for any registration of transfer or exchange of notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

CONVERSION RIGHTS

A holder may convert notes, in multiples of $1,000 principal amount at maturity, into common stock at any time before the close of business on February 7, 2021. However, if the Sale Price (as defined below) on the conversion date is (a) less than 100% of the sum of the issue price plus accrued original issue discount, with such sum divided by the conversion rate (which we call the "accreted conversion price"), then the holder electing to exercise its conversion right will receive, in lieu of common stock, cash in an amount equal to 95% of the product of the conversion rate and such Sale Price or (b) greater than or equal to 100% of the accreted conversion price but less than 110% of the accreted conversion price, the holder will receive, in lieu of common stock, cash in an amount equal to the sum of the issue price of the notes plus accrued original issue discount. This provision does not apply with respect to notes called for redemption. Further, a holder may convert a note only until the close of business on the last business day prior to the redemption date if we call a note for redemption, unless we default on payment of the redemption price. A note for which a holder has delivered a purchase notice or a Fundamental Change repurchase notice requiring us to purchase or repurchase the note may be converted only if such notice is withdrawn in accordance with the indenture.

The initial conversion rate is 5.7565 shares of common stock per note, subject to adjustment upon the occurrence of certain events described below. The conversion rate will not be adjusted for accrued original issue discount.

We will pay for any fractional share an amount of cash based on the Sale Price of the common stock on the trading day immediately preceding the conversion date. On conversion of a note, a holder will not receive any cash payment representing accrued original issue discount and the conversion rate will not be adjusted to reflect any such accrual. Our delivery to the holder of the fixed number of shares of common stock into which the note is convertible, together with any cash payment for fractional shares, will be deemed:

- to satisfy our obligation to pay the principal amount at maturity of the note; and
- to satisfy our obligation to pay original issue discount that accrued from the issue date through the conversion date.

As a result, accrued original issue discount is deemed to be paid in full rather than canceled, extinguished or forfeited.

A certificate for the number of full shares of common stock into which any note is converted, together with any cash payment for fractional shares, will be delivered through the conversion agent as soon as practicable following the conversion date. For a discussion of the tax treatment of a holder receiving common stock upon conversion, see "United States Federal Income Tax Considerations -- U.S. Holders -- Exchange or Conversion of Notes for Common Stock."

In lieu of delivery of shares of common stock upon notice of conversion of any notes (for all or any portion of the notes), we may elect to pay holders surrendering notes an amount in cash per note equal to the average Sale Price of our common stock for the five consecutive trading days immediately following (a) the date of our notice of our election to deliver cash as described below if we have not given notice of redemption, or (b) the conversion date, in the case of a conversion following our notice of redemption specifying we intend to deliver cash upon conversion, in either case multiplied by the conversion rate in effect on that date. We will inform the holders through the trustee no later than two business days following the conversion date of our election to deliver shares of common stock or to pay cash in lieu of delivery of the shares, unless we have already informed holders of our election in connection with our optional redemption of the notes as described under "-- Optional Redemption." If we elect to deliver all of such payment in shares of common stock, the shares will be delivered through the trustee no later than the fifth business day following the conversion date. If we elect to pay all or a portion of such payment in cash, the payment, including any delivery of common stock, will be made to holders surrendering notes no later than the tenth business day following the applicable conversion date. If an event of default, as described under "-- Events of Default" below (other than a default in a cash payment upon conversion of the notes), has occurred and is continuing, we may not pay cash upon conversion of any notes (other than cash in lieu of fractional shares).

The indenture provides that the date on which all of the requirements for delivery of a note for conversion have been satisfied is the "conversion date."

The conversion rate will be adjusted for:

- dividends or distributions on our common stock payable in our common stock or other capital stock;
- subdivisions, combinations or certain reclassifications of our common stock;
- distributions to all holders of our common stock of certain rights to purchase our common stock for a period expiring within 60 days at less than the Sale Price at the time; and
- distributions to such holders of our assets or debt securities or certain rights to purchase our securities (excluding cash dividends or other cash distributions from current or retained earnings unless the annualized amount thereof per share exceeds 15% of the Sale Price on the day preceding the date of declaration of such dividend or other distribution).

However, no adjustment need be made if noteholders may participate in the transaction or in certain other cases. In cases where the fair market value of assets, debt securities or certain rights, warrants or options to purchase our securities distributed to shareholders (a) equals or exceeds the average quoted price of the common stock, or (b) such average quoted price exceeds the fair market value of such assets, debt securities or rights, warrants or options so distributed by less than $1.00, rather than being entitled to an adjustment in the conversion rate, the holder of a note will be entitled to receive upon conversion, in addition to the shares of Enron common stock, the kind and amount of assets, debt securities or rights, warrants or options comprising the distribution that such holder would have received if such holder had converted such note immediately prior to the record date for determining the shareholders entitled to receive the distribution.

The indenture permits us to increase the conversion rate from time to time.

If we are party to a consolidation, merger or binding share exchange or a transfer of all or substantially all of our assets, the right to convert a note into common stock may be changed into a right to convert it into the kind and amount of securities, cash or other assets of Enron or another person which the holder would have received if the holder had converted the holder's notes immediately prior to the transaction. This assumes that a holder of notes would not have exercised any rights of election as to the consideration receivable in connection with the transaction.

Holders of the notes may, in certain circumstances, be deemed to have received a distribution subject to Federal income tax as a dividend in the amount of:

- a taxable distribution to holders of common stock which results in an adjustment of the conversion rate; or
- an increase in conversion rate at our discretion.

See "United States Federal Income Tax Considerations -- U.S. Holders -- Adjustment of Conversion Rate."

If we exercise our option to have interest, instead of original issue discount, accrue on a note following a Tax Event, the holder will be entitled on conversion to receive the same number of shares of common stock the holder would have received if we had not exercised such option.

If we exercise this option, notes surrendered for conversion by a holder during the period from the close of business on any regular record date to the opening of business of the next interest payment date, except for notes to be redeemed on a date within this period or on the next interest payment date, must be accompanied by payment of an amount equal to the interest that the registered holder is to receive on the note.

Except where notes surrendered for conversion must be accompanied by payment as described above, we will not pay interest on converted notes on any interest payment date subsequent to the date of conversion. See "-- Optional Conversion to Semi-annual Coupon Note Upon Tax Event."

OPTIONAL REDEMPTION

No sinking fund is provided for the notes. Prior to February 7, 2004, the notes will not be redeemable. Beginning on February 7, 2004, at our option we may redeem the notes for cash at any time as a whole, or from time to time in part. We will give not less than 30 days nor more than 60 days notice of redemption by mail to noteholders. The notice of redemption will inform the holders of our election to deliver shares of common stock or to pay cash in lieu of delivery of the shares with respect to any notes converted prior to the redemption date.

The table below shows what redemption prices of a note would be on February 7, 2004, at each February thereafter prior to maturity and at maturity on February 7, 2021. These prices equal the issue price plus the accrued original issue discount calculated to each such date. The redemption price of a note redeemed between such dates would include an additional amount reflecting the additional original issue discount accrued since the next preceding date in the table.

REDEMPTION DATE	ISSUE PRICE(1)	ACCRUED ORIGINAL ISSUE DISCOUNT AT 2.125%(2)	REDEMPTION PRICE (1)+(2)
February 7, 2004	$655.24	$ 42.90	$698.13
February 7, 2005	655.24	57.81	713.05
February 7, 2006	655.24	73.04	728.28
February 7, 2007	655.24	88.60	743.84
February 7, 2008	655.24	104.49	759.73
February 7, 2009	655.24	120.72	775.96
February 7, 2010	655.24	137.30	792.54
February 7, 2011	655.24	154.23	809.47
February 7, 2012	655.24	171.52	826.76
February 7, 2013	655.24	189.18	844.42
February 7, 2014	655.24	207.22	862.46
February 7, 2015	655.24	225.65	880.89
February 7, 2016	655.24	244.47	899.70
February 7, 2017	655.24	263.69	918.92
February 7, 2018	655.24	283.32	938.56
February 7, 2019	655.24	303.37	958.61
February 7, 2020	655.24	323.85	979.08
At stated maturity	655.24	344.76	1,000.00

If converted to semi-annual coupon notes following the occurrence of a Tax Event, the notes will be redeemable at the Restated Principal Amount (as defined herein) plus accrued and unpaid interest to the redemption date. However, in no event may the notes be redeemed prior to February 7, 2004. See "-- Optional Conversion to Semi-annual Coupon Note Upon Tax Event."

If less than all of the outstanding notes held in definitive form are to be redeemed, the trustee shall select the notes held in definitive form to be redeemed in principal amounts at maturity of $1,000 or integral multiples of $1,000. In this case the trustee may select the notes by lot, pro rata or by any other method the trustee considers fair and appropriate. If a portion of a holder's notes is selected for partial redemption and the holder elects to convert a portion of the notes, the portion elected to be converted shall be deemed to be the portion selected for redemption.

PURCHASE OF NOTES AT THE OPTION OF THE HOLDER

On the purchase dates of February 7, 2004, February 7, 2009 and February 7, 2014, we will, at the option of the holder, be required to purchase any outstanding note for which a written purchase notice has been properly delivered by the holder to the trustee and not withdrawn, subject to certain additional conditions. Holders may submit their notes for purchase to the paying agent at any time from the opening of business on the date that is 20 business days prior to such purchase date until the close of business on such purchase date.

The purchase price of a note will be:

$698.13 per note on February 7, 2004;

$775.96 per note on February 7, 2009; and

$862.46 per note on February 7, 2014.

These purchase prices equal the issue price plus accrued original issue discount to the purchase dates.

We will pay cash for all notes purchased on February 7, 2004, but on the other two purchase dates we may, at our option, elect to pay the purchase price in cash or shares of common stock valued at the Market Price or any combination thereof. See "United States Federal Income Tax Considerations."

If prior to a purchase date the notes have been converted to semi-annual coupon notes following the occurrence of a Tax Event, the purchase price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the date of such conversion to the purchase date. See "-- Optional Conversion to Semi-annual Coupon Note Upon Tax Event."

We will be required to give notice on a date not less than 20 business days prior to each purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things:

- whether we will pay the purchase price of notes in cash or common stock or any combination thereof, specifying the percentages of each;
- if we elect to pay in common stock, the method of calculating the Market Price of the common stock; and
- the procedures that holders must follow to require us to purchase their notes.

The purchase notice given by each holder electing to require us to purchase notes shall state:

- the certificate numbers of the holder's notes to be delivered for purchase;
- the portion of the principal amount at maturity of notes to be purchased, which must be $1,000 or an integral multiple of $1,000;
- that the notes are to be purchased by us pursuant to the applicable provisions of the notes and the indenture; and
- in the event we elect, pursuant to the notice that we are required to give, to pay the purchase price in common stock, in whole or in part, but the purchase price is ultimately to be paid to the holder entirely in cash because any condition to payment of the purchase price or portion of the purchase price in common stock is not satisfied prior to the close of business on the purchase date, as described below, whether the holder elects: (1) to withdraw the purchase notice as to some or all of the notes to which it relates, or (2) to receive cash in respect of the entire purchase price for all notes or portions of notes subject to such purchase notice.

If the holder fails to indicate the holder's choice with respect to the election described in the final bullet point above, the holder shall be deemed to have elected to receive cash in respect of the entire purchase price for all notes subject to the purchase notice in these circumstances. For a discussion of the tax treatment of a holder receiving cash instead of common stock, see "United States Federal Income Tax Considerations –– U.S. Holders –– Sale, Retirement or Redemption of the Notes Solely for Cash."

Any purchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the purchase date.

The notice of withdrawal shall state:

- the principal amount at maturity being withdrawn;
- the certificate numbers of the notes being withdrawn; and
- the principal amount at maturity of the notes that remains subject to the purchase notice, if any.

If we elect to pay the purchase price, in whole or in part, in shares of common stock, the number of shares of common stock to be delivered by us shall be equal to the portion of the purchase price to be paid in common stock divided by the Market Price.

We will pay cash based on the Market Price for all fractional shares of common stock in the event we elect to deliver common stock in payment, in whole or in part, of the purchase price. See "United States Federal Income Tax Considerations."

The "Market Price" means the average of the Sale Prices (as defined below) of the common stock for the five trading day period ending on the third business day (if the third business day prior to the applicable purchase or repurchase date is a trading day or, if not, then on the last trading day) prior to the applicable purchase or repurchase date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such five trading day period and ending on such purchase or repurchase date, of certain events with respect to the common stock that would result in an adjustment of the conversion rate.

The "Sale Price" of the common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the common stock is traded or, if the common stock is not listed on a United States national or regional securities exchange, as reported by the Nasdaq System.

Because the Market Price is determined prior to the applicable purchase date, holders of notes bear the market risk with respect to the value of the common stock to be received from the date such Market Price is determined to such purchase date. We may pay the purchase price or any portion of the purchase price in common stock only if the information necessary to calculate the Market Price is published in a daily newspaper of national circulation.

Our right to purchase notes, in whole or in part, with common stock is subject to our satisfying various conditions, including:

- the registration of the common stock under the Securities Act and the Securities Exchange Act, if required; and
- any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If such conditions are not satisfied with respect to a holder prior to the close of business on the purchase date, we will pay the purchase price of the notes of such holder entirely in cash. See "United States Federal Income Tax Considerations." We may not change the form or components or percentages of components of consideration to be paid for the notes once we have given the notice that we are required to give to holders of notes, except as described in the first sentence of this paragraph.

In connection with any purchase offer, we will comply with the provisions of Rule 13e-4, Rule l4e-1 and any other tender offer rules under the Securities Exchange Act which may then be applicable.

Payment of the purchase price for a note for which a purchase notice has been delivered and not validly withdrawn is conditioned upon book-entry transfer or delivery of the note, together with necessary endorsements, to the paying agent at any time after delivery of the purchase notice. Payment of the purchase price for the note will be made promptly following the later of the purchase date or the time of book-entry transfer or physical delivery of the note.

If the paying agent holds money or securities sufficient to pay the purchase price of a note on the business day following the purchase date in accordance with the terms of the indenture, then, immediately after the purchase date, the note will cease to be outstanding and original issue discount on such note or, if the notes have been converted to semi-annual coupon notes following the occurrence of a Tax Event, interest on such note, will cease to accrue, whether or not book-entry transfer is made or the note is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the purchase price upon delivery of the note.

Our ability to purchase notes with cash may be limited by the terms of our then existing indebtedness or financial agreements.

No notes may be purchased for cash at the option of holders if there has occurred and is continuing an event of default described under "-- Events of Default" below. However, notes may be purchased if the event of default is in the payment of the purchase price with respect to the notes.

FUNDAMENTAL CHANGE PERMITS HOLDER TO REQUIRE US TO REPURCHASE NOTES

If a Fundamental Change (as defined below) occurs prior to February 7, 2004, each holder will have the right, at the holder's option, to require us to repurchase any or all of the holder's notes. The notes may be repurchased in multiples of $1,000 principal amount at maturity. We will repurchase the notes at a price equal to the issue price plus accrued original issue discount to the repurchase date. See the table under "-- Optional Redemption." If, prior to the repurchase date, we elect to convert the notes to semi-annual coupon notes following a Tax Event, the repurchase price will be equal to the Restated Principal Amount plus accrued and unpaid interest to the repurchase date. See the discussion under the caption entitled "-- Optional Conversion to Semi-annual Coupon Note Upon Tax Event."

A "Fundamental Change" occurs if:

- we consolidate or merge with or into another person (other than a subsidiary);
- we sell, convey, transfer or lease our properties and assets substantially as an entirety to any person (other than a subsidiary);
- any person (other than a subsidiary) consolidates with or merges with or into Enron; or
- our outstanding common stock is reclassified into, exchanged for or converted into the right to receive any other property or security;

provided that none of these circumstances will be a Fundamental Change if at least 50% of the aggregate fair market value (as determined by our board of directors) of the property and securities received by holders of our common stock in respect of such common stock in such transaction, other than cash payments for fractional shares, consists of shares of voting common stock of the surviving person that are, or upon issuance will be, traded on a United States national securities exchange or approved for trading on an established automated over-the-counter trading market in the United States.

We may, at our option, instead of paying the Fundamental Change repurchase price in cash, pay all or a portion of the Fundamental Change repurchase price in our common stock, as long as our common stock is then listed on a United States national securities exchange or traded on an established automated over−the−counter trading market in the United States. The fair market value of the common stock for such purpose shall be the Market Price. We will pay cash based on the Market Price for all fractional shares of common stock in the event we elect to deliver common stock in payment, in whole or in part, of the repurchase price. See "United States Federal Income Tax Considerations."

On or before the 30th day after the occurrence of a Fundamental Change, we will mail to all holders of record of the notes a notice of the occurrence of the Fundamental Change and of the resulting repurchase right. We will also deliver to the trustee a copy of the notice. The notice will state among other things:

- whether we will pay the repurchase price of notes in cash or common stock or any combination thereof, specifying the percentages of each;
- if we elect to pay in common stock, the method of calculating the Market Price; and
- the procedures that holders must follow to require us to repurchase their notes.

To exercise the repurchase right, holders of notes must deliver, on or before the 60th day after the date of our notice of a Fundamental Change, the notes to be repurchased, either by book−entry transfer or in certificate form duly endorsed for transfer, together with a repurchase notice and the form entitled "Option to Elect Repurchase Upon a Fundamental Change" on the reverse side of the note duly completed, to the paying agent. The repurchase notice given by each holder electing to require us to repurchase notes shall state:

- the certificate numbers of the holder's notes to be delivered for repurchase;
- the portion of the principal amount at maturity of notes to be repurchased, which must be $1,000 or an integral multiple of $1,000; and
- in the event we elect, pursuant to the notice that we are required to give, to pay the repurchase price in common stock, in whole or in part, but the repurchase price is ultimately to be paid to the holder entirely in cash because any condition to payment of the repurchase price or portion of the repurchase price in common stock is not satisfied prior to the close of business on the repurchase date, as described below, whether the holder elects: (1) to withdraw the repurchase notice as to some or all of the notes to which it relates, or (2) to receive cash in respect of the entire repurchase price for all notes or portions of notes subject to such repurchase notice.

If the holder fails to indicate the holder's choice with respect to the election described in the final bullet point above, the holder shall be deemed to have elected to receive cash in respect of the entire repurchase price for all notes subject to the purchase notice in these circumstances. For a discussion of the tax treatment of a holder receiving cash instead of common stock, see "United States Federal Income Tax Considerations −− U.S. Holders −− Sale, Retirement or Redemption of the Notes Solely for Cash."

Any repurchase notice may be withdrawn by the holder by a written notice of withdrawal delivered to the paying agent prior to the close of business on the repurchase date.

The notice of withdrawal shall state:

- the principal amount at maturity being withdrawn;
- the certificate numbers of the notes being withdrawn; and
- the principal amount at maturity of the notes that remains subject to the repurchase notice, if any.

Because the Market Price is determined prior to the applicable repurchase date, holders of notes bear the market risk with respect to the value of the common stock to be received from the date such Market Price is determined to such repurchase date. We may pay the repurchase price or any portion of the repurchase price in common stock only if the information necessary to calculate the Market Price is published in a daily newspaper of national circulation.

Our right to repurchase notes, in whole or in part, with common stock is subject to our satisfying various conditions, including:

- the registration of the common stock under the Securities Act and the Securities Exchange Act, if required; and
- any necessary qualification or registration under applicable state securities law or the availability of an exemption from such qualification and registration.

If such conditions are not satisfied with respect to a holder prior to the close of business on the repurchase date, we will pay the repurchase price of the notes of such holder entirely in cash. See "United States Federal Income Tax Considerations." We may not change the form or components or percentages of components of consideration to be paid for the notes once we have given the notice that we are required to give to holders of notes, except as described in the first sentence of this paragraph.

In connection with the repurchase of the notes in the event of a Fundamental Change, we will comply with the provisions of Rule l3e−4, Rule 14e−1 and any other tender offer rules under the Securities Exchange Act which may then be applicable.

Payment of the repurchase price for a note for which a repurchase notice has been delivered and not validly withdrawn is conditioned upon book−entry transfer or delivery of the note, together with necessary endorsements, to the paying agent at any time after delivery of the repurchase notice. Payment of the repurchase price for the notes will be made promptly following the later of the repurchase date or the time of book−entry transfer or physical delivery of the notes.

If the paying agent holds money or securities sufficient to pay the repurchase price of a note on the business day following the repurchase date in accordance with the terms of the indenture, then, immediately after the repurchase date, the note will cease to be outstanding and original issue discount on such note or, if the notes have been converted to semi−annual coupon notes following the occurrence of a Tax Event, interest on such note, will cease to accrue, whether or not book−entry transfer is made or the note is delivered to the paying agent. Thereafter, all other rights of the holder shall terminate, other than the right to receive the purchase price upon delivery of the note.

The repurchase rights of the holders of notes could discourage a potential acquiror of Enron. The Fundamental Change repurchase feature, however, is not the result of management's knowledge of any specific effort to obtain control of Enron by any means or part of a plan by management to adopt a series of anti−takeover provisions.

The term Fundamental Change is limited to specified transactions and may not include other events that might adversely affect our financial condition. In addition, the requirement that we offer to repurchase the notes upon a Fundamental Change may not protect noteholders in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

Our ability to repurchase notes with cash may be limited by the terms of our then existing indebtedness or financial agreements.

No notes may be repurchased for cash at the option of holders upon a Fundamental Change if there has occurred and is continuing an event of default described under "−− Events of Default" below. However, notes may be repurchased if the event of default is in the payment of the Fundamental Change repurchase price with respect to the notes.

OPTIONAL CONVERSION TO SEMI−ANNUAL COUPON NOTE UPON TAX EVENT

From and after the date of the occurrence of a Tax Event, we may elect to have interest in lieu of future original issue discount accrue at the rate of 2.125% per year on a principal amount per note (the "Restated Principal Amount") equal to the issue price plus original issue discount accrued to the date of the Tax Event or the date on which we exercise the option described herein, whichever is later (the "Option Exercise Date").

Such interest shall accrue from the Option Exercise Date and shall be payable in cash semi−annually on the interest payment dates of February 7 and August 7 of each year to holders of record at the close of business on the January 23 or the July 23 immediately preceding the interest payment date. Interest will be computed on the basis of a 360−day year comprised of twelve 30−day months. Interest will initially accrue from the Option Exercise Date and thereafter from the last date to which interest has been paid.

A "Tax Event" means that we have received an opinion from independent tax counsel experienced in such matters to the effect that, on or after the date of this prospectus, as a result of:

(1) any amendment to, or change (including any announced prospective change) in the laws, rules or regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein, or

(2) any amendment to, or change in, an interpretation or application of such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority,

in each case which amendment or change is enacted, promulgated, issued or announced or which interpretation is issued or announced or which action is taken, on or after January 31, 2001, there is more than an insubstantial risk that interest (including original issue discount) payable on the notes either:

- would not be deductible on a current accrual basis, or
- would not be deductible under any other method,

in either case in whole or in part, by us (by reason of deferral, disallowance, or otherwise) for United States federal income tax purposes.

Federal legislation has previously been proposed to change the tax law to defer the deduction of original issue discount on convertible debt instruments until the issuer pays the original issue discount. Congress did not enact these proposed changes. If a similar proposal were ever reintroduced, enacted and made applicable to the notes in a manner that would limit our ability to either:

- deduct the interest, including original issue discount, payable on the notes on a current accrual basis, or
- deduct the interest, including original issue discount, payable on the notes under any other method for United States federal income tax purposes,

such enactment would result in a Tax Event and the terms of the notes would be subject to modification at our option as described above.

The modification of the terms of notes by us upon a Tax Event, as described above, could possibly alter the timing of income recognition by holders of the notes with respect to the semi-annual payments of interest due on the notes after the option exercise date.

LIMITATIONS ON MORTGAGES AND LIENS

The indenture provides that so long as any of the notes are outstanding, Enron will not, and will not permit any subsidiary to, pledge, mortgage or hypothecate, or permit to exist, except in favor of Enron or any subsidiary, any mortgage, pledge or other lien upon, any Principal Property at any time owned by it, to secure any indebtedness (as defined in the indenture), unless effective provision is made whereby outstanding notes will be equally and ratably secured with any and all such indebtedness and with any other indebtedness similarly entitled to be equally and ratably secured. This restriction does not apply to prevent the creation or existence of:

- Mortgages, pledges, liens or encumbrances on any property held or used by Enron or a subsidiary in connection with the exploration for, development of or production of, oil, gas, natural gas (including liquified gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels, such properties to include, but not be limited to, Enron's or a subsidiary's interest in any mineral fee interests, oil, gas or other mineral leases, royalty, overriding royalty or net profits interests, production payments and other similar interests, wellhead production equipment, tanks, field gathering lines, leasehold or field separation and processing facilities, compression facilities and other similar personal property and fixtures;
- Mortgages, pledges, liens or encumbrances on oil, gas, natural gas (including liquified gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels produced or recovered from any property, an interest in which is owned or leased by Enron or a subsidiary;

- Mortgages, pledges, liens or encumbrances (or certain extensions, renewals or refundings thereof) upon any property acquired before or after the date of the indenture, created at the time of acquisition or within one year thereafter to secure all or a portion of the purchase price thereof, or existing thereon at the date of acquisition, whether or not assumed by Enron or a subsidiary, provided that every such mortgage, pledge, lien or encumbrance applies only to the property so acquired and fixed improvements thereon;

- Mortgages, pledges, liens or encumbrances upon any property acquired before or after the date of the indenture by any corporation that is or becomes a subsidiary after the date of the indenture ("Acquired Entity"), provided that every such mortgage, pledge, lien or encumbrance (1) shall either (a) exist prior to the time the Acquired Entity becomes a subsidiary or (b) be created at the time the Acquired Entity becomes a subsidiary or within one year thereafter to secure all or a portion of the acquisition price thereof and (2) shall only apply to those properties owned by the Acquired Entity at the time it becomes a subsidiary or thereafter acquired by it from sources other than Enron or any other subsidiary;

- Pledges of current assets, in the ordinary course of business, to secure current liabilities;

- Deposits to secure public or statutory obligations;

- Liens to secure indebtedness other than Funded Debt (as defined in the indenture and herein);

- Mortgages, pledges, liens or encumbrances upon any office, data processing or transportation equipment;

- Mortgages, pledges, liens or encumbrances created or assumed by Enron or a subsidiary in connection with the issuance of debt securities the interest on which is excludable from gross income of the holder of such security pursuant to the Internal Revenue Code of 1986, as amended, for the purpose of financing the acquisition or construction of property to be used by Enron or a subsidiary;

- Pledges or assignments of accounts receivable or conditional sales contracts or chattel mortgages and evidences of indebtedness secured thereby, received in connection with the sale by Enron or a subsidiary of goods or merchandise to customers; or

- Certain other liens or encumbrances.

Notwithstanding the foregoing, Enron or a subsidiary may issue, assume or guarantee indebtedness secured by a mortgage which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all other indebtedness of Enron or a subsidiary secured by a mortgage which (if originally issued, assumed or guaranteed at such time) would otherwise be subject to the foregoing restrictions (not including secured indebtedness permitted under the foregoing exceptions), does not at the time exceed 10% of the Consolidated Net Tangible Assets (total assets less (a) total current liabilities, excluding indebtedness due within 12 months, and (b) goodwill, patents and trademarks) of Enron, as shown on the audited consolidated financial statements of Enron as of the end of the fiscal year preceding the date of determination.

For purposes of this covenant only, the term "subsidiary" is defined in the indenture to mean a corporation all of the voting shares (that is, shares entitled to vote for the election of directors, but excluding shares entitled so to vote only upon the happening of some contingency unless such contingency shall have occurred) of which shall be owned by Enron or by one or more subsidiaries or by Enron and one or more subsidiaries. The term "Principal Property" is defined to mean any oil or gas pipeline, gas processing plant or chemical plant located in the United States, except any such property, pipeline or plant that in the opinion of the Board of Directors of Enron is not of material importance to the total business conducted by Enron and its subsidiaries. "Principal Property" does not include any oil or gas property or the production or any proceeds of production from an oil or gas producing property or the production or any proceeds of production of gas processing plants or oil or gas or petroleum products in any pipeline.

The term "indebtedness", as applied to Enron or any subsidiary, is defined to mean bonds, debentures, notes and other instruments representing obligations created or assumed by any such corporation for the repayment of money borrowed (other than unamortized debt discount or premium). All indebtedness secured by a lien upon property owned by Enron or any subsidiary and upon which indebtedness any such corporation customarily pays interest, even though such corporation has not assumed or become liable for the payment of such indebtedness, is also deemed to be indebtedness of any such corporation. All indebtedness for money borrowed incurred by other persons which is directly guaranteed as to payment of principal by Enron or any subsidiary is for all

purposes of the indenture deemed to be indebtedness of any such corporation, but no other contingent obligation of any such corporation in respect of indebtedness incurred by other persons is for any purpose deemed indebtedness of such corporation. Indebtedness of Enron or any subsidiary does not include (1) amounts which are payable only out of all or a portion of the oil, gas, natural gas, helium, coal, metals, minerals, steam, timber or other natural resources produced, derived or extracted from properties owned or developed by such corporation; (2) any amount representing capitalized lease obligations; (3) any indebtedness incurred to finance oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons or geothermal or other natural resources or synthetic fuel exploration or development, payable, with respect to principal and interest, solely out of the proceeds of oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons or geothermal or other natural resources or synthetic fuel to be produced, sold and/or delivered by Enron or any subsidiary; (4) indirect guarantees or other contingent obligations in connection with the indebtedness of others, including agreements, contingent or otherwise, with such other persons or with third persons with respect to, or to permit or ensure the payment of, obligations of such other persons, including, without limitation, agreements to purchase or repurchase obligations of such other persons, agreements to advance or supply funds to or to invest in such other persons or agreements to pay for property, products or services of such other persons (whether or not conferred, delivered or rendered) and any demand charge, throughput, take-or-pay, keep-well, make-whole, cash deficiency, maintenance of working capital or earnings or similar agreements; and (5) any guarantees with respect to lease or other similar periodic payments to be made by other persons.

"Funded Debt" as applied to any corporation means all indebtedness incurred, created, assumed or guaranteed by such corporation, or upon which it customarily pays interest charges, which matures, or is renewable by such corporation to a date, more than one year after the date as of which Funded Debt is being determined; provided, however, that the term "Funded Debt" shall not include (1) indebtedness incurred in the ordinary course of business representing borrowings, regardless of when payable, of such corporation from time to time against, but not in excess of the face amount of, its installment accounts receivable for the sale of appliances and equipment sold in the regular course of business or (2) advances for construction and security deposits received by such corporation in the ordinary course of business.

The foregoing limitations on mortgages, pledges and liens are intended to limit other creditors of Enron from obtaining preference or priority over holders of the notes, but are not intended to prevent other creditors from sharing equally and ratably and without preference ("pari passu") over the holders of the notes. While such limitations on mortgages and liens do provide protection to the holders of the notes, there are a number of exceptions to such restrictions which could result in certain assets of Enron and its subsidiaries being encumbered without equally and ratably securing the notes issued under the indenture. Specifically, the restrictions apply only to pledges, mortgages or liens upon "Principal Property" (as defined in the indenture and herein) to secure any "indebtedness" (as defined in the indenture and herein), unless effective provision is made whereby outstanding notes will be equally and ratably secured with any such indebtedness and with any other indebtedness similarly entitled to be equally and ratably secured. There are certain exceptions to the definition of "indebtedness," which are enumerated in the indenture and herein. In addition, the restrictions do not apply to prevent the creation or existence of mortgages, pledges, liens or encumbrances on certain types of properties or pursuant to certain types of transactions, all as enumerated in the indenture and above. Also, up to 10% of Consolidated Net Tangible Assets (as defined in the indenture and herein) is not subject to the mortgage and lien limitations contained in the indenture.

EVENTS OF DEFAULT

Each of the following will constitute an event of default under the indenture:

- default in payment of the principal amount at maturity (or if the notes have been converted to a semi-annual coupon notes following a Tax Event, the Restated Principal Amount), redemption price, purchase price or Fundamental Change repurchase price with respect to any note when such amount becomes due and payable;
- if the notes have been converted to semi-annual coupon notes following a Tax Event, the failure to pay interest within 30 days of the due date;
- liquidated damages owing, as described under "Registration Rights," if the default continues for 30 days;
- our failure to comply with any of our other agreements in the notes or the indenture upon receipt by us of notice of such default by the trustee or by holders of not less than 25% in aggregate principal amount at maturity of the notes then outstanding and our failure to cure (or obtain a waiver of) such default within 60 days after receipt by us of such notice; and

- certain events of bankruptcy or insolvency affecting us.

If any event of default has happened and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount at maturity of the notes then outstanding may declare the issue price of the notes plus the original issue discount on the notes or, if the notes are converted to semi-annual coupon notes following the occurrence of a Tax Event, the Restated Principal Amount plus interest on the notes, accrued to the date of such declaration to be immediately due and payable. In the case of certain events of bankruptcy or insolvency, the issue price of the notes plus the original issue discount on the notes or, if the notes are converted to semi-annual coupon notes following the occurrence of a Tax Event, the Restated Principal Amount plus interest on the notes, accrued to the occurrence of such event shall automatically become and be immediately due and payable.

Subject to the provisions of the indenture relating to the duties of the trustee in case an event of default occurs and is continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless such holders have offered to the trustee reasonable indemnity. Subject to such provisions for the indemnification of the trustee, the holders of a majority in aggregate principal amount at maturity of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the notes.

No holder of a note will have any right to institute any proceeding with respect to the indenture, or for the appointment of a receiver or a trustee, or for any other remedy thereunder, unless:

- such holder has previously given to the trustee written notice of a continuing event of default with respect to the notes;
- the holders of at least 25% in aggregate principal amount at maturity of the outstanding notes have made written request, and such holder or holders have offered reasonable indemnity, to the trustee to institute such proceeding as trustee; and
- the trustee has failed to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount at maturity of the outstanding notes a direction inconsistent with such request, within 60 days after such notice, request and offer.

However, such limitations do not apply to a suit instituted by a holder of a note for the enforcement of conversion rights or payment of the principal amount at maturity, the Restated Principal Amount, redemption price, purchase price or Fundamental Change repurchase price, liquidated damages or interest on such note after conversion of the notes to semi-annual coupon notes following a Tax Event, in each case on or after the applicable due date specified in such note.

We will be required to furnish to the trustee annually a statement by certain of its officers as to whether or not we, to their knowledge, are in default in the performance or observance of any of the terms, provisions and conditions of the indenture and, if so, specifying all such known defaults.

MODIFICATION AND WAIVER

Modifications and amendments of the indenture may be made by us and the trustee with the consent of the holders of at least a majority in aggregate principal amount at maturity of the outstanding notes affected by such modification or amendment.

No such modification or amendment may, without the consent of the holder of each outstanding note affected thereby,

- make any change to the percentage of principal amount at maturity of notes the holders of which must consent to an amendment or any waiver under the indenture;
- reduce the principal amount at maturity, Restated Principal Amount or issue price, or extend the stated maturity, of any note;
- reduce the redemption price, purchase price or Fundamental Change repurchase price of any note;
- make any change that adversely affects the right to convert any note;
- except as otherwise provided herein and in the indenture, alter the manner or rate of accrual of original issue discount or interest on any note, reduce the rate of interest upon the occurrence of a Tax Event, or extend the time for payment of original issue discount or interest, if any, on any note;

- make any note payable in money or securities other than that stated in the note;
- make any change that adversely affects such holder's right to require us to purchase a note; or
- impair the right to institute suit for the enforcement of any payment with respect to, or conversion of, the notes.

The holders of at least a majority in aggregate principal amount at maturity of the outstanding notes may waive compliance by us with certain restrictive provisions of the indenture. The holders of a majority in aggregate principal amount at maturity of the outstanding notes may waive any past default under the indenture and its consequences, except a default in any payment on the notes, a default with respect to the conversion rights of the notes and a default in respect of certain covenants and provisions of the indenture which cannot be amended without the consent of the holder of each outstanding note as described in the preceding paragraph.

MERGERS AND SALES OF ASSETS

The indenture provides that Enron may consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to another person, if among other items, (i) the resulting, surviving or transferee person (if other than Enron) assumes all obligations of Enron under the notes and the indenture, and (ii) Enron or such successor person is not immediately thereafter in default under the indenture. Upon the assumption of our obligations by such a person in such circumstances, subject to certain exceptions, Enron shall be discharged from all obligations under the notes and the indenture. Although such transactions are permitted under the indenture, certain of the foregoing transactions could constitute a Fundamental Change (as defined herein) permitting each holder to require us to purchase the notes of such holder as described above.

DISCHARGE OF THE INDENTURE

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding notes or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the notes have become due and payable, whether at stated maturity, or any redemption date, or any purchase date, or a Fundamental Change repurchase date, or upon conversion or otherwise, cash or shares of common stock (as applicable under the terms of the indenture) sufficient to pay all of the outstanding notes and paying all other sums payable under the indenture by us.

LIMITATION OF CLAIMS IN BANKRUPTCY

If a bankruptcy proceeding is commenced in respect of Enron, the claim of the holder of a note is, under Title 11 of the United States Code, limited to the issue price of the note plus that portion of the original issue discount that has accrued from the date of issue to the commencement of the proceeding.

REGARDING THE TRUSTEE

The indenture provides that, except during the continuance of an event of default, the trustee will perform only such duties as are specifically set forth in the indenture. During the existence of an event of default, the trustee will exercise such rights and powers vested in it under the indenture and use the same degree of care and skill in its exercise as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The indenture and provisions of the Trust Indenture Act incorporated by reference therein contain limitations on the rights of the trustee, should it become one of our creditors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claim as security or otherwise. The trustee is permitted to engage in other transactions with us or any of our affiliates; provided, however, that if, during the continuance of an event of default, it acquires any conflicting interest (as defined in the indenture or in the Trust Indenture Act), it must eliminate such conflict or resign.

The trustee under the indenture acts as agent and lender for some of our credit facilities.

BOOK−ENTRY; DELIVERY AND FORM; GLOBAL NOTE

Notes sold by the selling securityholders pursuant to the registration statement of which this prospectus forms a part are represented by one or more permanent global notes in definitive, fully−registered form without interest coupons. Each global note has been deposited with the trustee as custodian for DTC and registered in the name of a nominee of DTC in New York, New York for the accounts of participants in DTC.

Investors may hold their interests in a global note directly through DTC if they are DTC participants, or indirectly through organizations that are DTC participants.

Investors who purchase notes in offshore transactions may hold their interests in a global note directly through Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Clearstream Banking, societe anonyme ("Clearstream"), if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold interests in a global note on behalf of their participants through their respective depositaries, which in turn will hold such interests in the global note in customers' securities accounts in the depositaries' names on the books of DTC.

DTC has advised us as follows: DTC is a limited−purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act. DTC was created to hold securities of institutions that have accounts with DTC ("participants") and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book−entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (which may include the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's book−entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

Ownership of beneficial interests in each global note will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in each global note will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC (with respect to participants' interests) and such participants (with respect to the owners of beneficial interests in the global note other than participants).

So long as DTC or its nominee is the registered holder and owner of a global note, DTC or such nominee, as the case may be, will be considered the sole legal owner of the notes represented by the global note for all purposes under the indenture, the notes and applicable law. Except as set forth below, owners of beneficial interests in a global note will not be entitled to receive definitive notes and will not be considered to be the owners or holders of any notes under the global note. We understand that under existing industry practice, in the event an owner of a beneficial interest in a global note desires to take any actions that DTC, as the holder of the global note, is entitled to take, DTC would authorize the participants to take such action, and that participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them. No beneficial owner of an interest in a global note will be able to transfer the interest except in accordance with DTC's applicable procedures, in addition to those provided for under the indenture and, if applicable, those of Euroclear and Clearstream. Because DTC can only act on behalf of participants, who in turn act on behalf of others, the ability of a person having a beneficial interest in a global note to pledge that interest to persons that do not participate in the DTC system, or otherwise to take actions in respect of that interest, may be impaired by the lack of a physical certificate of that interest.

All payments on the notes represented by a global note registered in the name of and held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner and holder of the global note.

DTC or its nominee, upon receipt of any payment in respect of a global note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount at maturity of the global note as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practices as is now the case with securities held for accounts of customers registered in the names of nominees for such customers. Such payments, however, will be the responsibility of such participants and indirect participants, and neither we, the initial purchasers, the trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in any global note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and its participants or the relationship between such participants and the owners of beneficial interests in the global note.

Unless and until it is exchanged in whole or in part for definitive notes in definitive form, each global note may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures. If a holder requires physical delivery of a definitive note for any reason, including to sell notes to persons in jurisdictions that require such delivery of such notes or to pledge such notes, such holder must transfer its interest in the relevant global note in accordance with the normal procedures of DTC and the procedures set forth in the indenture.

Cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (Brussels time). Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in the global note from a DTC participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, as the case may be) immediately following the DTC settlement date, and such credit of any transactions interests in the global note settled during such processing day will be reported to the relevant Euroclear or Clearstream participant on such day. Cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a DTC participant will be received with value on the DTC settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

We expect that DTC will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a global note is credited and only in respect of such portion of the aggregate principal amount at maturity of the notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the notes, DTC will exchange each global note for definitive notes, which it will distribute to its participants.

Although we expect that DTC, Euroclear and Clearstream will agree to the foregoing procedures in order to facilitate transfers of interests in each global note among participants of DTC, Euroclear and Clearstream, DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we, the initial purchasers, nor the trustee will have any responsibility for the performance or nonperformance by DTC, Euroclear or Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling to continue as a depositary for any global note and a successor depositary is not appointed by us within 90 days, we will issue definitive notes in exchange for the global note.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In that event, certificates representing the notes will be printed and delivered.

The information in this section concerning DTC, Clearstream, Euroclear and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we do not take responsibility for the accuracy thereof.

REGISTRATION RIGHTS

Pursuant to the registration rights agreement we entered into with the initial purchasers of the notes, we have filed a shelf registration statement, of which this prospectus is a part, covering resales of the notes and the shares of our common stock issuable upon conversion thereof pursuant to Rule 415 under the Securities Act.

Subject to certain rights to suspend use of the shelf registration statement, we will use commercially reasonable efforts to cause the shelf registration statement to be declared effective by August 6, 2001 and to keep the shelf registration statement effective until the earliest of (1) the time when the notes covered by the shelf registration statement can be sold by persons who are not our affiliates pursuant to Rule 144(k) under the Securities Act or any successor rule or regulation thereto, (2) February 7, 2003, the second anniversary of the original date of issuance of the notes, (3) the date on which all notes registered under the shelf registration statement are disposed of in accordance therewith and (4) the date upon which the notes are no longer outstanding.

The following requirements and restrictions will generally apply to a holder selling such securities pursuant to the shelf registration statement:

- such holder will be required to be named as selling securityholder in the related prospectus;
- such holder will be required to deliver a copy of this prospectus, as it may be amended or supplemented, to purchasers;
- such holder will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales; and
- such holder will be bound by the provisions of the registration rights agreement which are applicable to such holder (including certain indemnification obligations).

We have agreed to pay predetermined liquidated damages as described herein ("liquidated damages") to holders of the notes and holders of common stock issued upon conversion of the notes if the shelf registration statement is not timely made effective as described above or if the prospectus is unavailable for periods in excess of those permitted in the registration rights agreement. Such liquidated damages shall accrue until such failure to file or become effective or unavailability is cured:

- in respect of any note, at a rate per year equal to 0.25% for the first 120 days after the occurrence of such event and 0.5% thereafter of the applicable principal amount (as defined below) thereof, and
- in respect of any shares of common stock into which the notes have been converted, at a rate per year equal to 0.25% for the first 120 days after the occurrence of such event and 0.5% thereafter of the then applicable conversion price (as defined).

The term "applicable principal amount" means, as of any date of determination, with respect to each $1,000 principal amount at maturity of the notes, the sum of the issue price of such notes plus accrued original issue discount with respect to such notes through such date of determination or, following the conversion of the notes to interest−bearing securities after a Tax Event, the Restated Principal Amount. The term "applicable conversion price" means, as of any date of determination, the applicable principal amount per $1,000 principal amount at maturity of notes as of such date of determination divided by the conversion rate in effect as of such date of determination or, if no notes are then outstanding, the conversion rate that would be in effect were notes then outstanding.

Such liquidated damages will accrue from and including the date on which any such registration default occurs to but excluding the date on which all registration defaults have been cured. We will have no other liabilities for monetary damages with respect to our registration obligations.

We are permitted to suspend the effectiveness of the shelf registration statement or the use of the prospectus that is part of the shelf registration statement during specified periods in specified circumstances, including circumstances relating to pending corporate developments.

The summary herein of certain provisions of the registration rights agreement is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available upon request to Enron as described under "Where You Can Find More Information."

DESCRIPTION OF CAPITAL STOCK

AUTHORIZED AND OUTSTANDING CAPITAL STOCK

At May 31, 2001, the authorized capital stock of Enron was 1,216,500,000 shares, consisting of:

(a) 16,500,000 shares of preferred stock, of which:

- 1,162,749 shares of Cumulative Second Preferred Convertible Stock were outstanding;
- 35.568509 shares of 9.142% Perpetual Second Preferred Stock were issued and are held by an Enron subsidiary;
- 250,000 shares of Mandatorily Convertible Junior Preferred Stock, Series B, were issued and outstanding;
- 204,800 shares of Mandatorily Convertible Single Reset Preferred Stock, Series A, were issued and held by an Enron subsidiary;
- 83,000 shares of Mandatorily Convertible Single Reset Preferred Stock, Series B, were issued and held by an Enron subsidiary;

(b) 1,200,000,000 shares of common stock, of which 747,805,016 shares were outstanding.

COMMON STOCK

Enron is authorized to issue up to 1,200,000,000 shares of Enron common stock. The holders of Enron common stock are entitled to one vote for each share on all matters submitted to a vote of shareholders and do not have cumulative voting rights in the election of directors. The holders of Enron common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors of Enron out of legally available funds subject to the rights of any preferred stock. In the event of liquidation, dissolution or winding up of Enron, the holders of Enron common stock are entitled to share ratably in all assets of Enron remaining after provision for payment of liabilities and satisfaction of the liquidation preference of any shares of Enron preferred stock that may be outstanding. The holders of Enron common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of Enron common stock are subject to those of holders of Enron preferred stock, including any series of Enron preferred stock issued in the future.

PREFERRED STOCK

Enron is authorized to issue up to 16,500,000 shares of preferred stock. The preferred stock ranks in preference to the common stock as to payment of dividends and as to distribution of assets of Enron upon the liquidation, dissolution or winding up of Enron. An aggregate of 1,370,000 shares of Enron preferred stock are designated the Cumulative Second Preferred Convertible Stock ("Enron Convertible Preferred Stock"), an aggregate of 35.568509 shares of Enron preferred stock are designated the 9.142% Perpetual Second Preferred Stock ("Enron 9.142% Preferred Stock"), an aggregate of 250,000 shares of Enron preferred stock are designated the Mandatory Convertible Junior Preferred Stock, Series B ("Enron Mandatorily Convertible Junior Preferred Stock"), an aggregate of 204,800 shares of Enron preferred stock are designated the Mandatorily Convertible Single Reset Preferred Stock, Series A ("Enron Mandatorily Convertible Preferred Stock, Series A"), and 83,000 shares of Enron preferred stock are designated the Mandatorily Convertible Single Reset Preferred Stock, Series B ("Enron Mandatorily Convertible Preferred Stock, Series B" and together with the Enron Mandatorily Convertible Preferred Stock, Series A, the "Enron Mandatorily Convertible Preferred Stock").

In addition to the Enron Convertible Preferred Stock, the Enron 9.142% Preferred Stock, the Enron Mandatorily Convertible Junior Preferred Stock and the Enron Mandatorily Convertible Preferred Stock, the Enron board of directors has authority, without shareholder approval (except to the extent that holders of any series of Enron preferred stock are entitled by their terms to class voting rights), to issue shares of Enron preferred stock in one or more series and to determine the number of shares, designations, dividend rights, conversion rights, voting power, redemption rights, liquidation preferences and other terms of any such series. The issuance of Enron preferred stock, while providing desired flexibility in connection with possible acquisitions and other corporate purposes, could adversely affect the voting power of holders of Enron common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation and could have the effect of delaying, deferring or preventing a change in control of Enron.

ENRON CONVERTIBLE PREFERRED STOCK

We have summarized the terms of the Enron Convertible Preferred Stock below. The summary is not complete. The form of series designation for the Enron Convertible Preferred Stock has been filed with the SEC, and you should read the form for any terms that may be important to you.

The annual rate of dividends payable on shares of the Enron Convertible Preferred Stock is the greater of $10.50 per share or the dividend amount payable on the number of shares of Enron common stock into which one share of Enron Convertible Preferred Stock is convertible (currently 27.304 shares, subject to adjustment). Such dividends are payable quarterly on the first days of January, April, July and October. These dividend rights are superior to the dividend rights of the Enron common stock, the Enron Mandatorily Convertible Junior Preferred Stock and the Enron Mandatorily Convertible Preferred Stock and rank equally with the dividend rights on the Enron 9.142% Preferred Stock.

The amount payable on shares of the Enron Convertible Preferred Stock in the event of any involuntary or voluntary liquidation, dissolution or winding up of the affairs of Enron is $100 per share, together with accrued dividends to the date of distribution or payment. The liquidation rights of the Enron Convertible Preferred Stock are superior to the Enron common stock, the Enron Mandatorily Convertible Junior Preferred Stock and the Enron Mandatorily Convertible Preferred Stock and rank equally with the liquidation rights of the Enron 9.142% Preferred Stock. The Enron Convertible Preferred Stock is redeemable at the option of Enron at any time, in whole or in part, at a redemption price of $100 per share, together with accrued dividends to the date of payment. Each share of Enron Convertible Preferred Stock is convertible into 27.304 shares of Enron common stock at any time at the option of the holder (which conversion rate is and will be subject to certain adjustments).

Holders of Enron Convertible Preferred Stock are entitled to vote together with the Enron common stock on all matters submitted to a vote of Enron shareholders, with each share of Enron Convertible Preferred Stock having a number of votes equal to the number of shares of Enron common stock into which one share of Enron Convertible Preferred Stock is convertible. In addition, holders of Enron Convertible Preferred Stock are entitled to certain class voting rights, including (unless provision is made for redemption of such shares):

(a) the requirement for approval by the holders of at least two−thirds of the Enron Convertible Preferred Stock (voting together with all other shares of parity stock similarly affected) to effect:

- an amendment to the Enron charter or bylaws that would affect adversely the voting powers, rights or preferences of the holders of the Enron Convertible Preferred Stock or that would reduce the time for any notice to which the holders of the Enron Convertible Preferred Stock may be entitled,

- the authorization, creation or issuance of, or the increase in the authorized amount of, any stock of any class or series or any security convertible into stock of any class or series ranking prior to the Enron Convertible Preferred Stock,

- the voluntary dissolution, liquidation or winding up of the affairs of Enron, or the sale, lease or conveyance by Enron of all or substantially all of its property or assets, or

- the purchase or redemption (for sinking fund purposes or otherwise) of less than all of the Enron Convertible Preferred Stock and other parity stock at the time outstanding unless the full dividends on all shares of Enron Convertible Preferred Stock then outstanding shall have been paid or declared and a sum sufficient for payment thereof set apart, and

(b) the requirement for approval by the holders of at least a majority of the Enron Convertible Preferred Stock (voting together with all other shares of parity stock similarly affected), to effect:

- the authorization, creation or issuance of, or the increase in the authorized amount of, any stock of any class or series, or any security convertible into stock of any class or series, ranking on a parity with the Enron Convertible Preferred Stock, provided that no such consent shall be required for the authorization, creation or issuance by Enron of a number of shares of one or more series of preferred stock ranking on parity with the Enron Convertible Preferred Stock that, together with number of shares of Enron Convertible Preferred Stock and other preferred stock ranking on parity with the Enron Convertible Preferred Stock then outstanding, would equal 5,000,000, or

- the merger or consolidation of Enron with or into any other corporation, unless the corporation resulting from such merger or consolidation will have after such merger or consolidation no class of stock and no other securities either authorized or outstanding ranking prior to or on a parity with the Enron Convertible Preferred Stock, except the same number of shares of stock and the same amount of other securities with the same rights and preferences as the stock and securities of Enron respectively authorized and outstanding immediately preceding such merger or consolidation, and each holder of Enron Convertible Preferred Stock immediately preceding such merger or consolidation shall receive the same number of shares, with the same rights and preferences, of the resulting corporation.

In addition, if dividend payments on the Enron Convertible Preferred Stock are in default in an amount equivalent to six quarterly dividends on such shares, then the holders of the Enron Convertible Preferred Stock (together with holders of any parity stock similarly affected) shall be able to elect two directors to Enron's board of directors until such dividends have been paid or funds sufficient therefor deposited in trust. If we fail to pay dividends when due on this preferred stock, the terms of this preferred stock will prohibit us from paying dividends on junior stock, including Enron common stock, and prohibit us and our subsidiaries from acquiring junior stock, including Enron common stock, subject to certain exceptions.

9.142% PREFERRED STOCK

We have summarized the terms of the Enron 9.142% Preferred Stock below. The summary is not complete. The form of series designation for the Enron 9.142% Preferred Stock has been filed with the SEC, and you should read the form for any terms that may be important to you.

The annual rate of dividends payable on shares of the Enron 9.142% Preferred Stock is $91,420 per share. Such dividends are payable quarterly on the first days of January, April, July and October. These dividend rights are superior to the dividend rights of the Enron common stock, the Enron Mandatorily Convertible Junior Preferred Stock and the Enron Mandatorily Convertible Preferred Stock and rank equally with the dividend rights on the Enron Convertible Preferred Stock.

The amount payable on shares of the Enron 9.142% Preferred Stock in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of Enron is $1,000,000 per share, together with accrued dividends. The liquidation rights of the Enron 9.142% Preferred Stock are superior to those of the Enron common stock, the Enron Mandatorily Convertible Junior Preferred Stock and the Enron Mandatorily Convertible Preferred Stock and rank equally with the liquidation rights of the Enron Convertible Preferred Stock.

The Enron 9.142% Preferred Stock is not redeemable at the option of Enron. Pursuant to an agreement between Enron and its subsidiary, however, such subsidiary will have the rights, exercisable at any time, in whole or in part, for a 180−day period commencing January 31, 2004, to cause Enron to redeem 18 shares for $1,000,000 per share, together with accrued dividends.

The holders of Enron 9.142% Preferred Stock generally have no voting rights but are entitled to certain class voting rights, including (unless provision is made for redemption of such shares):

(a) the requirement for approval by the holders of at least two−thirds of the Enron 9.142% Preferred Stock (voting together with the holders of all other shares of parity stock similarly affected), to effect:

- an amendment to the Enron Charter or Bylaws that would affect adversely the voting powers, rights or preferences of the holders of the Enron 9.142% Preferred Stock or would reduce the time for any notice to which the holders of the Enron 9.142% Preferred Stock may be entitled,

- the authorization, creation or issuance of, or the increase in the authorized amount of, any stock of any class or series or any security convertible into stock of any class or series ranking prior to the Enron 9.142% Preferred Stock,

- the voluntary dissolution, liquidation or winding up of the affairs of Enron, or the sale, lease or conveyance by Enron of all or substantially all of its property or assets, or

- the purchase or redemption (for sinking fund purposes or otherwise) of less than all of the Enron 9.142% Preferred Stock and other parity stock at the time outstanding unless the full dividends on all shares of Enron 9.142% Preferred Stock then outstanding shall have been paid or declared and a sum sufficient for payment thereof set apart, and

(b) the requirement for approval by the holders of at least a majority of the Enron 9.142% Preferred Stock (voting together with all other shares

of parity stock similarly affected), to effect:

- the authorization, creation or issuance of, or the increase in the authorized amount of, any stock of any class or series or any security convertible into stock of any class or series, ranking on a parity with the Enron 9.142% Preferred Stock, provided that no such consent shall be required for the authorization, creation or issuance by Enron of a number of shares of one or more series of preferred stock ranking on parity with the Enron 9.142% Preferred Stock that, together with number of shares of Enron 9.142% Preferred Stock and other preferred stock ranking on parity with the Enron 9.142% Preferred Stock then outstanding, would equal 5,000,000, or

- the merger or consolidation of Enron with or into any other corporation, unless the corporation resulting from such merger or consolidation will have after such merger or consolidation no class of stock and no other securities either authorized or outstanding ranking prior to or on a parity with the Enron 9.142% Preferred Stock, except the same number of shares of stock and the same amount of other securities with the same rights and preferences as the stock and securities of Enron respectively authorized and outstanding immediately preceding such merger or consolidation, and each holder of Enron 9.142% Preferred Stock immediately preceding such merger or consolidation shall receive the same number of shares, with the same rights and preferences, of the resulting corporation.

In addition, if dividend payments on the Enron 9.142% Preferred Stock are in default in an amount equivalent to six quarterly dividends on such shares, then the holders of the Enron 9.142% Preferred Stock (together with holders of any other parity stock similarly affected) shall be able to elect two directors to Enron's board of directors until such dividends have been paid or funds sufficient therefor deposited in trust. If we fail to pay dividends when due on this preferred stock, the terms of this preferred stock will prohibit us from paying dividends on junior stock, including Enron common stock, and prohibit us and our subsidiaries from acquiring junior stock, including Enron common stock, subject to certain exceptions.

ENRON MANDATORILY CONVERTIBLE JUNIOR PREFERRED STOCK

We have summarized the terms of the Enron Mandatorily Convertible Junior Preferred Stock below. The summary is not complete. The form of the statement of resolutions establishing the Enron Mandatorily Convertible Junior Preferred Stock has been filed with the SEC, and you should read the form for any terms that may be important to you.

The annual rate of dividends payable on shares of the Enron Mandatorily Convertible Junior Preferred Stock is 6.5%. The amount payable on shares of the Enron Mandatorily Convertible Junior Preferred Stock in the event of any liquidation, dissolution or winding up of the affairs of Enron is $4,000 per share, together with accrued dividends. The dividend and liquidation rights of the Enron Mandatorily Convertible Junior Preferred Stock are superior to the dividend and liquidation rights of the Enron common stock, rank equally with the dividend and liquidation rights of the Mandatorily Convertible Preferred Stock, but rank junior to the dividend and liquidation rights of the Enron Convertible Preferred Stock and Enron 9.142% Preferred Stock. The Enron Mandatorily Convertible Junior Preferred Stock is not redeemable at the option of Enron. Each share of Enron Mandatorily Convertible Junior Preferred Stock is convertible initially into 200 shares of Enron common stock (which conversion rate is subject to certain adjustments).

The holders of Enron Mandatorily Convertible Junior Preferred Stock generally have no voting rights but are entitled to certain class voting rights, including the requirement for approval by the holders of at least a majority of the Enron Mandatorily Convertible Junior Preferred Stock (voting together with all other shares of parity stock similarly affected) to effect:

- an amendment to the Enron charter that would adversely affect the voting powers, rights or preferences of the holders of the Enron Mandatorily Convertible Junior Preferred Stock,

- the sale, lease or conveyance by Enron of all or substantially all of its assets,

- the authorization, creation, issuance or increase in the authorized amount of securities ranking on a parity with the Enron Mandatorily Convertible Junior Preferred Stock, or

- the merger or consolidation of Enron with or into any other corporation, unless each holder of Enron Mandatorily Convertible Junior Preferred Stock immediately preceding such merger or consolidation shall receive the same number of shares, with substantially the same rights and preferences, of the surviving corporation.

In addition, if full cumulative dividends are not paid for six consecutive quarterly periods, the holders of the Enron Mandatorily Convertible Junior Preferred Stock (together with the holders of any parity stock similarly affected) will have the right to elect two directors to Enron's board of directors until all dividends in arrears have been paid or funds sufficient therefor deposited in trust. If we fail to pay dividends when due on this preferred stock, the terms of this preferred stock will prohibit us from paying dividends on junior stock, including Enron common stock, and prohibit us and our subsidiaries from acquiring junior stock, including Enron common stock, subject to certain exceptions.

ENRON MANDATORILY CONVERTIBLE PREFERRED STOCK

We have summarized the terms of the Enron Mandatorily Convertible Preferred Stock, Series A and Series B, below. The summary is not complete. The terms of the Series A and the Series B are generally the same except as discussed below. The forms of the statement of resolutions establishing both series of the Enron Mandatorily Convertible Preferred Stock have been filed with the SEC, and you should read the forms for any terms that may be important to you.

The shares of each of the two series of the Enron Mandatorily Convertible Preferred Stock were deposited under deposit agreements, and the related depositary shares were then deposited into trusts of which we are the beneficial owner. The depositary shares are to be sold by the trusts only if a default occurs under certain of our debt obligations or under certain debt obligations that were incurred in connection with our investment in Wessex Water Plc and Elektro-Eletricidade e Servicos S.A. (the "Obligations") or our credit ratings fall below investment grade and, in the case of Series A, our common stock price falls below $18.92, subject to certain adjustments. The date that the depositary shares are sold by the trust, or under certain circumstances the date the depositary shares were to have been sold but were unable to be sold, is the Rate Reset Date, and the market price of Enron common stock on the day such sale is priced is the Reset Price, subject to certain adjustments. If the Obligations, which generally mature on or before December 2001, are timely repaid in full, we expect the Enron Mandatorily Convertible Preferred Stock will be retired and canceled.

No dividends are payable on the Enron Mandatorily Convertible Preferred Stock prior to the applicable Rate Reset Date. After a Rate Reset Date, the annual rate of dividends payable is $350 per share plus an amount which is intended to approximate the dividend yield on the Enron common stock as of the Rate Reset Date. Such dividends are payable quarterly and are cumulative. The amount payable on shares of Enron Mandatorily Convertible Preferred Stock in the event of any liquidation, dissolution or winding up of the affairs of Enron is $5,000 per share, together with accrued dividends to the date of payment. These dividend and liquidation rights are superior to the dividend and liquidation rights of the Enron common stock, rank equally with the dividend and liquidation rights of the Enron Mandatorily Convertible Junior Preferred Stock, but rank junior to the dividend and liquidation rights of the Enron Convertible Preferred Stock and Enron 9.142% Preferred Stock.

The Enron Mandatorily Convertible Preferred Stock is not redeemable after the Rate Reset Date. The Enron Mandatorily Convertible Preferred Stock will be converted into Enron common stock on the third anniversary of the Rate Reset Date. The number of shares issuable per share of Enron Mandatorily Convertible Preferred Stock on conversion will equal the liquidation preference ($5,000) divided by the conversion price. The conversion price will be between 100% to 110% of the applicable Reset Price (subject to certain adjustments) depending on the market price of Enron common stock at the time of conversion. After the Rate Reset Date and prior to the third anniversary of the Rate Reset Date, the holders of the Enron Mandatorily Convertible Preferred Stock will be entitled to convert such shares into Enron common stock based on a conversion price of 110% of the Reset Price (subject to certain adjustments).

The holders of each series of Enron Mandatorily Convertible Preferred Stock generally have no voting rights, but are entitled to certain class voting rights, including the requirement for approval by the holders of at least a majority of each series to effect:

- an amendment to the Enron Charter that would adversely affect the powers, rights or preferences of the holders of such series of Enron Mandatorily Convertible Preferred Stock,
- the authorization or issuance of capital stock ranking senior to the Enron Mandatorily Convertible Preferred Stock, or
- the merger or statutory exchange in which holders of the Enron Mandatorily Convertible Preferred Stock do not receive a similar preferred stock in the surviving entity, subject to certain exceptions.

If the Obligations are not paid when due, the holders of each series of Enron Mandatorily Convertible Preferred Stock will have the right to elect two directors to Enron's board of directors until such debt is paid or certain other events occur. In addition, if full cumulative dividends are not paid for six consecutive quarterly periods, the holders of the Enron Mandatorily Convertible Preferred Stock (together with the holders of any parity stock similarly affected) will have the right to elect two directors to Enron's board

of directors until all dividends in arrears have been paid. If we fail to pay dividends when due on Enron Mandatorily Convertible Preferred Stock, the terms of the Enron Mandatorily Convertible Preferred Stock will prohibit us from paying dividends on junior stock, including Enron common stock, and prohibit us and our subsidiaries from acquiring junior stock, including Enron common stock, subject to certain exceptions.

CERTAIN PROVISIONS OF THE ENRON CHARTER AND BYLAWS

Fair Price Provision. The Enron Charter contains a "fair price" provision which generally requires that certain mergers, business combinations and similar transactions with a "Related Person" (generally the beneficial owner of at least 10 percent of Enron's voting stock) be approved by the holders of at least 80 percent of Enron's voting stock, unless (a) the transaction is approved by at least 80 percent of the "Continuing Directors" of Enron, who constitute a majority of the entire board, (b) the transaction occurs more than five years after the last acquisition of Enron voting stock by the Related Person or (c) certain "fair price" and procedural requirements are satisfied.

"Business Transaction" means (a) any merger or consolidation involving Enron or a subsidiary of Enron, (b) any sale, lease, exchange, transfer or other disposition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any substantial part of the assets either of Enron or of a subsidiary of Enron, (c) any sale, lease, exchange, transfer or other disposition of all or any substantial part of the assets of an entity to Enron or a subsidiary of Enron, (d) the issuance, sale, exchange, transfer or other disposition by Enron or a subsidiary of Enron of any securities of Enron or any subsidiary of Enron, (e) any recapitalization or reclassification of Enron's securities (including without limitation, any reverse stock split) or other transaction that would have the effect of increasing the voting power of a Related Person, (f) any liquidation, spinoff, splitoff, splitup or dissolution of Enron, and (g) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Transaction.

"Continuing Director" means a director who either was a member of the board of directors of Enron prior to the time such Related Person became a Related Person or who subsequently became a director of Enron and whose election, or nomination for election by Enron's shareholders, was approved by a vote of at least 80 percent of the Continuing Directors then on the board, either by a specific vote or by approval of the proxy statement issued by Enron on behalf of the board of directors in which such person is named as nominee for director, without an objection to such nomination; provided, however, that in no event shall a director be considered a "Continuing Director" if such director is a Related Person and the Business Transaction to be voted upon is with such Related Person or is one in which such Related Person otherwise has an interest (except proportionately as a shareholder of Enron).

Advance Notice Requirements for Shareholder Proposals and Nominations. The Enron Bylaws provide that for business to be properly brought before an annual meeting of shareholders, it must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (b) otherwise brought before the meeting by or at the direction of the board of directors or (c) otherwise properly brought before the meeting by a shareholder of Enron who is a shareholder of record at the time of giving of notice hereinafter provided for, who shall be entitled to vote at such meeting and who complies with the following notice procedures. In addition to any other applicable requirements, for business to be brought before an annual meeting by a shareholder of Enron, the shareholder must have given to the Secretary of Enron timely notice in writing of the business to be brought before an annual meeting of shareholders. To be timely, a shareholder's notice must be delivered to or mailed and received at Enron's principal executive offices not less than 120 days prior to the anniversary date of the proxy statement for the previous year's annual meeting of the shareholders of Enron. A shareholder's notice to the Secretary must set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on Enron's books, of the shareholder proposing such business, (iii) the acquisition date, the class and the number of shares of voting stock of Enron which are owned beneficially by the shareholder, (iv) any material interest of the shareholder in such business and (v) a representation that the shareholder intends to appear in person or by proxy at the meeting to bring the proposed business before the meeting. No business shall be conducted at an annual meeting except in accordance with the procedures outlined above.

The Enron Bylaws provide that only persons who are nominated for election as a director of Enron in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to Enron's board of directors may be made at a meeting of shareholders (a) by or at the direction of the board of directors or (b) by any shareholder of Enron who is a shareholder of record at the time of giving of notice hereinafter provided for, who shall be entitled to vote for the election of directors at the meeting and who complies with the following notice procedures. Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the Secretary of Enron. To be timely, a shareholder's notice must be delivered to or mailed and received at Enron's principal executive offices, (i) with respect to an

election to be held at an annual meeting of shareholders of Enron, not less than 120 days prior to the anniversary date of the proxy statement for the previous year's annual meeting of the shareholders of Enron, and (ii) with respect to an election to be held at a special meeting of shareholders of Enron for the election of directors, not later than the close of business on the 10th day following the date on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever first occurs. Such shareholder's notice to the Secretary shall set forth (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, all information relating to the person that is required to be disclosed in solicitations for proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act (including the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected); and (b) as to the shareholder giving the notice, (i) the name and address, as they appear on Enron's books, of such shareholder, and (ii) the class and number of shares of capital stock of Enron which are beneficially owned by the shareholder.

CERTAIN ANTI-TAKEOVER PROVISIONS OF OREGON LAW

Business Combinations with Interested Shareholders. Enron is subject to the provisions of Sections 60.825-60.845 of the Oregon Business Corporation Act ("OBCA"), which generally provide that any person who acquires 15% or more of a corporation's voting stock (thereby becoming an "interested shareholder") may not engage in certain "business combinations" with the corporation for a period of three years following the date the person became an interested stockholder, unless (i) the board of directors has approved, prior to the date the person became an interested shareholder, either the business combination or the transaction that resulted in the person becoming an interested shareholder, (ii) upon consummation of the transaction that resulted in the person becoming an interested shareholder, that person owns at least 85% of the corporation's voting stock outstanding at the time the transaction is commenced (excluding shares owned by persons who are both directors and officers and shares owned by employee stock plans in which participants do not have the right to determine whether shares will be tendered in a tender or exchange offer), or (iii) on or subsequent to the date the person became an interested shareholder, the business combination is approved by the board of directors and authorized by the affirmative vote of at least 66 2/3% of the outstanding voting stock not owned by the interested shareholder.

Control Share Statute. As is permitted by the OBCA, the Enron Charter provides that Enron is not subject to the Oregon Control Share Act. The Oregon Control Share Act restricts the ability of a shareholder of certain Oregon-based corporations to vote shares of stock acquired in a transaction that causes the acquiring person to control at least one-fifth, one-third or one-half of the votes entitled to be cast in the election of directors, except as authorized by a vote of the corporation's disinterested shareholders.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax considerations to holders of notes and the shares of our common stock issuable upon conversion thereof. The legal matters described in this discussion represent the views of Vinson & Elkins L.L.P., who have acted as our counsel in connection with the original issuance of the notes. This discussion is not a complete analysis of all the potential tax considerations relating thereto. In particular, it does not address all tax considerations that may be important to you in light of your particular circumstances or under certain special rules. Special rules may apply, for instance, to banks, tax−exempt organizations, dealers in securities, persons who hold notes or common stock as part of a hedge, conversion or constructive sale transaction, or straddle or other risk reduction transaction, or to persons who have ceased to be United States citizens or to be taxed as resident aliens. This discussion is limited to holders of notes who hold the notes and any common stock into which the notes are converted as capital assets. This discussion does not address the tax consequences arising under the laws of any foreign, state or local jurisdiction.

This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), existing and proposed Treasury Regulations, and judicial decisions and administrative interpretations thereunder, as of the date hereof, all of which are subject to change or different interpretations, possibly with retroactive effect. We cannot assure you that the Internal Revenue Service (the "IRS") will not challenge one or more of the tax results described herein, and Enron has not obtained, nor does it intend to obtain, a ruling from the IRS with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the notes or common stock.

PLEASE CONSULT YOUR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO YOU OF ACQUIRING, HOLDING, CONVERTING OR OTHERWISE DISPOSING OF THE NOTES AND COMMON STOCK, INCLUDING THE EFFECT AND APPLICABILITY OF STATE, LOCAL OR FOREIGN TAX LAWS.

U.S. HOLDERS

You are a U.S. holder for purposes of this discussion if you are a holder of a note or common stock that is, for U.S. federal income tax law purposes:

- a citizen or resident of the United States;
- a corporation or partnership which is created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

Original Issue Discount on the Notes. The notes were issued at a substantial discount from their principal amount at maturity. For U.S. federal income tax purposes, the excess of the principal amount of each note over its issue price constitutes original issue discount ("OID"). The "issue price" of the notes is the first price at which a substantial portion of the notes were sold to the public (not including sales to underwriters or placement agents). You will be required to include OID in income as it accrues, in accordance with a constant yield method, before receipt of the cash or stock attributable to such income, regardless of your regular method of accounting for U.S. federal income tax purposes. Under these rules, you will have to include in gross income increasingly greater amounts of OID in each successive accrual period. Your original tax basis for determining gain or loss on the sale or other disposition of a note will be increased by any accrued OID included in your gross income. For the approximate cumulative total amount of the OID accrued annually, see the chart under "Description of the Notes −− Optional Redemption".

We do not intend to treat the possibility of (i) an optional redemption or repurchase of the notes or (ii) payment of liquidated damages as a result of our failure to cause the notes to be registered under the Securities Act, as (x) affecting the determination of the yield to maturity of the notes or (y) giving rise to any additional accrual of OID or recognition of ordinary income upon redemption, sale or exchange of the notes. In the event that the interest rate on the notes is increased, such increased interest may be treated as increasing the amount of OID includible by you.

We will be required to furnish annually to the IRS and to certain noncorporate holders information regarding the amount of the OID attributable to that year. For this purpose, we will use a six−month accrual period which ends on the day in each calender year corresponding to the maturity date of the notes or the date six months before such maturity date.

Market Discount. If you purchase a note for an amount that is less than its issue price plus accrued OID as of your purchase date, subject to a de minimis exception you will be treated as having purchased the note at a "market discount". In such case, you will be required to treat any payment on, or any gain realized on the sale, exchange or other disposition of, the note as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount accrued on the note while held by you and not previously included in income; you also may be required to defer the deduction of all or a portion of any interest paid or accrued on indebtedness incurred or maintained to purchase or carry the note. Alternatively, you may elect (with respect to the note and all your other market discount obligations) to include market discount in income currently as it accrues. Market discount is considered to accrue ratably during the period from the date of acquisition to the maturity date of the note, unless you elect to accrue market discount on the basis of a constant interest rate. Amounts includible in income as market discount are generally treated as ordinary interest income.

Premium. If you purchase a note for an amount that is greater than the sum of all amounts payable on the note after your purchase date, you will be treated as having purchased the note with "amortizable bond premium" equal in amount to such excess. You may elect (with respect to the note and all your other obligations with amortizable bond premium) to amortize such premium using a constant yield method over the remaining term of the note and may offset interest income otherwise required to be included in respect of the note during any taxable year by the amortized amount of such excess for the taxable year.

Constant Yield Method. In lieu of accounting for OID and any market discount and amortizable bond premium separately, you may elect to include in income all interest that accrues on the note (including OID and market discount and adjusted for amortizable bond premium) using a constant yield method under which the note would be treated as if issued on your purchase date for an amount equal to your adjusted basis in the note immediately after your purchase of the note. Such an election will simplify the computation and reporting of income from a note and will effectively permit you to report income using the accrual method and a constant yield.

Sale, Retirement or Redemption of the Notes Solely for Cash. Upon the sale, retirement or redemption of a note solely for cash, including cash received in lieu of conversion, you will recognize gain or loss equal to the difference between the sale or redemption proceeds and your adjusted tax basis in the note. Your adjusted tax basis in a note will generally equal your cost of the note increased by any OID previously included in income with respect to the note. Gain or loss realized on the sale, exchange or retirement of a note will generally be capital gain or loss and will be long−term capital gain or loss if the note has been held for more than one year. You should consult your tax advisors regarding the treatment of capital gains (which may be taxed at lower rates than ordinary income for certain noncorporate taxpayers) and losses (the deductibility of which is subject to limitations).

Exchange or Conversion of Notes for Common Stock. Generally, a holder will not recognize gain or loss upon (i) the receipt of common stock in exchange for a note pursuant to a tender to us of the note on a purchase date or upon a Fundamental Change or (ii) the conversion of a note into common stock of the Company (except in connection with cash received in lieu of a fractional share of common stock). Your obligation to include in gross income the daily portions of OID with respect to a note will terminate prospectively on the date of conversion or exchange. Your basis in the common stock received will be the same as your basis in the note at the time of the exchange or conversion (exclusive of any tax basis allocable to a fractional share), and your holding period for the common stock will include the holding period of the note except that the holding period of the common stock attributable to accrued OID may commence on the day following the date of exchange or conversion.

The receipt of cash in lieu of a fractional share of common stock, if any, should generally result in capital gain or loss (measured by the difference between the cash received for the fractional share interest and your tax basis in the fractional share interest).

Exchange of the Notes for Cash and Common Stock. If you elect to exercise your option to tender a note to us on a purchase date or upon a Fundamental Change and the purchase price is paid in a combination of shares of common stock and cash, or upon your receipt of a combination of stock and cash upon conversion, in each case apart from any cash received in lieu of a fractional share you will recognize gain (but not loss) but only to the extent such gain does not exceed such cash. Your basis in the common stock received in the exchange will be the same as your tax basis in the notes tendered to us (exclusive of any tax basis allocable to a fractional share), decreased by the amount of cash (other than cash received in lieu of a fractional share), if any, received in the exchange and increased by the amount of any gain so recognized on the exchange. The holding period of the common stock will be determined as described above under "−− Exchange or Conversion of Notes for Common Stock."

The receipt of cash in lieu of a fractional share of common stock, if any, should generally result in capital gain or loss (measured by the difference between the cash received for the fractional share interest and your tax basis in the fractional share interest).

Adjustment of Conversion Rate. If at any time Enron makes a distribution of property to shareholders that would be taxable to such shareholders as a dividend for U.S. federal income tax purposes (for example, distributions of evidences of indebtedness or assets of Enron, but generally not stock dividends or rights

to subscribe for common stock) and, pursuant to the anti−dilution provisions of the indenture, the conversion rate of the notes is increased, such increase may be deemed to be the payment of a taxable dividend to you. If the conversion rate is increased at the discretion of Enron or in certain other circumstances, such increase also may be deemed to be the payment of a taxable dividend to you.

Ownership and Disposition of Common Stock. Dividends, if any, paid on the common stock generally will be includible in your income as ordinary income to the extent of your ratable share of Enron's current and accumulated earnings and profits. Upon the sale, exchange or other disposition of common stock received upon conversion of a note or in satisfaction of the purchase price of a note tendered to us on a purchase date or upon a Fundamental Change, you generally will recognize capital gain or capital loss equal to the difference between the amount realized on such sale or exchange and your adjusted tax basis in such stock. You should consult your tax advisors regarding the treatment of capital gains (which may be taxed at lower rates than ordinary income for certain noncorporate taxpayers) and losses (the deductibility of which is subject to limitations).

NON−U.S. HOLDERS

You are a non−U.S. holder for purposes of this discussion if you are a holder of a note or common stock that is, for U.S. federal income tax law purposes:

- a nonresident alien individual;

- a foreign corporation or foreign partnership; or
- a foreign estate or trust.

Withholding Tax on Payments of Principal and Original Issue Discount on Notes. The payment of principal (including any OID included therein) on a note by Enron or any paying agent of Enron to you will not be subject to U.S. federal withholding tax, provided that in the case of a payment in respect of OID:

- you do not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Enron;
- you are not a controlled foreign corporation that is related to Enron within the meaning of the Code; and
- either (A) the beneficial owner of the note certifies to the applicable payor or its agent, under penalties of perjury, that it is not a United States person and provides its name and address on an IRS Form W-8BEN (or a suitable substitute form), or (B) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the note, certifies under penalties of perjury that such an IRS Form W-8BEN (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

Except to the extent otherwise provided under an applicable tax treaty, you generally will be taxed in the same manner as a U.S. holder with respect to OID on a note if such OID is effectively connected with your conduct of a trade or business in the United States. Effectively connected OID received by a corporate non-U.S. holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or, if applicable, a lower treaty rate), subject to certain adjustments. Such effectively connected OID will not be subject to withholding tax if the holder delivers an IRS Form W-8ECI to the payor.

Dividends. Dividends, if any, paid on the common stock to you (and any deemed dividends resulting from an adjustment to the Conversion Rate (see "--U.S. Holders -- Adjustment of Conversion Rate" above)) generally will be subject to a 30% U.S. federal withholding tax, subject to reduction if you are eligible for the benefits of an applicable income tax treaty. You will be required to file an IRS Form W-8BEN to claim treaty benefits.

Except to the extent otherwise provided under an applicable tax treaty, you generally will be taxed in the same manner as a U.S. holder on dividends paid (or deemed paid) that are effectively connected with your conduct of a trade or business in the United States. If you are a foreign corporation, you may also be subject to the "branch profits tax" on such effectively connected income at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to certain adjustments. Such effectively connected dividends will not be subject to withholding tax if the holder delivers an IRS Form W-8ECI to the payor.

Gain on Disposition of the Notes and Common Stock. You generally will not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of a note, or the sale or exchange of common stock unless:

- you are an individual present in the United States for 183 days or more in the year of such sale, exchange or redemption and either (A) you have a "tax home" in the United States and certain other requirements are met, or (B) the gain from the disposition is attributable to your office or other fixed place of business in the United States;
- the gain is effectively connected with your conduct of a trade or business in the United States; or
- in the case of the disposition of the notes or the common stock, Enron is a United States real property holding corporation at any time during the shorter of the five-year period ending on the date of the disposition or the period during which you held our notes or common stock. Enron does not believe it is or is likely to become a United States real property holding corporation.

U.S. Federal Estate Tax. A note held by an individual who at the time of death is not a citizen or resident of the United States (as specially defined for U.S. federal estate tax purposes) will not be subject to United States federal estate tax if the individual did not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Enron and, at the time of the individual's death, payments with respect to such note would not have been effectively connected with the conduct by such individual of a trade or business in the United States. Common stock held by an individual who at the time of death is not a citizen or resident of the United States will be included in such individual's estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty otherwise applies.

BACKUP WITHHOLDING AND INFORMATION REPORTING

U.S. Holders. Information reporting will apply to payments of interest (including the amount of OID accrued) or dividends, if any, made by Enron on, or the proceeds of the sale or other disposition of, the notes or shares of common stock with respect to certain noncorporate U.S. holders, and backup withholding at a rate of 31% may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. holder's federal income tax, provided the required information is provided to the IRS.

Non–U.S. Holders. Backup withholding and information reporting will not apply to payments of principal, including cash payments in respect of OID, on the notes by Enron or any agent thereof to a non–U.S. holder if the non–U.S. holder certifies as to its non–U.S. holder status under penalties of perjury or otherwise establishes an exemption (provided that neither Enron nor its agent has actual knowledge that the holder is a United States person or that the conditions of any other exemptions are not in fact satisfied).

Enron must report annually to the IRS and to each non–U.S. holder the amount of any dividends paid to, and the tax withheld with respect to, such holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non–U.S. holder resides.

The payment of the proceeds of the disposition of notes or shares of common stock to or through the United States office of a United States or foreign broker will be subject to information reporting and backup withholding unless the owner provides the certification described above or otherwise establishes an exemption. The proceeds of a disposition effected outside the United States by a non–U.S. holder of notes or shares of common stock to or through a foreign office of a broker generally will not be subject to backup withholding or information reporting. However, if such broker is a United States person, a controlled foreign corporation for United States tax purposes, a foreign person 50% or more of whose gross income from all sources for certain periods is effectively connected with a trade or business in the United States, or a foreign partnership that is engaged in the conduct of a trade or business in the United States or that has one or more partners that are United States persons who in the aggregate hold more than 50 percent of the income or capital interests in the partnership, information reporting requirements will apply unless such broker has documentary evidence in its files of the holder's non–U.S. status and has no actual knowledge to the contrary or unless the holder otherwise establishes an exemption. Any amount withheld under the backup withholding rules will be refunded or is allowable as a credit against the non–U.S. holder's federal income tax liability, if any, provided the required information or appropriate claim for refund is provided to the IRS.

SELLING SECURITYHOLDERS

All of the notes, and any shares of our common stock issued upon conversion of the notes, are being offered by the sellingsecurity holders listed in the table below or referred to in a prospectus supplement. We issued and sold the notes in a private placement to Salomon Smith Barney Inc., Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC and Barclays Capital Inc., and the notes were simultaneously sold by Salomon Smith Barney Inc., Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC and Barclays Capital Inc. to the selling security holders in transactions exempt from registration under the Securities Act.

No offer or sale under this prospectus may be made by a holder of the securities unless listed in the table in this prospectus or until that holder has notified us and a supplement to this prospectus has been filed or an amendment to the related registration statement has become effective, or unless it is with respect to common stock issued by us as described in the immediately preceding paragraph. We will supplement or amend this prospectus to include additional selling securityholders upon request and upon provision of all required information to us.

The selling securityholders may offer and sell, from time to time, any or all of their notes or common stock issued upon conversion of those notes.

The following table sets forth the name, principal amount at maturity of notes and number of shares beneficially owned by the selling securityholders intending to sell the notes or common stock and the principal amount at maturity of notes or shares of common stock to be offered. Based on information provided to us by the applicable selling securityholder, the table also discloses whether any selling securityholder selling in connection with the prospectus or prospectus supplement has held any position or office with, been employed by or otherwise has had a material relationship with us or any of our affiliates during the three years prior to the date of the prospectus or prospectus supplement.

Name	Principal amount at maturity of notes beneficially owned that may be sold hereby	Percentage of notes outstanding	Number of shares of common stock that may be sold hereby(1)	Percentage of common stock outstanding(2)	Material relationship
Allstate Life Insurance Company	$ 2,050,000	0.11%	11,800.83	*%	None
Allstate Insurance Company.	2,450,000	0.13	14,103.43	*	None
Alta Partners Holdings, LDC.	15,000,000	0.79	86,347.50	*	None
Argent Convertible Arbitrage Fund Ltd.	10,000,000	0.52	57,565.00	*	None
Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd.	10,000,000	0.52	57,565.00	*	None
Bear, Stearns &Co. Inc.	55,000,000	2.88	316,607.50	*	None
Black Diamond Offshore, Ltd.	1,748,000	0.09	10,062.36	*	None
CIBC World Markets.	5,000,000	0.26	28,782.50	*	None
CFFX, LLC.	19,250,000	1.01	110,812.63	*	None
Deutsche Banc Alex Brown Inc.	169,100,000	8.86	973,424.15	*	None
Double Black Diamond Offshore, LDC.	7,869,000	0.41	45,297.90	*	None
GLG Market Neutral Fund.	500,000	0.03	2,878.25	*	None
Goldman Sachs &Company.	8,500,000	0.45	48,930.25	*	None
Granville Capital Corporation.	42,000,000	2.20	241,773.00	*	None
SAM Investments LDC.	100,000,000	5.24	575,650.00	*	None
RAM Trading Ltd.	25,000,000	1.31	143,912.50	*	None
HBK Master Fund L.P.	129,000,000	6.77	742,588.50	*	None
HighBridge International LLC.	205,000,000	10.75	1,180,082.50	*	None
JMG Capital Partners, LP.	25,000,000	1.31	143,912.50	*	None
JMG Triton Offshore Fund, Ltd.	54,000,000	2.83	310,851.00	*	None
McMahan Securities Co. L.P.	2,500,000	0.13	14,391.25	*	None
Nomura Securities International, Inc.	30,000,000	1.57	172,695.00	*	None
Shelby County Trust Bank as Custodian for Citizens Security Life Insurance Company.	300,000	0.02	1,726.95	*	None
Salomon Smith Barney Inc.	369,638,000	19.38	2,127,821.15	*	None
TD Securities (USA) Inc.- Formerly Toronto Dominion (New York), Inc.	45,000,000	2.36	259,042.50	*	None
TQA Master Plus Fund, LTD.	2,500,000	0.13	14,391.25	*	None
TQA Master Fund, LTD.	15,000,000	0.79	86,347.50	*	None
TRIBECA Investments LLC.	70,000,000	3.67	402,955.00	*	None
UBS O'Connor LLC F/B/O O'Connor Global Convertible Portfolio.	1,000,000	0.05	5,756.50	*	None
UBS O'Connor LLC F/B/O UBS Global Equity Arbitrage Master Ltd.	10,000,000	0.52	57,565.00	*	None
White River Securities L.L.C.	55,000,000	2.88	316,607.50	*	None
Worldwide Transactions, Ltd.	383,000	0.02	2,204.74	*	None
Any other holder of notes or future transferee, pledgee, donee, or successor of any such holder(3)	419,910,000	22.01	2,417,211.92	*	None

* Less than 1%.

(1) Assumes conversion of all of the holder's notes at a conversion price of 5.7565 shares of our common stock per $1,000 principal amount at maturity of the notes. This conversion price, however, will be subject to adjustment as described under "Description of the Notes--Conversion Rights." As a result, the number of shares of our common stock issuable upon conversion of the notes may increase or decrease in the future.

(2) Calculated based on Rule 13d-3(d)(i) of the Exchange Act using 747,805,016 shares of common stock outstanding as of May 31, 2001. In

calculating this amount, we treated as outstanding the number of shares of common stock issuable upon conversion of all of that particular holder's notes. However, we did not assume the conversion of any other holder's notes.

(3) Information about other selling securityholders will be set forth in one or more prospectus supplements, if required. Assumes that any other holders of notes, or any future transferees, pledgees, donees or successors of or from any such other holders of notes, do not beneficially own any common stock other than the common stock issuable upon conversion of the notes at the initial conversion rate.

We prepared this table based on the information supplied to us by the selling securityholders named in the table, and we have not sought to verify such information.

The selling securityholders listed in the above table may have sold or transferred, in transactions exempt from the registration requirements of the Securities Act, some or all of their notes or shares of our common stock since the date on which the information in the above table was provided to us. Information about the selling securityholders may change over time.

Because the selling securityholders may offer all or some of their notes or the shares of our common stock issuable upon conversion of the notes from time to time, we cannot estimate the amount of the notes or number of shares of our common stock that will be held by the selling securityholders upon the termination of any particular offering by such selling securityholder. See "Plan of Distribution."

PLAN OF DISTRIBUTION

The selling securityholders intend to distribute the notes and the shares of our common stock issuable upon conversion of the notes from time to time only as follows (if at all) (i) to or through underwriters, brokers or dealers, (ii) directly to one or more other purchasers, (iii) through agents on a best−efforts basis; or (iv) otherwise through a combination of any such methods of sale.

If a selling securityholder sells the notes or shares of our common stock issuable upon conversion of the notes through underwriters, dealers, brokers or agents, such underwriters, dealers, brokers or agents may receive compensation in the form of discounts, concessions or commissions from the selling securityholder and/or the purchasers of the notes or shares of our common stock.

The notes and the shares of our common stock issuable upon conversion of the notes may be sold from time to time (i) in one or more transactions at a fixed price or prices, which may be changed; (ii) at market prices prevailing at the time of sale; (iii) at prices related to such prevailing market prices; (iv) at varying prices determined at the time of sale; or (v) at negotiated prices.

Such sales may be effected in transactions (i) on any national securities exchange or quotation service on which the notes or our common stock may be listed or quoted at the time of sale; (ii) in the over−the−counter market; (iii) in block transactions in which the broker or dealer so engaged will attempt to sell the notes or shares of our common stock issuable upon conversion thereof as agent but may position and resell a portion of the block as principal to facilitate the transaction, or in crosses, in which the same broker acts as an agent on both sides of the trade; (iv) transactions otherwise than on such exchanges or services or the over−the−counter market; (v) through the writing of options; or (vi) through other types of transactions.

In connection with sales of the notes or our common stock or otherwise, the selling securityholder may enter into hedging transactions with brokers−dealers or others, which may in turn engage in short sales of the notes or our common stock in the course of hedging the positions they assume. The selling securityholder may also sell notes or our common stock short and deliver notes or our common stock to close out such short positions, or loan or pledge notes or our common stock to brokers−dealers or others that in turn may sell such securities. The selling securityholder may pledge or grant a security interest in some or all of the notes or our common stock issued upon conversion of the notes owned by it and, if it defaults in the performance of its secured obligations, the pledgees or secured parties may offer and sell the notes or our common stock from time to time pursuant to this prospectus. The selling securityholder also may transfer and donate notes or shares of our common stock issuable upon conversion of the notes in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling securityholder for purposes of the prospectus. The selling securityholder may sell short our common stock and may deliver this prospectus in connection with such short sales and use the shares of our common stock covered by the prospectus to cover such short sales. In addition, any notes or shares of our common stock covered by this prospectus that qualify for sale pursuant to Rule 144, Rule 144A or any other available exemption from registration under the Securities Act may be sold under Rule 144, Rule 144A or such other available exemption.

At the time a particular offering of notes or shares of our common stock issuable upon conversion thereof is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of notes or number of shares of our common stock being offered and the terms of the offering, including the name or names of any underwriters, dealers, brokers or agents, if any, and any discounts, commissions or concessions allowed or reallowed to be paid to brokers or dealers.

Selling securityholders and any underwriters, dealers, brokers or agents who participate in the distribution of the notes or shares of our common stock may be deemed to be "underwriters" within the meaning of the Securities Act and any profits on the sale of the notes or shares of our common stock by them and any discounts, commissions or concessions received by any such underwriters, dealers, brokers or agents may be deemed to be underwriting discounts and commissions under the Securities Act.

The selling securityholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M which may limit the timing of purchases and sales of the notes and shares of our common stock by the selling securityholders and any other such person. Furthermore, Regulation M under the Exchange Act may restrict the ability of any person engaged in a distribution of the notes or shares of our common stock to engage in market−making activities with respect to the notes and shares of our common stock being distributed for a period of up to five business days prior to the commencement of such distribution. All of the foregoing may affect the marketability of the notes and shares of our common stock and the ability of any person or entity to engage in market−making activities with respect to the notes and shares of our common stock.

Pursuant to the registration rights agreement entered into in connection with the offer and sale of the notes by us, each of us on the one hand and the selling securityholders on the other hand will be indemnified by the other against certain liabilities, including certain liabilities under the Securities Act, or will be entitled to contribution in connection therewith.

We will pay all expenses of the shelf registration statement, provided that each selling securityholder will pay any broker's commission, agency fee or underwriter's discount or commission.

VALIDITY OF SECURITIES

The validity of the notes and the validity of the common stock issuable upon conversion of the notes offered hereby has been passed upon for Enron by James V. Derrick, Jr., Esq., Executive Vice President and General Counsel of Enron. Mr. Derrick owns less than 1% of the outstanding shares of Enron's common stock.

EXPERTS

The consolidated financial statements and schedule included in our Annual Report on Form 10-K for the year ended December 31, 2000, incorporated by reference in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

$1,907,698,000

ENRON CORP.

ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2021

PROSPECTUS

_____ ___, 2001

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the costs and expenses payable by us in connection with the registration of the offering of the securities. All expenses other than the SEC registration fee are estimates. Each selling securityholder will pay all costs and expenses of selling its securities, including all agency fees and commissions and underwriting discounts and commissions and all fees and disbursements of its counsel or other advisors or experts retained by such selling securityholder, other than the counsel and experts specifically referred to in the registration rights agreement relating to the securities.

Securities and Exchange Commission registration fee	$ 312,500
Accounting fees and expenses	10,000
Legal fees and expenses	10,000
Miscellaneous expenses	2,500
Total	$ 335,000

ITEM 15. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

The Enron Amended and Restated Articles of Incorporation (the "Enron Charter") contains provisions under which Enron will indemnify, to the fullest extent permitted by law, persons who are made a party to an action or proceeding by virtue of the fact that the individual is or was a director, officer, or, in certain circumstances, an employee or agent, of Enron or another corporation at Enron's request. The Oregon Business Corporation Act generally permits such indemnification to the extent that the individual acted in good faith and in a manner which he reasonably believed to be in the best interest of or not opposed to the corporation or, with respect to criminal matters, if the individual had no reasonable cause to believe his or her conduct was unlawful. In addition, the Enron Charter contains a provision that eliminates the personal liability of a director to the corporation or its shareholders for monetary damages for conduct as a director, except for liability of a director (i) for breach of the duty of loyalty, (ii) for actions or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for the payment of improper dividends or redemptions, or (iv) for any transaction from which the director derived an improper personal benefit.

Enron has purchased liability insurance policies covering the directors and officers of Enron to provide protection where Enron cannot legally indemnify a director or officer and where a claim arises under the Employee Retirement Income Security Act of 1974 against a director or officer based on an alleged breach of fiduciary duty or other wrongful act.

ITEM 16. EXHIBITS.

Exhibit No.	Description
*3.01	Amended and Restated Articles of Incorporation of Enron Oregon Corp. (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	Articles of Amendment of Enron: 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	Articles of Amendment of Enron: 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	Articles of Amendment of Enron: Form of Series Designation for the Enron Series A Junior Voting Convertible Preferred Stock (Exhibit 3.07 to Enron's Registration Statement on Form S-3 -- File No. 333-44133).
*3.08	Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. -- Mandatorily Convertible Single Reset Preferred Stock, Series A (Exhibit 4.01 to Enron's Form 8-K filed on January 26, 1999).
*3.09	Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. -- Mandatorily Convertible Single Reset Preferred Stock, Series B (Exhibit 4.02 to Enron's Form 8-K filed on January 26, 1999).
*3.10	Articles of Amendment of Enron amending Article IV of the Articles of Incorporation (Exhibit 3.10 to Enron's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 -- File No. 333-70465).
*3.11	Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. -- Mandatorily Convertible Junior Preferred Stock, Series B (Exhibit 3.11 to Enron's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 -- File No. 333-70465).
4.01	Indenture dated February 7, 2001 by and among Enron Corp. and The Chase Manhattan Bank as trustee.
4.02	Form of Note (included in Exhibit 4.1).
4.03	Registration Rights Agreement dated February 7, 2001 by and among Enron Corp. and Salomon Smith Barney Inc., Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC and Barclays Capital Inc., as initial purchasers.
5	Opinion of James V. Derrick, Jr., Esq.
12	Statement regarding computation of Ratio of Earnings to Fixed Charges.
23.01	Consent of Arthur Andersen LLP.
23.02	Consent of James V. Derrick, Jr., Esq. (included in opinion filed as Exhibit 5).
24	Powers of Attorney.
25	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, as trustee under the Indenture.

* Incorporated by reference as indicated.

ITEM 17. UNDERTAKINGS..

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of the securities registered hereby, a post−effective amendment to this registration statement;

(i)To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post−effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in this registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that the undertaking set forth in paragraphs (i) and (ii) above do not apply if the information required to be included in a post−effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post−effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post−effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post− effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S−3 and has duly caused this registration statement or amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas on 31st May, 2001.

ENRON CORP.

By: /s/ RICHARD A. CAUSEY
Richard A. Causey
Executive Vice President and
Chief Accounting Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement or amendment has been signed by the following persons in the capacities indicated and on the 31st day of May, 2001.

Signature	Title
Jeffrey K. Skilling	Chief Executive Officer and Director (Principal Executive Officer)
Richard A. Causey	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)
Andrew S. Fastow	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ ROBERT A. BELFER* Robert A. Belfer	Director
/s/ NORMAN P. BLAKE, JR.* Norman P. Blake, Jr.	Director
/s/ RONNIE C. CHAN* Ronnie C. Chan	Director
/s/ JOHN H. DUNCAN* John H. Duncan	Director
/s/ WENDY L. GRAMM* Wendy L. Gramm	Director

/s/ ROBERT K. JAEDICKE*	Director
Robert K. Jaedicke	
/s/ KENNETH L. LAY*	Chairman of the Board and Director
Kenneth L. Lay	
/s/ CHARLES A. LEMAISTRE*	Director
Charles A. LeMaistre	
/s/ JOHN MENDELSOHN*	Director
John Mendelsohn	
/s/ PAULO V. FERRAZ PEREIRA*	Director
Paulo V. Ferraz Pereira	
/s/ FRANK SAVAGE*	Director
Frank Savage	
/s/ JOHN WAKEHAM*	Director
John Wakeham	
/s/ HERBERT S. WINOKUR, JR.*	Director
Herbert S. Winokur, Jr.	

By: /s/ REBECCA C. CARTER
Rebecca C. Carter
Attorney-in-Fact

EXHIBIT INDEX

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*3.01	Amended and Restated Articles of Incorporation of Enron Oregon Corp. (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	Articles of Amendment of Enron: 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	Articles of Amendment of Enron: 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	Articles of Amendment of Enron: Form of Series Designation for the Enron Series A Junior Voting Convertible Preferred Stock (Exhibit 3.07 to Enron's Registration Statement on Form S-3 -- File No. 333-44133).
*3.08	Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. -- Mandatorily Convertible Single Reset Preferred Stock, Series A (Exhibit 4.01 to Enron's Form 8-K filed on January 26, 1999).
*3.09	Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. -- Mandatorily Convertible Single Reset Preferred Stock, Series B (Exhibit 4.02 to Enron's Form 8-K filed on January 26, 1999).
*3.10	Articles of Amendment of Enron amending Article IV of the Articles of Incorporation (Exhibit 3.10 to Enron's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 -- File No. 333-70465).
*3.11	Articles of Amendment of Enron: Statement of Resolutions Establishing A Series of Preferred Stock of Enron Corp. -- Mandatorily Convertible Junior Preferred Stock, Series B (Exhibit 3.11 to Enron's Post-Effective Amendment No. 1 to Registration Statement on Form S-3 -- File No. 333-70465).
4.01	Indenture dated February 7, 2001 by and among Enron Corp. and The Chase Manhattan Bank as trustee.
4.02	Form of Note (included in Exhibit 4.1).
4.03	Registration Rights Agreement dated February 7, 2001 by and among Enron Corp. and Salomon Smith Barney Inc., Deutsche Banc Alex. Brown Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC and Barclays Capital Inc., as initial purchasers.
5	Opinion of James V. Derrick, Jr., Esq.
12	Statement regarding computation of Ratio of Earnings to Fixed Charges.

23.01	Consent of Arthur Andersen LLP.
23.02	Consent of James V. Derrick, Jr., Esq. (included in opinion filed as Exhibit 5).
24	Powers of Attorney.
25	Form T−1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Chase Manhattan Bank, as trustee under the indenture.

* Incorporated by reference as indicated.

EXHIBIT 4.01

ENRON CORP.

AS ISSUER

AND

THE CHASE MANHATTAN BANK

AS TRUSTEE

INDENTURE

Dated as of February 7, 2001

$1,907,698,000

ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2021*

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* Plus an option to purchase up to $381,540,000 additional Principal Amount at Maturity of such Zero Coupon Convertible Senior Notes due 2021 from the Issuer to cover over-allotments.

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INDENTURE, dated as of February 7, 2001, by and between, ENRON CORP., an Oregon corporation (the "Issuer" or the "Company"), and THE CHASE MANHATTAN BANK, a New York banking corporation, as trustee (the "Trustee").

Each party agrees as follows for the benefit of the other party and for the equal and ratable benefit of the Holders of the Issuer's Zero Coupon Convertible Senior Notes due 2021 (the "Securities"):

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

"Accreted Conversion Price" means with respect to a Security per $1,000 of Principal Amount at Maturity, as of the date of determination, the quotient of (i) the sum of the Issue Price plus Original Issue Discount accrued to such date (or, if the Issuer has exercised its option to convert the Securities to semi−annual coupon notes following the occurrence of a Tax Event, the Restated Principal Amount) divided by (ii) the Conversion Rate in effect on such date.

"Affiliate" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent Members" has the meaning specified in Section 2.11.

"Average Quoted Price" has the meaning specified in Section 11.01.

"Board of Directors" means the Board of Directors of the Issuer or any committee thereof duly authorized to act on behalf of the Board of Directors of the Issuer.

"Business Day" means each day which is not a Legal Holiday.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

"Clearstream" has the meaning specified in Section 2.01.

"Closing Date" means the date of this Indenture.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the shares of Common Stock of the Company as it exists on the date of this Indenture or any other shares of Capital Stock of the Company into which the Common Stock shall be reclassified or changed.

"Company" means Enron Corp., an Oregon corporation, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor Person and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the indenture securities.

"Consolidated Net Tangible Assets" means total assets less (a) total current liabilities (excluding indebtedness due within 12 months) and (b) goodwill, patents and trademarks, all as reflected in the Company's audited consolidated balance sheet preceding the date of a determination under Section 4.06.

"Conversion Agent" means the Trustee or such other office or agency designated by the Issuer where Securities may be presented for conversion.

"Conversion Date" has the meaning specified in Section 11.02.

"Conversion Rate" has the meaning specified in Section 11.01.

"Corporate Trust Office" means the office of the Trustee specified in Section 12.02.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Defaulted Interest" has the meaning specified in Section 10.04.

"Definitive Securities" has the meaning specified in Section 2.01.

"Depositary" means, with respect to the Securities issuable in whole or in part in global form, the Person specified pursuant to Section 2.01 hereof as the initial Depositary with respect to the Securities, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean or include such successor.

"Dollar" means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debt.

"Euroclear" has the meaning specified in Section 2.01.

"Ex−Dividend Time" has the meaning specified in Section 11.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fundamental Change" has the meaning specified in Section 3.09.

"Fundamental Change Notice" has the meaning specified in Section 3.09.

"Fundamental Change Notice Date" has the meaning specified in Section 3.09.

"Fundamental Change Repurchase Date" has the meaning specified in Section 3.09.

"Fundamental Change Repurchase Notice" has the meaning specified in Section 3.09.

"Fundamental Change Repurchase Price" has the meaning specified in Section 3.09.

"Funded Debt" as applied to any corporation means all indebtedness incurred, created, assumed or guaranteed by such corporation, or upon which it customarily pays interest charges, which matures, or is renewable by such corporation to a date, more than one year after the date as of which Funded Debt is being determined; provided, however, that the term "Funded Debt" shall not include (i) indebtedness incurred in the ordinary course of business representing borrowings, regardless of when payable, of such corporation from time to time against, but not in excess of the face amount of, its installment accounts receivable for the sale of appliances and equipment sold in the regular course of business or (ii) advances for construction and security deposits received by such corporation in the ordinary course of business.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, including those principles set forth in (i) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, (ii) statements and pronouncements of the Financial Accounting Standards Board, (iii) such other statements by such other entity as approved by a significant segment of the accounting profession and (iv) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC. All computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP.

"Global Security" has the meaning specified in Section 2.01.

"Holder" or "Securityholder" means the Person in whose name a Security is registered on the Registrar's books.

The term "indebtedness", as applied to the Company or any Subsidiary, shall mean bonds, debentures, notes and other instruments representing obligations created or assumed by any such corporation for the repayment of money borrowed (other than unamortized debt discount or premium). All indebtedness secured by a lien upon property owned by the Company or any Subsidiary and upon which indebtedness any such corporation customarily pays interest, although any such corporation has not assumed or become liable for the payment of such indebtedness, shall for all purposes hereof be deemed to be indebtedness of any such corporation. All indebtedness for money borrowed incurred by other persons which is directly guaranteed as

to payment of principal by the Company or any Subsidiary shall for all purposes hereof be deemed to be indebtedness of any such corporation, but no other contingent obligation of any such corporation in respect of indebtedness incurred by other persons shall for any purpose be deemed indebtedness of such corporation. Indebtedness of the Company or any Subsidiary shall not include (i) amounts which are payable only out of all or a portion of the oil, gas, natural gas, helium, coal, metals, minerals, steam, timber or other natural resources produced, derived or extracted from properties owned or developed by such corporation; (ii) any amount representing capitalized lease obligations; (iii) any indebtedness incurred to finance oil, gas natural gas, helium, coal, metal, mineral, steam, timber, hydrocarbons, or geothermal or other natural resource or synthetic fuel exploration or development, payable, with respect to principal and interest, solely out of the proceeds of oil, gas, natural gas, helium, coal, metals, minerals, steam, timber, hydrocarbons, or geothermal or other natural resources or synthetic fuel to be produced, sold, and/or delivered by the Company or any Subsidiary; (iv) indirect guarantees or other contingent obligations in connection with the indebtedness of others, including agreements, contingent or otherwise, with such other persons or with third persons with respect to, or to permit or ensure the payment of, obligations of such other persons, including, without limitation, agreements to purchase or repurchase obligations of such other persons, agreements to advance or supply funds to or to invest in such other persons, or agreements to pay for property, products, or services of such other persons (whether or not conferred, delivered or rendered), and any demand charge, throughput, take–or–pay, keep–well, make–whole, cash deficiency, maintenance of working capital or earnings or similar agreements; and (v) any guarantees with respect to lease or other similar periodic payments to be made by other persons.

"Indenture" means this Indenture as amended or supplemented from time to time and includes the terms of Securities established as contemplated by Section 2.01.

"Initial Purchasers" means Salomon Smith Barney Inc., J.P. Morgan Securities Inc., Deutsche Banc Alex. Brown Inc., Barclays Capital Inc. and Banc of America Securities LLC.

"Interest Payment Date" has the meaning specified in Section 10.01.

"Issue Date" means the date the Securities are originally issued or deemed issued as set forth on the face of the Security under this Indenture.

"Issue Price" of any Security means, in connection with the original issuance of such Security, the initial issue price as set forth on the face of the Security.

"Issuer" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and, for purposes of any provision contained herein and required by the Trust Indenture Act, each other obligor on the indenture securities.

"Issuer's Notice" has the meaning specified in Section 3.08.

"Issuer's Notice Date" has the meaning specified in Section 3.08.

"Market Price" has the meaning specified in Section 3.08.

"Maturity", when used with respect to any Security, means the date on which the principal, Restated Principal Amount, Purchase Price or Fundamental Change Repurchase Price of such Security becomes due and payable as therein or herein provided, whether at the Stated Maturity, on a Redemption Date, Purchase Date or Fundamental Change Repurchase Date, or by declaration of acceleration or otherwise.

"Non-Global Purchasers" has the meaning specified in Section 2.01.

"Offering Memorandum" means the offering memorandum relating to the Securities dated January 31, 2001.

"Officer" means the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, any Vice President, the Treasurer, an Assistant or Deputy Treasurer or the Secretary or an Assistant Secretary of the Issuer.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel. The counsel may be an employee of or counsel to the Issuer or the Trustee.

"Option Exercise Date" has the meaning specified in Section 10.01.

"Original Issue Discount" of any Security means the difference between the Issue Price and the Principal Amount at Maturity of the Security as set forth on the face of the Security, which shall accrue as set forth in the form of Security.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Principal Amount at Maturity" of a Security means the Principal Amount at Maturity as set forth on the face of the Security.

"Principal Property" means any oil or gas pipeline, gas processing plant or chemical plant located in the United States, except any such property, pipeline or plant that in the opinion of the Board of Directors is not of material importance to the total business conducted by the Company and its Subsidiaries. "Principal Property" shall not include any oil or gas property or the production or any proceeds of production from an oil or gas producing property or the production or any proceeds of production of gas processing plants or oil or gas or petroleum in any pipeline.

"Purchase Agreement" means the Purchase Agreement dated January 31, 2001, among the Issuer and the Initial Purchasers.

"Purchase Date" has the meaning specified in Section 3.08.

"Purchase Notice" has the meaning specified in Section 3.08.

"Purchase Price" has the meaning specified in Section 3.08.

"QIBs" has the meaning specified in Section 2.01.

"Redemption Date" shall mean the date specified for redemption of the Securities in accordance with the terms of the Securities and Article 3 hereof.

"Redemption Price" has the meaning specified in the Securities.

"Registration Rights Agreement" means the Registration Rights Agreement dated February 7, 2001, among the Issuer and the Initial Purchasers.

"Regular Record Date" has the meaning specified in Section 10.01.

"Regulation S" has the meaning specified in Section 2.01.

"Restated Principal Amount" has the meaning specified in Section 10.01.

"Restricted Security" has the meaning specified in Section 2.15.

"Restricted Securities Legend" means the legend labeled as such and that is set forth in Exhibit A hereto.

"Rights" has the meaning specified in Section 11.19.

"Rights Agreement" has the meaning specified in Section 11.19.

"Rule 144A" has the meaning specified in Section 2.01.

"Sale Price" has the meaning specified in Section 3.08.

"SEC" means the Securities and Exchange Commission.

"Securities" has the meaning specified in the second paragraph of this Indenture.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depositary) or any successor thereto, who shall initially be the Trustee.

"Shelf Registration" shall have the meaning set forth in the Registration Rights Agreement.

"Special Record Date" has the meaning specified in Section 10.04.

"Stated Maturity," when used with respect to any Security, means the date specified in such Security as the fixed date on which an amount equal to the Principal Amount at Maturity of such Security is due and payable or, if the Securities have been converted into semi−

annual coupon notes, the date specified in such Security as the fixed date on which the Restated Principal Amount thereof or any installment of interest thereon is due and payable.

"Subsidiary" of any Person means any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person; provided, however, for purposes of Sections 4.04 and 4.06 of this Indenture (including all defined terms used in such Sections), "Subsidiary" means a corporation all of the voting shares (that is, shares entitled to vote for the election of directors, but excluding shares entitled so to vote only upon the happening of some contingency unless such contingency shall have occurred) of which shall be owned by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries.

"Tax Event" means that the Issuer shall have received an opinion from independent tax counsel experienced in such matters to the effect that, on or after January 31, 2001, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws, rules or any regulations thereunder of the United States or any political subdivision or taxing authority thereof or therein or (b) any amendment to, or change in, an interpretation or application of such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority, in each case which amendment or change is enacted, promulgated, issued or announced or which interpretation is issued or announced or which action is taken, on or after January 31, 2001, there is more than an insubstantial risk that interest (including Original Issue Discount) payable on the Securities either (i) would not be deductible on a current accrual basis or (ii) would not be deductible under any other method, in either case in whole or in part, by the Issuer (by reason of deferral, disallowance, or otherwise) for United States Federal income tax purposes.

"Tax Event Date" has the meaning specified in Section 10.01.

"Trust Indenture Act" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa−77bb in effect on the Closing Date.

"Time of Determination" has the meaning specified in Section 11.01.

"Trustee" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

"Trust Officer" means any Vice President, Assistant Vice President or any other officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Uniform Commercial Code" means the New York Uniform Commercial Code as in effect from time to time.

SECTION 1.02. Other Definitions.

TERM	DEFINED IN SECTION
"Acquired Entity"	4.04(l)
"Bankruptcy Law"	6.01
"Custodian"	6.01
"Event of Default"	6.01
"Extraordinary Cash Dividend"	11.08
"Legal Holiday"	12.08
"Measurement Period"	11.08
"Notice of Default"	6.01
"Paying Agent"	2.06
"protected purchaser"	2.08
"Registrar"	2.06
"Relevant Cash Dividends"	11.08
"Successor Company"	5.01(a)
"trading day"	11.01

SECTION 1.03. Incorporation by Reference of Trust Indenture Act. This Indenture is subject to the mandatory provisions of the Trust Indenture Act, which are incorporated by reference in and made a part of this Indenture. The following Trust Indenture Act terms have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities.

"indenture security holder" means a Holder or Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Issuer and any other obligor on the indenture securities.

All other terms used in this Indenture that are defined by the Trust Indenture Act, defined by Trust Indenture Act reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.04. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" means including without limitation;

(5) words in the singular include the plural and words in the plural include the singular; and

(6) the principal amount of any non−interest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP.

ARTICLE 2

THE SECURITIES

SECTION 2.01. Form of Securities. The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A which is hereby incorporated in and expressly made a part of this Indenture.

The Securities offered and sold (i) in reliance on Regulation S under the Securities Act ("Regulation S") or (ii) to "qualified institutional buyers" as defined in Rule 144A ("QIBs") in reliance on Rule 144A under the Securities Act ("Rule 144A"), each as provided in the Purchase Agreement, shall be issued in the form of one or more permanent global securities in definitive, fully registered form without interest coupons with the Global Securities Legend and Restricted Securities Legend set forth in Exhibit A hereto (each, a "Global Security"). Any Global Security shall be deposited on behalf of the purchasers of the Securities represented thereby with the Trustee, as custodian for the Depositary, and registered in the name of the Depositary or a nominee of the Depositary for the accounts of participants in the Depositary (and, in the case of Securities held in accordance with Regulation S, registered with the Depositary for the accounts of designated agents holding on behalf of the Euroclear System ("Euroclear") or Clearstream Banking, societe anonyme ("Clearstream")), duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of a Global Security may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee as hereinafter provided.

Except as provided in Section 2.10 and 2.13, owners of beneficial interests in Global Securities will not be entitled to receive physical delivery of Securities in definitive form. Transferees of Securities who are not QIBs and did not purchase Securities sold in reliance on Regulation S under the Securities Act (referred to herein as the "Non−Global Purchasers") will receive certificated Securities in definitive form bearing the Restricted Securities Legend set forth in Exhibit A hereto ("Definitive Securities"). Definitive Securities will bear the Restricted Securities Legend set forth on Exhibit A unless removed in accordance with Section 2.13(b).

SECTION 2.02. Title and Terms. The aggregate Principal Amount at Maturity of Securities which may be authenticated and delivered under this Indenture is limited to

$1,907,698,000 (subject to increase by up to $381,540,000 in the event the Initial Purchasers exercise the over−allotment option under the Purchase Agreement), except for replacement Securities authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 2.08.

The Securities shall be known and designated as the "Zero Coupon Convertible Senior Notes due 2021" of the Issuer with a Stated Maturity on February 7, 2021.

The Issue Price and Original Issue Discount accrued on the Securities shall be payable at (i) the office or agency of the Company in The City of New York maintained for such purpose, which initially shall be the principal corporate trust office of the Trustee in The City of New York, (ii) the Corporate Trust Office and (iii) at any other office or agency maintained by the Issuer for such purpose; provided, however, that at the option of the Issuer payments may be made by wire transfer or by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

The Securities shall not have the benefit of a sinking fund.

The Securities shall not be superior in right of payment to, and shall rank pari passu with, all other unsubordinated indebtedness of the Issuer.

SECTION 2.03. Denominations. The Securities shall be issuable only in registered form without coupons and in denominations of $1,000 Principal Amount at Maturity and any integral multiple of $1,000 above that amount.

SECTION 2.04. Forms Generally.The Securities may have such letters, notations, numbers or other marks of identification and such legends or endorsements placed thereon as may be required by law, securities exchange rule, the Code and regulations thereunder, agreements to which the Issuer is subject, if any, or usage (provided that any such notation legend or endorsement is in a form acceptable to the Issuer). Each Security shall be dated the date of its authentication.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the Officers executing such Securities, as evidenced by their execution thereof.

SECTION 2.05. Execution, Authentication and Delivery. One or more Officers of the Issuer shall sign the Securities on behalf of the Issuer by manual or facsimile signature. The Issuer's seal, if any, may, but need not, be impressed, affixed, imprinted or reproduced on the Securities and, if it is, then it may be in facsimile form.

If an Officer of the Issuer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

The Trustee may appoint an authenticating agent reasonably acceptable to the Issuer to authenticate the Securities. Any such appointment shall be evidenced by an instrument signed by a Trust Officer, a copy of which shall be furnished to the Issuer. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.06. Registrar and Paying Agent. The Issuer shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Issuer may have one or more co−registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent, and the term "Registrar" includes any co−registrars. The Issuer initially appoint the Trustee as (i) Registrar and Paying Agent in connection with the Securities and (ii) the Securities Custodian with respect to the Global Securities.

The Issuer shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture, which shall incorporate the terms of the Trust Indenture Act. The agreement shall implement the provisions of this Indenture that relate to such agent. The Issuer shall notify the Trustee of the name and address of any such agent. If the Issuer fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Issuer or any of its domestically organized Subsidiaries may act as Paying Agent or Registrar.

The Issuer may remove any Registrar or Paying Agent upon written notice to such Registrar or Paying Agent and to the Trustee; provided, however, that no such removal shall become effective until (1) acceptance of an appointment by a successor as evidenced by an appropriate agreement entered into by the Issuer and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (2) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (1) above. The Registrar or Paying Agent may resign at any time upon written notice; provided, however, that the Trustee may resign as Paying Agent or Registrar only if the Trustee also resigns as Trustee in accordance with Section 7.08.

SECTION 2.07. Transfer and Exchange. The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer and in compliance with this Indenture. When a Security is presented to the Registrar with a request to register a transfer, the Registrar shall register the transfer as requested if the requirements of Section 8−401(a)(1) of the Uniform Commercial Code are met. When Securities are presented to the Registrar with a request to exchange them for Securities of other denominations and of a like aggregate Principal Amount at Maturity and tenor, the Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Issuer shall execute and the Trustee shall authenticate Securities at the Registrar's request. The Issuer may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges in connection with any such transfer or exchange

pursuant to this Section. The Issuer shall not be required to make and the Registrar need not register transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities for a period of 15 days before a selection of Securities to be redeemed.

Prior to the due presentation for registration of transfer of any Security, the Issuer, the Trustee, the Paying Agent and the Registrar may deem and treat the Person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving any payment on such Security (including interest, if the Securities have been converted into semi−annual coupon notes) and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Issuer, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

Any Holder of a Global Security shall, by acceptance of such Global Security, agree that transfers of beneficial interest in such Global Security may be effected only through a book−entry system maintained by (i) the Holder of such Global Security (or its agent) or (ii) any Holder of a beneficial interest in such Global Security, and that ownership of a beneficial interest in such Global Security shall be required to be reflected in a book entry.

All Securities issued upon any transfer or exchange pursuant to the terms of this Indenture will evidence the same debt and will be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

SECTION 2.08. Replacement Securities. If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Issuer shall issue and the Trustee shall authenticate a replacement Security if the requirements of Section 8−405 of the Uniform Commercial Code are met, such that the Holder (i) satisfies the Issuer or the Trustee within a reasonable time after such Holder has notice of such loss, destruction or wrongful taking, and the Registrar does not register a transfer prior to receiving such notification, (ii) requests the Issuer or the Trustee to issue a new replacement Security, prior to the Security being acquired by a protected purchaser as defined in Section 8−303 of the Uniform Commercial Code (a "protected purchaser") and (iii) satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Issuer, such Holder shall furnish an indemnity bond sufficient in the judgment of the Trustee to protect the Issuer, the Trustee, the Paying Agent and the Registrar from any loss that any of them may suffer if a Security is replaced. The Issuer and the Trustee may charge the Holder for the expenses they incur in replacing a Security. In the event any such mutilated, lost, destroyed or wrongfully taken Security has become or is about to become due and payable or has been called for redemption in full, the Issuer in its discretion may pay such Security instead of issuing a new Security in replacement thereof.

Every replacement Security is an additional obligation of the Issuer.

The provisions of this Section 2.08 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, destroyed or wrongfully taken Securities.

SECTION 2.09. Outstanding Securities. Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. Subject to Section 12.06, a Security does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Security.

If a Security is replaced pursuant to Section 2.08, the Security so replaced ceases to be outstanding unless and until the Trustee and the Issuer receive proof satisfactory to them that the replaced Security is held by a protected purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, at Maturity, money or securities sufficient to pay all amounts payable on that date with respect to the Securities (or portions thereof) to be redeemed, purchased or repurchased or maturing, as the case may be, then on and after that date, such Securities (or portions thereof) shall cease to be outstanding and Original Issue Discount (or interest, if the Securities have been converted into semi−annual coupon notes following the occurrence of a Tax Event) on them shall cease to accrue.

SECTION 2.10. Temporary Securities; Exchange of Global Security for Definitive Securities.

(a) In the event that Definitive Securities are to be issued under the terms of this Indenture, until such Definitive Securities are ready for delivery, the Issuer may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of Definitive Securities but may have variations that the Issuer consider appropriate for temporary Securities. Without unreasonable delay, the Issuer shall prepare and the Trustee shall authenticate Definitive Securities and deliver them in exchange for temporary Securities upon surrender of such temporary Securities at the office or agency of the Issuer, without charge to the Holder.

(b) Except for transfers made in accordance with Section 2.13(a), a Global Security deposited with the Depositary or with the Trustee as custodian for the Depositary pursuant to Section 2.11 shall be transferred to the beneficial owners thereof in the form of certificated Securities in definitive form only if such transfer complies with Section 2.13 and (i) the Depositary notifies the Issuer that it is unwilling or unable to continue as Depositary for such Global Security or if at any time such Depositary ceases to be a "clearing agency" registered under the Exchange Act and a successor Depositary is not appointed by the Issuer within 90 days of such notice, or (ii) the Issuer so elects.

(c) Any Global Security or interest thereon that is transferable to the beneficial owners thereof in the form of certificated Securities in definitive form shall, if held by the Depository, be surrendered by the Depositary to the Trustee, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Security, an equal aggregate principal amount of Securities of authorized denominations in the form of certificated Securities in definitive form. Any portion of a Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of $1,000 and any integral multiple thereof and registered in such names as the Depositary shall direct.

Any Securities in the form of certificated Securities in definitive form delivered in exchange for an interest in the Global Security shall, except as otherwise provided by Section 2.13(b), bear the Restricted Securities Legend set forth in Exhibit A hereto.

(d) Prior to any transfer pursuant to Section 2.10(b), the registered holder of a Global Security may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a holder is entitled to take under this Indenture or the Securities.

The Issuer will make available to the Trustee a reasonable supply of certificated Securities in definitive form.

SECTION 2.11. Book−entry Provisions for Global Securities. This Section 2.11 shall apply only to a Global Security deposited with or on behalf of the Depositary.

The Issuer shall execute and the Trustee shall, in accordance with this Section 2.11 and the written order of the Issuer, authenticate and deliver initially one or more Global Securities that (i) shall be registered in the name of Cede & Co. or other nominee of such Depositary and (ii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instructions or held by the Trustee as custodian for the Depositary pursuant to a FAST Balance Certificate Agreement between the Depositary and the Trustee.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary or by the Trustee as the custodian of the Depositary or under such Global Security, and the Depositary may be treated by the Issuer, the Trustee and any agent of the Issuer or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuer, the Trustee or any agent of the Issuer or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices of such Depositary governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "Management Regulations and Instructions to Participants" of Clearstream shall be applicable to interests in any Global Securities that are held by participants through Euroclear or Clearstream. The Trustee shall have no obligation to notify holders of any such procedures or to monitor or enforce compliance with the same.

SECTION 2.12. Cancellation. The Issuer at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Securities surrendered for registration of transfer, exchange, payment, purchase, repurchase, redemption, conversion (pursuant to Article 11 hereof) or cancellation and deliver canceled Securities to the Issuer pursuant to written direction by an Officer of the Issuer. In the absence of any such direction, the Trustee may treat canceled

Securities in accordance with its document retention policies. The Issuer may not issue new Securities to replace Securities they have redeemed, paid in full or delivered to the Trustee for cancellation. The Trustee shall not authenticate Securities in place of canceled Securities other than pursuant to the terms of this Indenture.

SECTION 2.13. Special Transfer Provisions. (a) Notwithstanding any provision to the contrary herein, so long as a Global Security remains outstanding and is held by or on behalf of the Depositary, transfers of a Global Security, in whole or in part, or of any beneficial interest therein, shall only be made in accordance with Sections 2.10 and 2.11 and this Section 2.13(a); provided, however, that beneficial interests in a Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the Global Security in accordance with the transfer restrictions set forth under the heading "Notice to Investors" in the Offering Memorandum and, if applicable, in Exhibit C.

Except for transfers or exchanges made in accordance with paragraphs (1) through (4) of this Section 2.13(a) and Section 2.10, transfers of a Global Security shall be limited to transfers of such Global Security in whole, but not in part, to nominees of the Depositary or to a successor of the Depositary or such successor's nominee.

(1) Global Security to Definitive Security. If an owner of a beneficial interest in a Global Security deposited with the Depositary or with the Trustee as custodian for the Depositary wishes at any time to transfer its interest in such Global Security to a Person who is required to take delivery thereof in the form of a Definitive Security, such owner may, subject to the rules and procedures of Euroclear or Clearstream, if applicable, and the Depositary, cause the exchange of such interest for one or more Definitive Securities of any authorized denomination or denominations and of the same aggregate principal amount. Upon receipt by the Registrar of (A) instructions from Euroclear or Clearstream, if applicable, and the Depositary directing the Trustee to authenticate and deliver one or more Definitive Securities of the same aggregate principal amount as the beneficial interest in the Global Security to be exchanged, such instructions to contain the name or names of the designated transferee or transferees, the authorized denomination or denominations of the Definitive Securities to be so issued and appropriate delivery instructions, (B) a certificate substantially in the form of Exhibit B attached hereto given by the owner of such beneficial interest, (C) a certificate substantially in the form of Exhibit C attached hereto given by the person acquiring the Definitive Securities for which such interest is being exchanged, to the effect set forth therein, and (D) such other certifications or other information and, in the case of transfers pursuant to Rule 144 under the Securities Act, legal opinions as the Issuer may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, then Euroclear or Clearstream, if applicable, or the Registrar, as the case may be, will instruct the Depositary to reduce or cause to be reduced such Global Security by the aggregate principal amount of the beneficial interest therein to be exchanged and to debit or cause to be debited from the account of the Person making such transfer the beneficial interest in the Global Security that is being transferred, and concurrently with such reduction and debit the Company shall execute, and the Trustee shall authenticate and deliver, one or more Definitive

Securities of the same aggregate principal amount in accordance with the instructions referred to above.

(2) Definitive Security to Definitive Security. If a holder of a Definitive Security wishes at any time to transfer such Definitive Security (or portion thereof) to a Person who is required to take delivery thereof in the form of a Definitive Security, such holder may, subject to the restrictions on transfer set forth herein and in such Definitive Security, cause the transfer of such Definitive Security (or any portion thereof in a principal a mount equal to an authorized denomination) to such transferee. Upon receipt by the Registrar of (A) such Definitive Security, duly endorsed as provided herein, (B) instructions from such holder directing the Trustee to authenticate and deliver one or more Definitive Securities of the same aggregate principal amount as the Definitive Security (or portion thereof) to be transferred, such instruction as to contain the name or names of the designated transferee or transferees, the authorized denomination or denominations of the Definitive Securities to be so issued and appropriate delivery instructions, (C) a certificate from the holder of the Definitive Security to be transferred in substantially the form of Exhibit B attached hereto, (D) a certificate substantially in the form of Exhibit C attached hereto given by the person acquiring the Definitive Securities (or portion thereof), to the effect set forth therein, and (E) such other certifications or other information and, in the case of transfers pursuant to Rule 144 under the Securities Act, legal opinions as the Issuer may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, then the Registrar, shall cancel or cause to be canceled such Definitive Security and concurrently therewith, the Issuer shall execute, and the Trustee shall authenticate and deliver, one or more Definitive Securities in the appropriate aggregate principal amount, in accordance with the instructions referred to above and, if only a portion of a Definitive Security is transferred as aforesaid, concurrently therewith the Issuer shall execute and the Trustee shall authenticate and deliver to the transferor a Definitive Security in a principal amount equal to the principal amount which has not been transferred. A holder of a Definitive Security may at any time exchange such Definitive Security for one or more Definitive Securities of other authorized denominations and in the same aggregate principal amount and registered in the same name by delivering such Definitive Security, duly endorsed as provided herein, to the Trustee together with instructions directing the Trustee to authenticate and deliver one or more Definitive Securities in the same aggregate principal amount and registered in the same name as the Definitive Security to be exchanged, and the Registrar thereupon shall cancel or caused to be canceled such Definitive Security and concurrently therewith the Issuer shall execute and Trustee shall authenticate and deliver, one or more Definitive Securities in the same aggregate principal amount and registered in the same name as the Definitive Security being exchanged.

(3) Definitive Security to Global Security. If a holder of a Definitive Security wishes at any time to transfer such Definitive Security (or portion thereof) to a Person who is not required to take delivery thereof in the form of a Definitive Security, such holder shall, subject to the restrictions on transfer set forth herein and in such Definitive Security and the rules of the Depositary and Euroclear and Clearstream, as applicable, cause the exchange of such Definitive Security for a beneficial interest in the Global

Security. Upon receipt by the Registrar of (A) such Definitive Security, duly endorsed as provided herein, (B) instructions from such holder directing the Trustee to increase the aggregate principal amount of the Global Security deposited with the Depository or with the Trustee as custodian for the Depository by the same aggregate Principal Amount at Maturity as the Definitive Security to be exchanged, such instructions to contain the name or names of a member of, or participant in, the Depository that is designated as the transferee, the account of such member or participant and other appropriate delivery instructions, (C) the assignment form on the back of the Definitive Security completed in fall (certifying in effect that such transfer complies with Rule 144A or Regulation S under the Securities Act or is otherwise being made to a Person who is not required to take delivery of the Securities in the form of a Definitive Security) and (D) such other certifications or other information and, in the case of transfers pursuant to Rule 144 under the Securities Act, legal opinions as the Issuer may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or in transaction not subject to, the registration requirements of the Securities Act, then the Trustee shall cancel or cause to be canceled such Definitive Security and concurrently therewith shall increase the aggregate principal amount of the Global Security by the same aggregate principal amount as the Definitive Security canceled.

(4) Other Exchanges. In the event that a Global Security is exchanged for Securities in definitive registered form pursuant to Section 2.10 prior to the effectiveness of a Shelf Registration with respect to such Securities, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of clauses (2) and (3) above (including the certification requirements intended to ensure that such transfers comply with Rule 144A or Regulation S under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Issuer.

(b) Except in connection with a Shelf Registration contemplated by and in accordance with the terms of the Registration Rights Agreement, if Securities are issued upon the registration of transfer, exchange or replacement of Securities bearing a Restricted Securities Legend, or if a request is made to remove such a Restrictive Securities Legend on Securities, the Securities so issued shall bear the Restricted Securities Legend, or a Restricted Securities Legend shall not be removed, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which, in the case of a transfer made pursuant to Rule 144 under the Securities Act, may include an opinion of counsel, as may be reasonably required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Securities are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon provision to the Issuer of such satisfactory evidence, the Trustee, at the written direction of the Issuer, shall authenticate and deliver Securities that do not bear the legend. The Issuer shall not otherwise be entitled to require the delivery of a legal opinion in connection with any transfer or exchange of Securities.

(c) Neither the Trustee nor any Agent shall have any responsibility for any actions taken or not taken by the Depositary.

(d) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Securities (including any transfers between or among Depositary's participants or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation as is expressly required by, and to do so if and when expressly required by, the terms of this Indenture and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.14. CUSIP Numbers. The Issuer in issuing the Securities may use "CUSIP" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities and any such redemption shall not be affected by any defect in or omission of such numbers.

SECTION 2.15. Legend on Restricted Securities. During the period beginning on February 7, 2001 (or such later date on which any Securities may be originally issued pursuant to the Initial Purchasers' exercise of the over−allotment option under the Purchase Agreement) and ending on the date two years from such date, any Security including any Security issued in exchange therefor or in lieu thereof, shall be deemed a "Restricted Security" and shall be subject to the restrictions on transfer provided in the legends set forth on the face of the form of Security in Exhibit A; provided, however, that the term "Restricted Security" shall not include any Securities as to which restrictions have been terminated in accordance with the terms of this Indenture. All Securities shall bear the applicable legends set forth on the face of the form of Security in Exhibit A. Except as provided in Section 2.13, the Trustee shall not issue any unlegended Security until it has received an Officers' Certificate from the Issuer directing it to do so.

ARTICLE 3

REDEMPTION

SECTION 3.01. Notices to Trustee. Prior to February 7, 2004, Securities shall not be redeemable. Beginning on February 7, 2004, the Issuer, at its option, may elect to redeem Securities in accordance with the provisions thereof and of this Indenture. If the Issuer elects to redeem Securities, it shall notify the Trustee in writing of the Redemption Date, the Principal Amount at Maturity of Securities to be redeemed and the Redemption Price.

The Issuer shall give each notice to the Trustee provided for in this Section at least 45 days before the Redemption Date unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate from the Issuer to the effect that such redemption will comply with the conditions herein. If fewer than all the Securities are to be redeemed, the record date relating to such redemption shall be selected by the Issuer and given to the Trustee, which record date shall be not fewer than 15 days after the date of notice to the

Trustee. Any such notice may be canceled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

SECTION 3.02. Selection of Securities To Be Redeemed. If fewer than all the Securities held in definitive form are to be redeemed, the Trustee shall select the Securities to be redeemed pro rata or by lot or by a method that complies with applicable legal and securities exchange requirements, if any, and that the Trustee in its sole discretion shall deem to be fair and appropriate and in accordance with methods generally used at the time of selection by fiduciaries in similar circumstances. The Trustee shall make the selection at least 30 days but no more than 60 days before the Redemption Date from outstanding Securities not previously called for redemption. Securities and portions thereof that the Trustee selects shall be in Principal Amounts at Maturity of $1,000 or integral multiples of $1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall promptly notify the Issuer of the Securities or portions thereof to be redeemed.

If any Security selected for partial redemption is converted in part before termination of the conversion right with respect to the portion of the Security so selected, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Securities which have been converted during a selection of Securities to be redeemed shall be treated by the Trustee as outstanding for the purpose of such selection.

SECTION 3.03. Notice of Redemption. At least 30 days but not more than 60 days before a Redemption Date of Securities, the Issuer shall mail a notice of redemption by first−class mail to each Holder of Securities to be redeemed at such Holder's registered address.

The notice shall identify the Securities to be redeemed and shall state:

(1) the Redemption Date;

(2) the Redemption Price and the Conversion Rate;

(3) the name and address of the Paying Agent and Conversion Agent;

(4) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;

(5) that Securities called for redemption may be converted at any time before the close of business on the Business Day immediately preceding the Redemption Date;

(6) that Holders who want to convert Securities must satisfy the requirements set forth therein and in this Indenture;

(7) if fewer than all the outstanding Securities are to be redeemed, the certificate numbers and Principal Amounts at Maturity of the particular Securities to be redeemed;

(8) that, unless the Issuer defaults in making payment of such Redemption Price or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, Original Issue Discount on Securities (or portions thereof) called for redemption, or interest, if any, will cease to accrue on and after the Redemption Date;

(9) the CUSIP number, if any, printed on the Securities being redeemed;

(10) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Securities; and

(11) the election of the Company (which, subject to the provisions of Article 11 hereof, shall be irrevocable) to deliver shares of Common Stock or to pay cash in lieu of delivery of such shares with respect to any Securities that may be converted after the mailing of such notice and prior to the Redemption Date.

At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's name and at the Issuer's expense. In such event, the Issuer shall provide the Trustee with the information required by this Section.

SECTION 3.04. Effect of Notice of Redemption. Once notice of redemption is mailed, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice except for Securities which are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price stated in the notice. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05. Deposit of Redemption Price. Prior to 11:00 a.m. (New York City time) on the Redemption Date, the Issuer shall deposit with the Paying Agent (or, if the Issuer or a Subsidiary of the Issuer is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price of all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption that have been delivered by the Issuer to the Trustee for cancellation or have been converted. The Paying Agent shall as promptly as practicable return to the Issuer any money, not required for that purpose because of conversion of Securities pursuant to Article 11. If such money is then held by the Issuer in trust and is not required for such purpose it shall be discharged from such trust. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 3.06. Securities Redeemed in Part. Upon surrender of a Security that is redeemed in part, the Issuer shall execute and the Trustee shall authenticate for the Holder (at the Issuer's expense) a new Security equal in Principal Amount at Maturity to the unredeemed portion of the Security surrendered.

SECTION 3.07. Conversion Arrangement on Call for Redemption. In connection with any redemption of Securities, the Issuer may arrange for the purchase and conversion of any Securities called for redemption by an agreement with one or more investment

bankers or other purchasers to purchase such Securities by paying to the Trustee in trust for the Securityholders, on or prior to 11:00 a.m. (New York City time) on the Redemption Date, an amount that, together with any amounts deposited with the Trustee by the Issuer for the redemption of such Securities, is not less than the Redemption Price of such Securities. Notwithstanding anything to the contrary contained in this Article 3, the obligation of the Issuer to pay the Redemption Price of such Securities shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers. If such an agreement is entered into, any Securities not duly surrendered for conversion by the Holders thereof may, at the option of the Issuer, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such Holders and (notwithstanding anything to the contrary contained in Article 11) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the Business Day prior to the Redemption Date, subject to payment of the above amount as aforesaid. The Trustee shall hold and pay to the Holders whose Securities are selected for redemption any such amount paid to it for purchase and conversion in the same manner as it would moneys deposited with it by the Issuer for the redemption of Securities. Without the Trustee's prior written consent, no arrangement between the Issuer and such purchasers for the purchase and conversion of any Securities shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture, and the Issuer agrees to indemnify the Trustee from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any Securities between the Issuer and such purchasers, including the costs and expenses incurred by the Trustee in the defense of any claim or liability arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture.

SECTION 3.08. Purchase of Securities at Option of the Holder.

(a) General. Securities shall be purchased by the Issuer pursuant to the terms thereof as of February 7, 2004, February 7, 2009 and February 7, 2014 (each, a "Purchase Date"), at the purchase price of $698.13 per $1,000 of Principal Amount at Maturity as of February 7, 2004, $775.96 per $1,000 of Principal Amount at Maturity as of February 7, 2009 and $862.46 per $1,000 of Principal Amount at Maturity as of February 7, 2014 (each, a "Purchase Price", as applicable), at the option of the Holder thereof, upon:

(1) delivery to the Paying Agent by the Holder of a written notice of purchase (a "Purchase Notice"), substantially in the form of Exhibit D hereto, at any time from the opening of business on the date that is at least 20 Business Days prior to a Purchase Date until the close of business on such Purchase Date stating:

(A) the certificate number of the Security which the Holder will deliver to be purchased,

(B) the portion of the Principal Amount at Maturity of the Security which the Holder will deliver to be purchased, which portion must be in a Principal Amount at Maturity of $1,000 or integral multiples thereof,

(C) that such Security shall be purchased as of the Purchase Date pursuant to the terms and conditions specified in the Securities and in this Indenture, and

(D) in the event the Issuer elects, pursuant to Section 3.08(b), to pay the Purchase Price to be paid as of such Purchase Date, in whole or in part, in shares of Common Stock but such portion of the Purchase Price shall ultimately be payable to such Holder entirely in cash because any of the conditions to payment of the Purchase Price in Common Stock is not satisfied prior to the close of business on such Purchase Date, as set forth in Section 3.08(d), whether such Holder elects (i) to withdraw such Purchase Notice as to some or all of the Securities to which such Purchase Notice relates (stating the Principal Amount at Maturity and certificate numbers of the Securities as to which such withdrawal shall relate), or (ii) to receive cash in respect of the entire Purchase Price for all Securities (or portions thereof) to which such Purchase Notice relates; and

(2) delivery of such Security to the Paying Agent for cancellation prior to, on or after the Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Purchase Price therefor; provided, however, that such Purchase Price shall be so paid pursuant to this Section 3.08 only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Purchase Notice.

If a Holder, in such Holder's Purchase Notice, fails to indicate such Holder's choice with respect to the election set forth in clause (D) of Section 3.08(a)(1), such Holder shall be deemed to have elected to receive cash in respect of the Purchase Price for all Securities subject to such Purchase Notice in the circumstances set forth in such clause (D).

The Issuer shall purchase from the Holder thereof, pursuant to this Section 3.08, a portion of a Security if the Principal Amount at Maturity of such portion is $1,000 or an integral multiple of $1,000 if so requested by the Holder. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Issuer contemplated pursuant to the provisions of this Section 3.08 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Purchase Date and the time of delivery of the Security.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Purchase Notice contemplated by this Section 3.08(a) shall have the right to withdraw such Purchase Notice at any time prior to the close of business on the Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.10.

The Paying Agent shall promptly notify the Issuer of the receipt by it of any Purchase Notice or written notice of withdrawal thereof.

(b) Issuer's Right to Elect Manner of Payment of Purchase Price. The Securities to be purchased pursuant to Section 3.08(a) on February 7, 2004 shall be paid for in cash only,

but the Securities to be purchased on the other two Purchase Dates may be paid for, at the election of the Issuer, in cash or in Common Stock valued at the Market Price, or in any combination of cash and Common Stock, subject to the conditions set forth in Sections 3.08(c) and (d). The Issuer shall designate, in the Issuer's Notice delivered pursuant to Section 3.08(e), whether the Issuer will purchase the Securities for cash or Common Stock, or, if a combination thereof, the percentages of the Purchase Price of Securities in respect of which it will pay in cash or Common Stock; provided that the Issuer shall pay cash for fractional interests in Common Stock. For purposes of determining the existence of potential fractional interests, all Securities subject to purchase by the Issuer held by a Holder shall be considered together (no matter how many separate certificates are to be presented). Each Holder whose Securities are purchased pursuant to this Section 3.08 shall receive the same percentage of cash or Common Stock in payment of the Purchase Price for such Securities, except (i) as provided in Section 3.08(d) with regard to the payment of cash in lieu of fractional shares of Common Stock and (ii) in the event that the Issuer is unable to purchase the Securities of a Holder or Holders for Common Stock because any necessary qualifications or registrations of the Common Stock under applicable state or foreign securities laws cannot be obtained, the Issuer may purchase the Securities of such Holder or Holders for cash. The Issuer may not change its election with respect to the consideration (or components or percentages of components thereof) to be paid once the Issuer has given the Issuer's Notice to Securityholders except pursuant to this Section 3.08(b) or pursuant to Section 3.08(d) in the event of a failure to satisfy, prior to the close of business on the Purchase Date, any condition to the payment of the Purchase Price, in whole or in part, in Common Stock.

If the Issuer elects to pay all or part of the Purchase Price in Common Stock, the portion of accrued Original Issue Discount (or interest if the Issuer has exercised its option to convert the Securities into semi−annual coupon notes) attributable to the period from the Issue Date (or, if the Issuer has exercised the option to convert the Securities into semi−annual coupon notes, the later of (x) the date of such exercise, and (y) the date on which interest was last paid) through the Purchase Date with respect to the surrendered Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through the delivery of the Common Stock (together with cash payment, if any, in lieu of fractional shares) and cash, if any, in exchange for the Security being purchased pursuant to the terms hereof; and such cash and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as delivered pro rata, to the extent thereof, first in exchange for Original Issue Discount (or interest, if the Issuer has exercised its option to convert the Securities into semi−annual coupon notes) accrued through the Purchase Date, and the balance, if any, of such cash and the fair market value of such Common Stock (and any such cash payment) shall be treated as delivered in exchange for the Issue Price of the Security being purchased pursuant to the provisions hereof.

At least one Business Day before the Issuer's Notice Date (as defined herein), the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the manner of payment to be made by the Issuer,

(ii) the information required by Section 3.08(e),

(iii) if the Issuer elects to pay the Purchase Price, or a specified percentage thereof, in Common Stock on the Purchase Date in 2009 or 2014, that the conditions to such manner of payment set forth in Section 3.08(d) have been or will be complied with, and

(iv) whether the Issuer desires the Trustee to give the Issuer's Notice required by Section 3.08(e).

(c) Purchase with Cash. On the initial Purchase Date, the Purchase Price of all Securities in respect of which a Purchase Notice pursuant to Section 3.08(a) has been given shall be paid by the Issuer with cash equal to the aggregate Purchase Price of such Securities. On each other Purchase Date, at the option of the Issuer, the Purchase Price of Securities in respect of which a Purchase Notice pursuant to Section 3.08(a) has been given, or a specified percentage thereof, may be paid by the Issuer with cash equal to the aggregate Purchase Price of such Securities.

(d) Payment by Issuance of Common Stock. On each Purchase Date other than the initial one, at the option of the Issuer, the Purchase Price of Securities in respect of which a Purchase Notice pursuant to Section 3.08(a) has been given, or a specified percentage thereof, may be paid by the Company by the issuance of a number of shares of Common Stock equal to the quotient obtained by dividing (i) the amount of cash to which the Securityholders would have been entitled had the Issuer elected to pay all or such specified percentage, as the case may be, of the Purchase Price of such Securities in cash by (ii) the Market Price of a share of Common Stock, subject to the next succeeding paragraph.

The Company may not issue a fractional share of Common Stock in payment of the Purchase Price. Instead the Issuer shall pay cash for the current market value of the fractional share. The current market value of a fraction of a share shall be determined, to the nearest 1/1,000th of a share, by multiplying the Market Price by such fraction and rounding the product to the nearest whole cent. It is understood that if a Holder elects to have more than one Security purchased, the number of shares of Common Stock shall be based on the aggregate amount of Securities to be purchased.

The Issuer's right to exercise its election to purchase the Securities pursuant to Section 3.08 through the issuance of shares of Common Stock on the Purchase Date in 2009 or 2014 shall be conditioned upon:

(i) the Issuer's not having given its Issuer's Notice of an election to pay entirely in cash and its giving of timely Issuer's Notice of election to purchase all or a specified percentage of the Securities with Common Stock as provided herein;

(ii) the registration of the shares of Common Stock to be issued in respect of the payment of the Purchase Price under the Securities Act and the Exchange Act, in each case if required;

(iii) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration; and

(iv) the receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel, each stating that (A) the terms of the issuance of the Common Stock are in conformity with this Indenture and (B) the shares of Common Stock to be issued by the Company in payment of the Purchase Price in respect of Securities have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Purchase Price in respect of the Securities, will be validly issued, fully paid and non-assessable and, to the best of such counsel's knowledge, free from preemptive rights, and, in the case of such Officers' Certificate, stating that conditions (i), (ii) and (iii) above and the condition set forth in the second succeeding sentence have been satisfied and, in the case of such Opinion of Counsel, stating that conditions (ii) and (iii) above has been satisfied.

Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each $1,000 Principal Amount at Maturity of Securities and the Sale Price of a share of Common Stock on each trading day during the period during which the Market Price is calculated. The Issuer may pay the Purchase Price (or any portion thereof) in Common Stock only if the information necessary to calculate the Market Price is published in a daily newspaper of national circulation. If the foregoing conditions are not satisfied with respect to a Holder or Holders prior to the close of business on the Purchase Date and the Issuer has elected to purchase the Securities pursuant to this Section 3.08 through the issuance of shares of Common Stock, the Issuer shall pay the entire Purchase Price of the Securities of such Holder or Holders in cash.

The "Market Price" means the average of the Sale Prices of the Common Stock for the five trading day period ending on the third Business Day (if the third Business Day prior to the applicable Purchase Date or Fundamental Change Repurchase Date is a trading day, or if not, then on the last trading day) prior to the applicable Purchase Date or Fundamental Change Repurchase Date, appropriately adjusted to take into account the occurrence, during the period commencing on the first of such trading days during such five trading day period and ending on such Purchase Date or Fundamental Change Repurchase Date, of any event described in Section 11.06, 11.07 or 11.08; subject, however, to the conditions set forth in Sections 11.09 and 11.10.

The "Sale Price" of the Common Stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and average ask prices) on such date as reported in the composite transactions for the principal United States securities exchange on which the Common Stock is traded or, if the Common Stock is not listed on a United States national or regional securities exchange, as reported by the Nasdaq System.

(e) Notice. The Issuer's notice of whether it intends to pay the Purchase Price with cash or Common Stock or any combination thereof shall be sent to the Holders (and to beneficial owners as required by applicable law) in the manner provided herein (the "Issuer's Notice"). The Issuer's Notice shall be sent to Holders (and to beneficial owners as required by applicable law) not less than 20 Business Days prior to such Purchase Date (the "Issuer's Notice Date"). The Issuer's Notice shall state the manner of payment and shall contain the following information:

In the event the Issuer has elected to pay the Purchase Price (or a specified percentage thereof) with Common Stock on the Purchase Date in either 2009 or 2014, the Issuer's Notice shall:

(1) state that each Holder will receive Common Stock in respect of the specified percentage of the Purchase Price of the Securities held by such Holder (except any cash amount to be paid in lieu of fractional shares);

(2) state that the total number of shares of Common Stock to be issued to Holders will be equal to the quotient obtained by dividing (i) the amount of cash to which the Securityholders would have been entitled had the Issuer elected to pay all or such specified percentage, as the case may be, of the Purchase Price of such Securities in cash by (ii) the Market Price of a share of Common Stock;

(3) set forth the method of calculating the Market Price of the Common Stock; and

(4) state that because the Market Price of Common Stock will be determined prior to the Purchase Date, Holders will bear the market risk with respect to the value of the Common Stock to be received from the date such Market Price is determined to the Purchase Date.

In any case, each Issuer's Notice shall include a form of Purchase Notice to be completed by a Securityholder and shall state:

(i) the Purchase Price and the Conversion Rate applicable on the Issuer's Notice Date;

(ii) the name and address of the Paying Agent and the Conversion Agent;

(iii) that Securities as to which a Purchase Notice has been given may be converted pursuant to Article 11 hereof only if the applicable Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(iv) that Securities must be surrendered to the Paying Agent for cancellation to collect payment;

(v) that the Purchase Price for any security as to which a Purchase Notice has been given and not withdrawn will be paid promptly following the later of the Purchase Date and the time of surrender of such Security as described in (iv);

(vi) the procedures the Holder must follow to exercise rights under Section 3.08 and a brief description of those rights;

(vii) briefly, the conversion rights of the Securities;

(viii) the procedures for withdrawing a Purchase Notice (including, without limitation, for a conditional withdrawal pursuant to the terms of Section 3.08(a)(1)(D) or Section 3.10);

(ix) that, unless the Issuer defaults in making payment of such Purchase Price, Original Issue Discount on Securities covered by any Purchase Notice, or interest, if any, will cease to accrue on and after the Purchase Date; and

(x) the CUSIP number of the Securities, if applicable.

At the Issuer's request, the Trustee shall give such Issuer's Notice in the name of the Issuer and at the Issuer's expense; provided, however, that, in all cases, the text of such Issuer's Notice shall be prepared by the Issuer.

(f) Covenants of the Company. All shares of Common Stock delivered upon purchase of the Securities shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and nonassessable, and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall use its best efforts to list or cause to have quoted any shares of Common Stock to be issued to purchase Securities on each United States national securities exchange or automated over−the−counter trading market in the United States on which the Common Stock is then listed or quoted.

(g) Procedure upon Purchase. The Issuer shall deposit cash (in respect of a cash purchase under Section 3.08(c) or for fractional interests, as applicable) or shares of Common Stock, or a combination thereof, as applicable, at the time and in the manner as provided in Section 3.11, sufficient to pay the aggregate Purchase Price of all Securities to be purchased pursuant to this Section 3.08. As soon as practicable after the Purchase Date, the Company shall deliver to each Holder entitled to receive Common Stock through its stock transfer agent, a certificate for the number of full shares of Common Stock issuable in payment of the Purchase Price. The Person in whose name the certificate for Common Stock is registered shall be treated as a holder of record of shares of Common Stock on the Business Day following the Purchase Date. Subject to Section 3.08(d), no payment or adjustment will be made for dividends on any Common Stock delivered in payment of the Purchase Price the record date for which occurred on or prior to the Purchase Date.

(h) Taxes. If a Holder of a Security is paid in Common Stock, the Issuer shall pay any documentary, stamp or similar issue or transfer tax due on such issue of shares of Common Stock. However, the Holder shall pay any such tax which is due because the Holder requests the shares of Common Stock to be issued in a name other than the Holder's name. The Paying Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Paying Agent receives a sum that the Issuer deems to be sufficient to pay any tax which will be due because the shares of Common Stock are to be issued in a name other than the Holder's name. Nothing herein shall preclude any income tax withholding required by law or regulations.

SECTION 3.09. Repurchase of Securities at Option of the Holder upon Fundamental Change.

(a) General. If prior to February 7, 2004 there shall have occurred a Fundamental Change, Securities shall be purchased by the Issuer, at a purchase price specified in the Securities (the "Fundamental Change Repurchase Price"), as of a date that is not less than 60 days nor more than 90 days after the occurrence of the Fundamental Change (the "Fundamental Change Repurchase Date"), at the option of the Holder thereof, upon:

(1) delivery to the Paying Agent by the Holder of a written notice of purchase (a "Fundamental Change Repurchase Notice"), substantially in the form of Exhibit E hereto, at any time until the close of business on such Fundamental Change Repurchase Date stating:

(A) the certificate number of the Security which the Holder will deliver to be purchased,

(B) the portion of the Principal Amount at Maturity of the Security which the Holder will deliver to be purchased, which portion must be in a Principal Amount at Maturity of $1,000 or integral multiples thereof,

(C) that such Security shall be purchased as of the Fundamental Change Repurchase Date pursuant to the terms and conditions specified in the Securities and in this Indenture, and

(D) in the event the Issuer elects, pursuant to Section 3.09(b), to pay the Fundamental Change Repurchase Price to be paid as of such Fundamental Change Repurchase Date, in whole or in part, in shares of Common Stock but such portion of the Fundamental Change Repurchase Price shall ultimately be payable to such Holder entirely in cash because any of the conditions to payment of the Fundamental Change Repurchase Price in Common Stock is not satisfied prior to the close of business on such Fundamental Change Repurchase Date, as set forth in Section 3.09(d), whether such Holder elects (i) to withdraw such Fundamental Change Repurchase Notice as to some or all of the Securities to which such Fundamental Change Repurchase Notice relates (stating the Principal Amount at Maturity and certificate numbers of the Securities as to which such withdrawal shall relate), or (ii) to receive cash in respect of the entire Fundamental Change Repurchase Price for all Securities (or portions thereof) to which such Fundamental Change Repurchase Notice relates; and

(2) delivery of such Security to the Paying Agent for cancellation prior to, on or after the Fundamental Change Repurchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Fundamental Change Repurchase Price therefor; provided, however, that such Fundamental Change Repurchase Price shall be so paid pursuant to this Section 3.09 only if the Security so delivered to the Paying Agent shall conform in

all respects to the description thereof in the related Fundamental Change Repurchase Notice.

If a Holder, in such Holder's Fundamental Change Repurchase Notice, fails to indicate such Holder's choice with respect to the election set forth in clause (D) of Section 3.09(a)(1), such Holder shall be deemed to have elected to receive cash in respect of the Fundamental Change Repurchase Price for all Securities subject to such Fundamental Change Repurchase Notice in the circumstances set forth in such clause (D).

The Issuer shall purchase from the Holder thereof, pursuant to this Section 3.09, a portion of a Security if the Principal Amount at Maturity of such portion is $1,000 or an integral multiple of $1,000 if so requested by the Holder. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Issuer contemplated pursuant to the provisions of this Section 3.09 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Fundamental Change Repurchase Date and the time of delivery of the Security.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Fundamental Change Repurchase Notice contemplated by this Section 3.09(a) shall have the right to withdraw such Fundamental Change Repurchase Notice at any time prior to the close of business on the Fundamental Change Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 3.10.

The Paying Agent shall promptly notify the Issuer of the receipt by it of any Fundamental Change Repurchase Notice or written notice of withdrawal thereof.

A "Fundamental Change" shall be deemed to have occurred at such time as any of the following events shall occur:

(i) the Company consolidates or merges with or into another Person (other than a Subsidiary of the Company);

(ii) the Company sells, conveys, transfers or leases its properties and assets substantially as an entirety to any Person (other than a Subsidiary of the Company);

(iii) any Person (other than a Subsidiary of the Company) consolidates with or merges with or into the Company; or

(iv) the Common Stock is reclassified into, exchanged for or converted into the right to receive any other property or security,

provided, that none of these circumstances will be a Fundamental Change if at least 50% of the aggregate fair market value (as determined by the Board of Directors) of such property and securities received by holders of Common Stock in respect of such Common Stock in such transaction, other than cash payments for fractional shares, consists of shares of voting Common Stock of the surviving Person that are, or upon issuance will be, traded on a United States

national securities exchange or approved for trading on an established automated over−the−counter trading market in the United States. For the avoidance of doubt, none of the events referred to in the preceding clauses (i)−(iv) shall constitute a Fundamental Change if the outstanding Common Stock is not affected thereby.

(b) Issuer's Right to Elect Manner of Payment of Fundamental Change Repurchase Price. The Securities to be purchased pursuant to Section 3.09(a) may be paid for, at the election of the Issuer, in cash or in Common Stock valued at the Market Price, or in any combination of cash and Common Stock, subject to the conditions set forth in Sections 3.09(c) and (d). The Issuer shall designate, in the Fundamental Change Notice delivered pursuant to Section 3.09(e), whether the Issuer will purchase the Securities for cash or Common Stock, or, if a combination thereof, the percentages of the Fundamental Change Repurchase Price of Securities in respect of which it will pay in cash or Common Stock; provided that the Issuer shall pay cash for fractional interests in Common Stock. For purposes of determining the existence of potential fractional interests, all Securities subject to purchase by the Issuer held by a Holder shall be considered together (no matter how many separate certificates are to be presented). Each Holder whose Securities are purchased pursuant to this Section 3.09 shall receive the same percentage of cash or Common Stock in payment of the Fundamental Change Repurchase Price for such Securities, except (i) as provided in Section 3.09(d) with regard to the payment of cash in lieu of fractional shares of Common Stock and (ii) in the event that the Issuer is unable to purchase the Securities of a Holder or Holders for Common Stock because any necessary qualifications or registrations of the Common Stock under applicable state or foreign securities laws cannot be obtained, the Issuer may purchase the Securities of such Holder or Holders for cash. The Issuer may not change its election with respect to the consideration (or components or percentages of components thereof) to be paid once the Issuer has given its Fundamental Change Notice to Securityholders except pursuant to this Section 3.09(b) or pursuant to Section 3.09(d) in the event of a failure to satisfy, prior to the close of business on the Fundamental Change Repurchase Date, any condition to the payment of the Fundamental Change Repurchase Price, in whole or in part, in Common Stock.

If the Issuer elects to pay all or part of the Fundamental Change Repurchase Price in Common Stock, the portion of accrued Original Issue Discount (or interest if the Issuer has exercised its option to convert the Securities into semi−annual coupon notes) attributable to the period from the Issue Date (or, if the Issuer has exercised the option to convert the Securities into semi−annual coupon notes, the later of (x) the date of such exercise, and (y) the date on which interest was last paid) through the Fundamental Change Repurchase Date with respect to the surrendered Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through the delivery of the Common Stock (together with cash payment, if any, in lieu of fractional shares) and cash, if any, in exchange for the Security being purchased pursuant to the terms hereof; and such cash, if any, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as delivered pro rata, to the extent thereof, first in exchange for Original Issue Discount (or interest, if the Issuer has exercised its option to convert the Securities into semi−annual coupon notes) accrued through the Fundamental Change Repurchase Date, and the balance, if any, of such cash or the fair market value of such Common Stock (and any such cash payment) shall be treated as delivered in exchange for the Issue Price of the Security being purchased pursuant to the provisions hereof.

At least one Business Day before the Fundamental Change Notice Date (as defined below), the Company shall deliver an Officers' Certificate to the Trustee specifying:

(i) the manner of payment selected by the Issuer,

(ii) the information required by Section 3.09(e),

(iii) if the Issuer elects to pay the Fundamental Change Repurchase Price, or a specified percentage thereof, in Common Stock, that the conditions to such manner of payment set forth in Section 3.09(d) have been or will be complied with, and

(iv) whether the Issuer desires the Trustee to give the Fundamental Change Notice required by Section 3.09(e).

(c) Purchase with Cash. On each Fundamental Change Repurchase Date, at the option of the Issuer, the Fundamental Change Repurchase Price of Securities in respect of which a Fundamental Change Repurchase Notice pursuant to Section 3.09(a) has been given, or a specified percentage thereof, may be paid by the Issuer with cash equal to the aggregate Fundamental Change Repurchase Price of such Securities.

(d) Payment by Issuance of Common Stock. On each Fundamental Change Repurchase Date, at the option of the Issuer, the Fundamental Change Repurchase Price of Securities in respect of which a Fundamental Change Repurchase Notice pursuant to Section 3.09(a) has been given, or a specified percentage thereof, may be paid by the Company by the issuance of a number of shares of Common Stock equal to the quotient obtained by dividing (i) the amount of cash to which the Securityholders would have been entitled had the Issuer elected to pay all or such specified percentage, as the case may be, of the Fundamental Change Repurchase Price of such Securities in cash by (ii) the Market Price of a share of Common Stock, subject to the next succeeding paragraph.

The Company may not issue a fractional share of Common Stock in payment of the Fundamental Change Repurchase Price. Instead the Issuer shall pay cash for the current market value of the fractional share. The current market value of a fraction of a share shall be determined, to the nearest 1/1,000th of a share, by multiplying the Market Price by such fraction and rounding the product to the nearest whole cent. It is understood that if a Holder elects to have more than one Security purchased, the number of shares of Common Stock shall be based on the aggregate amount of Securities to be purchased.

The Issuer's right to exercise its election to purchase the Securities pursuant to Section 3.09 through the issuance of shares of Common Stock shall be conditioned upon:

(i) the Issuer's not having given a Fundamental Change Notice of an election to pay entirely in cash and its giving of timely Fundamental Change Notice of election to purchase all or a specified percentage of the Securities with Common Stock as provided herein;

(ii) the registration of the shares of Common Stock to be issued in respect of the payment of the Fundamental Change Repurchase Price under the Securities Act and the Exchange Act, in each case if required;

(iii) any necessary qualification or registration under applicable state securities laws or the availability of an exemption from such qualification and registration;

(iv) the receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel, each stating that (A) the terms of the issuance of the Common Stock are in conformity with this Indenture and (B) the shares of Common Stock to be issued by the Company in payment of the Fundamental Change Repurchase Price in respect of Securities have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Fundamental Change Repurchase Price in respect of the Securities, will be validly issued, fully paid and non−assessable and, to the best of such counsel's knowledge, free from preemptive rights, and, in the case of such Officers' Certificate, stating that conditions (i), (ii) and (iii) above and the condition set forth in the second succeeding sentence have been satisfied and, in the case of such Opinion of Counsel, stating that conditions (ii) and (iii) above has been satisfied; and

(v) the Common Stock being listed or quoted on a United States national securities exchange or traded on an established automated over−the−counter trading market in the United States.

Such Officers' Certificate shall also set forth the number of shares of Common Stock to be issued for each $1,000 Principal Amount at Maturity of Securities and the Sale Price of a share of Common Stock on each trading day during the period during which the Market Price is calculated. The Issuer may pay the Fundamental Change Repurchase Price (or any portion thereof) in Common Stock only if the information necessary to calculate the Market Price is published in a daily newspaper of national circulation. If the foregoing conditions are not satisfied with respect to a Holder or Holders prior to the close of business on the Fundamental Change Repurchase Date and the Issuer has elected to purchase the Securities pursuant to this Section 3.09 through the issuance of shares of Common Stock, the Issuer shall pay the entire Fundamental Change Repurchase Price of the Securities of such Holder or Holders in cash.

(e) Notice of Fundamental Change and Issuer's Election. Within 30 days after the occurrence of a Fundamental Change, the Issuer shall mail notice of Fundamental Change (the "Fundamental Change Notice") by first−class mail to the Trustee and to each Holder (and to beneficial owners as required by applicable law). The Fundamental Change Notice shall disclose the Issuer's election to repurchase with cash or Common Stock or any combination thereof in the manner provided herein. The Fundamental Change Notice shall be sent to Holders (and to beneficial owners as required by applicable law) not less than 60 days prior to such Fundamental Change Repurchase Date (the "Fundamental Change Notice Date"). The notice shall include a form of Fundamental Change Repurchase Notice to be completed by the Securityholder and shall state:

(1) briefly, the events causing a Fundamental Change and the date of such Fundamental Change;

(2) the date by which the Fundamental Change Repurchase Notice pursuant to this Section 3.09 must be given;

(3) the Fundamental Change Repurchase Date;

(4) the Fundamental Change Repurchase Price;

(5) the name and address of the Paying Agent and the Conversion Agent;

(6) the Conversion Rate applicable on the Fundamental Change Notice Date;

(7) that Securities as to which a Fundamental Change Repurchase Notice has been given may be converted pursuant to Article 11 hereof only if the Fundamental Change Repurchase Notice has been withdrawn in accordance with the terms of this Indenture;

(8) that Securities must be surrendered to the Paying Agent for cancellation to collect payment;

(9) that the Fundamental Change Repurchase Price for any Security as to which a Fundamental Change Repurchase Notice has been duly given and not withdrawn will be paid promptly following the later of the Fundamental Change Repurchase Date and the time of surrender of such Security as described in (8);

(10) briefly, the procedures the Holder must follow to exercise rights under this Section 3.09;

(11) briefly, the conversion rights of the Securities;

(12) the procedures for withdrawing a Fundamental Change Repurchase Notice (including, without limitation, for a conditional withdrawal pursuant to the terms of Section 3.09(a)(1)(D) or Section 3.10);

(13) that, unless the Issuer defaults in making payment of such Fundamental Change Repurchase Price, Original Issue Discount on Securities covered by any Fundamental Change Repurchase Notice, or interest, if any, will cease to accrue on and after the Fundamental Change Repurchase Date; and

(14) the CUSIP number of the Securities, if applicable.

In the event the Issuer has elected to pay the Fundamental Change Repurchase Price (or a specified percentage thereof) with Common Stock, the Fundamental Change Notice also shall:

(1) state that each Holder will receive Common Stock in respect of the specified percentage of the Fundamental Change Repurchase Price of the Securities held by such Holder (except any cash amount to be paid in lieu of fractional shares);

(2) state that the total number of shares of Common Stock to be issued to Holders will be equal to the quotient obtained by dividing (i) the amount of cash to which the Securityholders would have been entitled had the Issuer elected to pay all or such specified percentage, as the case may be, of the Fundamental Change Repurchase Price of such Securities in cash by (ii) the Market Price of a share of Common Stock;

(3) set forth the method of calculating the Market Price of the Common Stock; and

(4) state that because the Market Price of Common Stock will be determined prior to the Fundamental Change Repurchase Date, Holders will bear the market risk with respect to the value of the Common Stock to be received from the date such Market Price is determined to the Fundamental Change Repurchase Date.

At the Issuer's request, the Trustee shall give such Fundamental Change Notice in the name of the Issuer and at the Issuer's expense; provided, however, that, in all cases, the text of such Fundamental Change Notice shall be prepared by the Issuer.

(f) Covenants of the Company. All shares of Common Stock delivered upon purchase of the Securities shall be newly issued shares or treasury shares, shall be duly authorized, validly issued, fully paid and nonassessable, and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall use its best efforts to list or cause to have quoted any shares of Common Stock to be issued to purchase Securities on each United States national securities exchange or automated over−the−counter trading market in the United States on which the Common Stock is then listed or quoted.

(g) Procedure upon Purchase. The Issuer shall deposit cash (in respect of a cash purchase under Section 3.09(c) or for fractional interests, as applicable) or shares of Common Stock, or a combination thereof, as applicable, at the time and in the manner as provided in Section 3.11, sufficient to pay the aggregate Fundamental Change Repurchase Price of all Securities to be purchased pursuant to this Section 3.09. As soon as practicable after the Fundamental Change Repurchase Date, the Issuer shall deliver to each Holder entitled to receive Common Stock through its stock transfer agent, a certificate for the number of full shares of Common Stock issuable in payment of the Fundamental Change Repurchase Price. The Person in whose name the certificate for Common Stock is registered shall be treated as a holder of record of shares of Common Stock on the Business Day following the Fundamental Change Repurchase Date. Subject to Section 3.09(d), no payment or adjustment will be made for dividends on any Common Stock delivered in payment of the Fundamental Change Repurchase Price the record date for which occurred on or prior to the Fundamental Change Repurchase Date.

(h) Taxes. If a Holder of a Security is paid in Common Stock, the Issuer shall pay any documentary, stamp or similar issue or transfer tax due on such issue of shares of Common Stock. However, the Holder shall pay any such tax which is due because the Holder requests the shares of Common Stock to be issued in a name other than the Holder's name. The Paying Agent

may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Paying Agent receives a sum that the Issuer deems to be sufficient to pay any tax which will be due because the shares of Common Stock are to be issued in a name other than the Holder's name. Nothing herein shall preclude any income tax withholding required by law or regulations.

SECTION 3.10. Effect of Purchase Notice or Fundamental Change Repurchase Notice. Upon receipt by the Paying Agent of the Purchase Notice or Fundamental Change Repurchase Notice specified in Section 3.08(a) or Section 3.09(a), as applicable, the Holder of the Security in respect of which such Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, was given shall (unless such Purchase Notice or Fundamental Change Repurchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Purchase Price or Fundamental Change Repurchase Price, as the case may be, with respect to such Security. Such Purchase Price or Fundamental Change Repurchase Price shall be paid to such Holder, subject to receipts of funds and/or securities by the Paying Agent, promptly following the later of (x) the Purchase Date or the Fundamental Change Repurchase Date, as the case may be, with respect to such Security (provided the conditions in Section 3.08(a) or Section 3.09(a), as applicable, have been satisfied) and (y) the time of delivery of such Security to the Paying Agent by the Holder thereof in the manner required by Section 3.08(a) or Section 3.09(a), as applicable. Securities in respect of which a Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, has been given by the Holder thereof may not be converted pursuant to Article 11 hereof on or after the date of the delivery of such Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, unless such Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, has first been validly withdrawn as specified in the following two paragraphs.

A Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, at any time prior to the close of business on the Purchase Date or the Fundamental Change Repurchase Date, as the case may be, specifying:

(1) the certificate number of the Security in respect of which such notice of withdrawal is being submitted,

(2) the Principal Amount at Maturity of the Security with respect to which such notice of withdrawal is being submitted, and

(3) the Principal Amount at Maturity, if any, of such Security which remains subject to the original Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, and which has been or will be delivered for purchase or repurchase by the Issuer.

A written notice of withdrawal of a Purchase Notice or Fundamental Change Repurchase Notice may be in the form set forth in the preceding paragraph or may be in the form of (i) a conditional withdrawal contained in a Purchase Notice or Fundamental Change Repurchase Notice pursuant to the terms of Section 3.08(a)(1)(D) or 3.09(a)(1)(D) or (ii) a

conditional withdrawal containing the information set forth in Section 3.08(a)(1)(D) or 3.09(a)(1)(D) and the preceding paragraph and contained in a written notice of withdrawal delivered to the Paying Agent as set forth in the preceding paragraph.

There shall be no purchase of any Securities pursuant to Section 3.08 or 3.09 (other than through the issuance of Common Stock in payment of the Purchase Price, including cash in lieu of fractional shares) if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Purchase Notice or Fundamental Change Repurchase Notice, as the case may be) and is continuing an Event of Default (other than a default in the payment of the Purchase Price or Fundamental Change Repurchase Price, as the case may be, with respect to such Securities). The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which a Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Purchase Price or Fundamental Change Repurchase Price, as the case may be, with respect to such Securities) in which case, upon such return, the Purchase Notice or Fundamental Change Repurchase Notice with respect thereto shall be deemed to have been withdrawn.

SECTION 3.11. Deposit of Purchase Price or Fundamental Change Repurchase Price. Prior to 11:00 a.m. (local time in The City of New York) on the Business Day following the Purchase Date or the Fundamental Change Repurchase Date, as the case may be, the Issuer shall deposit with the Trustee or with the Paying Agent (or, if the Issuer or a Subsidiary of the Issuer is the Paying Agent, shall segregate and hold in trust) an amount of money (in immediately available funds if deposited on such Business Day) sufficient to pay the cash portion of the aggregate Purchase Price or Fundamental Change Repurchase Price, as the case may be, of all the Securities or portions thereof which are to be purchased as of the Purchase Date or Fundamental Change Repurchase Date, as the case may be, and shall instruct its stock transfer agent to deliver the number of full shares of Common Stock issuable in payment of the remaining portion of the aggregate Purchase Price or Fundamental Change Repurchase Price, as the case may be. The Issuer shall promptly notify the Trustee in writing of the amount of any deposits of cash or deliveries of Common Stock made pursuant to this Section.

SECTION 3.12. Securities Purchased or Repurchased in Part. Any Security which is to be purchased or repurchased only in part shall be surrendered at the office of the Paying Agent (with, if the Issuer or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Principal Amount at Maturity equal to, and in exchange for, the portion of the Principal Amount at Maturity of the Security so surrendered which is not purchased.

SECTION 3.13. Covenant to Comply With Securities Laws Upon Purchase or Repurchase of Securities. In connection with any offer to purchase or repurchase or purchase or repurchase of Securities under Section 3.08 or 3.09 hereof (provided that such offer or purchase or repurchase constitutes an "issuer tender offer" for purposes of Rule 13e−4 (which term, as

used herein, includes any successor provision thereto) under the Exchange Act at the time of such offer or purchase), the Issuer shall (i) comply with Rule 13e−4 and Rule 14e−1 under the Exchange Act, (ii) file the related Schedule TO (or any successor schedule, form or report) under the Exchange Act, and (iii) otherwise comply with all Federal and state securities laws so as to permit the rights and obligations under Sections 3.08 and 3.09 to be exercised in the time and in the manner specified in Sections 3.08 and 3.09.

SECTION 3.14. Repayment to the Issuer. The Trustee and the Paying Agent shall return to the Issuer any cash that remains unclaimed, together with interest or dividends, if any, thereon, held by them for the payment of the Purchase Price or Fundamental Change Repurchase Price, as the case may be; provided, however, that to the extent that the aggregate amount of cash deposited by the Issuer pursuant to Section 3.11 exceeds the cash portion of the aggregate Purchase Price or Fundamental Change Repurchase Price, as the case may be, of the Securities or portions thereof which the Issuer is obligated to purchase as of the Purchase Date or Fundamental Change Repurchase Date, as the case may be, then on the Business Day following the Purchase Date or Fundamental Change Repurchase Date, as the case may be, the Trustee shall return any such excess to the Issuer.

ARTICLE 4

COVENANTS

SECTION 4.01. Payment of Securities. The Issuer shall promptly make all payments in respect of the Securities on the dates and in the manner provided in the Securities and in this Indenture. Such payments shall be considered made on the date due if on such date the Trustee or the Paying Agent holds, in accordance with this Indenture, money sufficient to make all payments with respect of the Securities then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Securityholders on that date pursuant to the terms of this Indenture.

SECTION 4.02. Financial Information; SEC Reports. At any time the Company is not subject to either Section 13 or 15(d) of the Exchange Act, the Company shall at the request of any Holder (or holders of Common Stock issued upon conversion of the Securities) provide to such Holder (or holders of such Common Stock) and any prospective purchaser designated by such Holders (or holders of such Common Stock), as the case may be, such information, if any, required by Rule 144A(d)(4) under the Securities Act. Further, the Company shall file with the Trustee, within 15 days after it files the same with the SEC, copies of its annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates). The Issuer also shall comply with any other provisions of Trust Indenture Act Section 314(a).

SECTION 4.03. Corporate Existence. The Issuer shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, material rights (charter and statutory) and material franchises (other than as contemplated by Section 5.01); provided, however, that the Issuer shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the preservation of such rights or franchises is no longer desirable in the conduct of the business of the Issuer.

SECTION 4.04. Restrictions on Liens. Except as provided in Section 4.06, so long as any of the Securities are outstanding, the Company shall not pledge, mortgage or hypothecate, or permit to exist, and shall not cause, suffer or permit any Subsidiary to pledge, mortgage or hypothecate, or permit to exist, except in favor of the Company or any Subsidiary, any mortgage, pledge or other lien upon, any Principal Property at any time owned by it, to secure any indebtedness, without making effective provisions whereby the Securities shall be equally and ratably secured with any and all such indebtedness and with any other indebtedness similarly entitled to be equally and ratably secured; provided, however, that this restriction shall not apply to or prevent the creation or existence of:

(a) undetermined or inchoate liens and charges incidental to construction, maintenance, development or operation;

(b) the lien of taxes and assessments for the then current year;

(c) the lien of taxes and assessments not at the time delinquent;

(d) the lien of specified taxes and assessments which are delinquent but the validity of which is being contested at the time by the Company or such Subsidiary in good faith;

(e) the lien reserved in leases for rent and for compliance with the terms of the lease in the case of leasehold estates;

(f) any obligations or duties, affecting the property of the Company or such Subsidiary, to any municipality or public authority with respect to any franchise, grant, license, permit or similar arrangement;

(g) the liens of any judgments or attachments in an aggregate amount not in excess of $10,000,000, or the lien of any judgment or attachment the execution or enforcement of which has been stayed or which has been appealed and secured, if necessary, by the filing of an appeal bond;

(h) any mortgage, pledge, lien or encumbrance on any property held or used by the Company or a Subsidiary in connection with the exploration for, development of or production of oil, gas, natural gas (including liquefied gas and storage gas), other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels, such properties to include, but not be limited to, the Company's or a Subsidiary's interest in any mineral fee interests, oil, gas or other mineral

leases, royalty, overriding royalty or net profits interests, production payments and other similar interests, wellhead production equipment, tanks, field gathering lines, leasehold or field separation and processing facilities, compression facilities and other similar personal property and fixtures;

(i) any mortgage, pledge, lien or encumbrance on oil, gas, natural gas (including liquefied gas and storage gas), and other hydrocarbons, helium, coal, metals, minerals, steam, timber, geothermal or other natural resources or synthetic fuels produced or recovered from any property, an interest in which is owned or leased by the Company or a Subsidiary;

(j) mortgages, pledges, liens or encumbrances upon any property heretofore or hereafter acquired, created at the time of acquisition or within one year thereafter to secure all or a portion of the purchase price thereof, or existing thereon at the date of acquisition, whether or not assumed by the Company or a Subsidiary, provided that every such mortgage, pledge, lien or encumbrance shall apply only to the property so acquired and fixed improvements thereon;

(k) any extension, renewal or refunding, in whole or in part, of any mortgage, pledge, lien or encumbrance permitted by subparagraph (j) above, if limited to the same property or any portion thereof subject to, and securing not more than the amount secured by, the mortgage, pledge, lien or encumbrance extended, renewed or refunded;

(l) mortgages, pledges, liens or encumbrances upon any property heretofore or hereafter acquired by any corporation that is or becomes a Subsidiary after the date hereof ("Acquired Entity"), provided that every such mortgage, pledge, lien or encumbrance (1) shall either (A) exist prior to the time the Acquired Entity becomes a Subsidiary or (B) be created at the time the Acquired Entity becomes a Subsidiary or within one year thereafter to secure all or a portion of the acquisition price thereof and (2) shall only apply to those properties owned by the Acquired Entity at the time it becomes a Subsidiary or thereafter acquired by it from sources other than the Company or any other Subsidiary;

(m) the pledge of current assets, in the ordinary course of business, to secure current liabilities;

(n) mechanics' or materialmen's liens, any liens or charges arising by reason of pledges or deposits to secure payment of workmen's compensation or other insurance, good faith deposits in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits to secure duties or public or statutory obligations, deposits to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or similar charges;

(o) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time in connection with the financing of

the acquisition or construction of property as to be used in the business of the Company or a Subsidiary or as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the Company or a Subsidiary to maintain self−insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(p) any lien to secure indebtedness other than Funded Debt;

(q) any mortgage, pledge, lien or encumbrance of or upon any office equipment, data processing equipment (including, without limitation, computer and computer peripheral equipment), or transportation equipment (including, without limitation, motor vehicles, tractors, trailers, marine vessels, barges, towboats, rolling stock and aircraft);

(r) any mortgage, pledge, lien or encumbrance created or assumed by the Company or a Subsidiary in connection with the issuance of debt notes the interest on which is excludable from gross income of the holder of such security pursuant to the Code for the purpose of financing, in whole or in part, the acquisition or construction of property to be used by the Company or a Subsidiary; or

(s) the pledge or assignment of accounts receivable, or the pledge or assignment of conditional sales contracts or chattel mortgages and evidences of indebtedness secured thereby, received in connection with the sale by the Company or such Subsidiary or others of goods or merchandise to customers of the Company or such Subsidiary.

In the case the Company or any Subsidiary shall propose to pledge, mortgage or hypothecate any Principal Property at any time owned by it to secure any indebtedness, other than as permitted by subdivisions (a) to (s), inclusive, of this Section 4.04, the Company shall prior thereto give written notice thereof to the Trustee, and the Company shall, or shall cause such Subsidiary to, prior to or simultaneously with such pledge, mortgage or hypothecation, by supplemental indenture executed to the Trustee (or to the extent legally necessary to another trustee or additional or separate trustee), in form satisfactory to the Trustee, effectively secure all the Securities equally and ratably with such indebtedness.

SECTION 4.05. [Intentionally omitted]

SECTION 4.06. Exempted Indebtedness. Notwithstanding the provisions of Section 4.04, the Company or a Subsidiary may issue, assume or guarantee indebtedness secured by mortgage which would otherwise be subject to the restrictions of Section 4.04 in an aggregate amount which, together with all other indebtedness of the Company or a Subsidiary secured by a mortgage which (if originally issued, assumed or guaranteed at such time) would otherwise be subject to such restrictions (not including indebtedness permitted to be secured under clauses (a) through (s) of Section 4.04), does not at the time exceed 10% of the Consolidated Net Tangible

Assets of the Company, as shown on the audited consolidated financial statements of the Company as of the end of the fiscal year preceding the date of determination.

SECTION 4.07. Waiver of Certain Covenants. The Issuer may in any particular instance, be excused from failing to comply with any term, provision or condition set forth in Section 4.02 or 4.04, if before the time for such compliance the Holders of at least a majority in Principal Amount at Maturity of the outstanding Securities shall, by act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Issuer, and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to waive compliance with any covenant or condition hereunder. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to waive any such compliance, whether or not such Holders remain Holders after such record date; provided that unless the Holders of at least a majority in Principal Amount at Maturity of the outstanding Securities affected shall have waived such compliance prior to the date which is 90 days after such record date, any such waiver previously given shall automatically and without further action by any Holder be canceled and of no further effect.

SECTION 4.08. Compliance Certificate. The Issuer shall deliver to the Trustee within 120 days after the end of each fiscal year of the Issuer an Officers' Certificate stating that in the course of the performance by the signers of their duties as Officers of the Issuer they would normally have knowledge of any Default and whether or not the signers know of any Default that occurred during such period. If they do, the certificate shall describe the Default, its status and what action the Issuer is taking or proposes to take with respect thereto. The Issuer also shall comply with Trust Indenture Act Section 314(a)(4).

SECTION 4.09. Further Instruments and Acts. The Issuer shall execute and deliver to the Trustee such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

SECTION 4.10. Calculation of Original Issue Discount. The Issuer shall file with the Trustee promptly at the end of each calendar year (i) a written notice specifying the amount of Original Issue Discount (including daily rates and accrual periods) accrued on the outstanding Securities as of the end of such year and (ii) such other specific information relating to such Original Issue Discount as may then be relevant under the Code.

ARTICLE 5

SUCCESSOR COMPANIES

SECTION 5.01. Merger and Consolidation. The Issuer shall not consolidate with or merge with or into, or convey, transfer or lease its assets as, or substantially as, an entirety to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Company") shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Issuer under the Securities and this Indenture;

(ii) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(iii) the Issuer shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture; and

(iv) if, as a result of any such consolidation, merger or transfer, the Principal Property of the Issuer would become subject to a Lien which shall not be permitted by this Indenture, the Issuer or the Successor Company, as the case may be, shall take such steps as shall be necessary to secure the Securities equally and ratably with (or prior to) all Indebtedness secured thereby.

The Successor Company shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture, but the predecessor Issuer in the case of a lease of all or substantially all of its assets shall not be released from its obligations under the Securities and this Indenture.

ARTICLE 6

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default. An "Event of Default" with respect to Notes occurs if:

(1) the Issuer defaults in any payment of the Principal Amount at Maturity (or, if the Securities have been converted to semi−annual coupon notes following a Tax Event, the Restated Principal Amount), Redemption Price, Purchase Price or Fundamental Change Repurchase Price on any Security when it becomes due and payable;

(2) the Issuer defaults in the payment of interest on any Security, if the Issuer has exercised its option following a Tax Event to convert the Securities into semi−annual coupon notes, when such interest becomes due and payable, and such default continues for a period of 30 days;

(3) the Issuer defaults in the payment of liquidated damages required to be made on any Security pursuant to the Registration Rights Agreement, and such default continues for a period of 30 days;

(4) the Issuer fails to comply with any of its covenants or agreements contained in the Securities or this Indenture (other than those referred to in (1), (2) or (3) above) and such failure continues for 60 days after the notice specified below;

(5) the Issuer pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a Custodian of it or for any substantial part of its property; or

(D) makes a general assignment for the benefit of its creditors or takes any comparable action under any foreign laws relating to insolvency; or

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer or in an involuntary case;

(B) appoints a Custodian of the Issuer or for any substantial part of its property; or

(C) orders the winding up or liquidation of the Issuer or any similar relief is granted under any foreign laws and the order or decree remains unstayed and in effect for 60 days.

The foregoing shall constitute Events of Default whatever the reason for any such Event of Default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

The term "Bankruptcy Law" means Title 11, United States Code, or any similar Federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

A Default under clause (4) above is not an Event of Default until the Trustee or the Holders of at least 25% in Principal Amount at Maturity of the outstanding Securities notify the Issuer of the Default and the Issuer does not cure such Default within the time specified in clause (4) after receipt of such notice. Such notice must specify the Default, demand that it be remedied and state that such notice is a "Notice of Default."

SECTION 6.02. Acceleration. If an Event of Default with respect to any Securities at the time outstanding (other than an Event of Default specified in Section 6.01(5) or (6) with respect to the Issuer) occurs and is continuing, the Trustee or the Holders of at least 25% in Principal Amount at Maturity of the outstanding Securities by notice to the Issuer, may declare the Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) of and accrued Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued but unpaid interest) to the date of declaration on all the Securities to be immediately due and payable. Upon such a declaration, such Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) and Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued but unpaid interest) shall be due and payable immediately. If an Event of Default specified in Section 6.01(5) or (6) occurs, the Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) of and accrued Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued but unpaid interest) to the occurrence of such event on all the Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of a majority in Principal Amount at Maturity of the Securities by notice to the Trustee may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of the Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) or Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued but unpaid interest) that has become due solely because of acceleration. No such rescission shall affect any subsequent Default or impair any right consequent thereto.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of the Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) of or accrued Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued but unpaid interest) on the Securities or to enforce the performance of any provision of the Securities or this Indenture.

The Trustee may institute and maintain a suit or legal proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04. Waiver of Past Defaults. The Holders of a majority in Principal Amount at Maturity of the Securities by notice to the Trustee may waive an existing Default and its consequences except (i) a Default in the payment of the Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) of, accrued Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued but unpaid interest) on, or liquidated damages with respect to, a Security, (ii) a Default arising from the failure to purchase or repurchase any Security when required pursuant to the terms of this Indenture, (iii) a Default arising from the failure to comply with the provisions of

Article 11, or (iv) a Default in respect of a provision that under Section 9.02 cannot be amended without the consent of each Securityholder affected. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05. Control by Majority. The Holders of a majority in Principal Amount at Maturity of the outstanding Securities may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would subject the Trustee to personal liability, unless the Trustee is offered indemnity reasonably satisfactory to it.

SECTION 6.06. Limitation on Suits. Except as provided in Section 6.07, no Holder of a Security may pursue any remedy with respect to this Indenture or the Securities unless:

(1) the Holder previously gave the Trustee written notice stating that an Event of Default is continuing;

(2) the Holders of at least 25%, in Principal Amount at Maturity of the outstanding Securities make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee reasonable security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in Principal Amount at Maturity of the outstanding Securities do not give the Trustee a direction inconsistent with the request during such 60−day period.

A Securityholder may not use this Indenture to prejudice the rights of another Securityholder or to obtain a preference or priority over another Securityholder.

SECTION 6.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) of and liquidated damages and accrued Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued but unpaid interest) on the Securities held by such Holder, on or after their Maturity, or to bring suit for the enforcement of any such payment on or after their Maturity or the right to convert such Securities as provided herein, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default specified in Section 6.01 (1) or (2) occurs and is continuing, the Trustee may recover judgment in its own

name and as trustee of an express trust against the Issuer for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

SECTION 6.09. Trustee May File Proofs of Claim. The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relative to any Issuer or any of its Subsidiaries, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

SECTION 6.10. Priorities. If the Trustee collects any money or property pursuant to this Article 6, it shall pay out the money or property in the following order:

FIRST: to the Trustee for amounts due under Section 7.07;

SECOND: to Securityholders for amounts due and unpaid on the Securities for the Issue Price and accrued Original Issue Discount (or, if the Securities have been converted to semi−annual coupon notes following a Tax Event, the Restated Principal Amount and accrued interest), ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for the Issue Price and accrued Original Issue Discount (or, if the Securities have been converted to semi−annual coupon notes following a Tax Event, the Restated Principal Amount and accrued interest); and

THIRD: to the Issuer.

The Trustee may fix a record date and payment date for any payment to Securityholders pursuant to this Section. At least 15 days before such record date, the Trustee shall mail to each Securityholder and the Issuer a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing, by any party litigant in the suit, of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in Principal Amount at Maturity of the Securities.

SECTION 6.12. Waiver of Stay or Extension Laws. The Issuer (to the extent it may lawfully do so) shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law, wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

TRUSTEE

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or, not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein.

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts; and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (g) of this Section.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer.

(f) Money held in trust by the Trustee need not be segregated from funds except to the extent required by law.

(g) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(h) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and to the provisions of the Trust Indenture Act.

SECTION 7.02. Rights of Trustee. (a) The Trustee may conclusively rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good, faith in reliance on the Officers' Certificate or Opinion of Counsel.

(c) The Trustee may act through agents or attorneys and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; provided, however, that the Trustee's conduct does not constitute willful misconduct or gross negligence.

(e) The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Securities, shall be full and complete authorization and protection from liability in respect to any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, note or other paper or document.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default, except Events of Default under Section 6.01(1) or (2), unless a Trust Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to and shall be

enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

SECTION 7.03. Individual Rights of Trustee. The Trustee in its commercial banking or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Issuer or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar or co−paying agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Issuer's use of the proceeds from the Securities, and it shall not be responsible for any statement in this Indenture, in the Securities, or in any document executed in connection with the sale of the Securities, other than those set forth in the Trustee's certificate of authentication.

SECTION 7.05. Notice of Defaults. If a Default occurs and is continuing and if it is actually known to a Trust Officer of the Trustee, the Trustee shall mail to each Securityholder notice of the Default within 90 days after it occurs. Except in the case of a Default in payment of the Issue Price (or, if the Securities have been converted into semi−annual coupon notes, the Restated Principal Amount) of or accrued Original Issue Discount (or, if the Securities have been converted into semi−annual coupon notes, accrued interest) on any Security (including payments pursuant to the mandatory purchase or repurchase provisions of such Security, if any), the Trustee may withhold the notice if and so long as a committee of its Trust Officers in good faith determines that withholding the notice is in the interests of Securityholders.

SECTION 7.06. Reports by Trustee to Holder. As promptly as practicable after each February 28 beginning with the February 28 following the Closing Date, and in any event prior to April 30 in each year, the Trustee shall mail to each Securityholder a brief report dated as of such February that complies with Section 313(a) of the Trust Indenture Act. The Trustee shall also comply with Section 313(b) of the Trust Indenture Act.

A copy of each report at the time of its mailing to Securityholders shall be filed with the SEC and each stock exchange (if any) on which the Securities are listed. The Issuer agrees to notify promptly the Trustee whenever the Securities become listed on any stock exchange and of any delisting thereof.

SECTION 7.07. Compensation and Indemnity. The Issuer shall pay to the Trustee from time to time such compensation for its services as the Issuer and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuer shall reimburse the Trustee upon request for all reasonable out−of−pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuer shall indemnify the Trustee against any and all loss, liability or expense (including reasonable attorneys' fees) incurred by or in connection with

the administration of this trust and the performance of its duties hereunder. The Trustee shall notify the Issuer of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof, provided, however, that any failure so to notify the Issuer shall not relieve the Issuer of its indemnity obligations hereunder. The Issuer need not reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party through such party's own willful misconduct, gross negligence or bad faith.

To secure the Issuer's payment obligations in this Section, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee other than money or property held in trust to make any payment on particular Securities.

The Issuer's payment obligations pursuant to this Section shall survive the satisfaction or discharge of this Indenture, any rejection or termination of this Indenture under any bankruptcy law or the resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Default specified in Section 6.01(5) or (6), the expenses are intended to constitute expenses of administration under the Bankruptcy Law.

SECTION 7.08. Replacement of Trustee. The Trustee may resign at any time with respect to the Securities by so notifying the Issuer. The Holders of a majority in Principal Amount at Maturity of the Securities may remove the Trustee and may appoint a successor Trustee. The Issuer shall remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns, is removed by the Issuer or by the Holders of a majority in Principal Amount at Maturity of the Securities and such Holders do not reasonably promptly appoint a successor Trustee or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuer shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Securityholders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in Principal Amount at Maturity of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08, the Issuer's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate-trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee. As promptly as practicable thereafter, the Trustee shall notify the Issuer of such succession.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and if at that time any of the Securities shall not have been authenticated, any such successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of Trust Indenture Act Section 310(a). The Trustee shall have a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with Trust Indenture Act Section 310(b); provided, however, that there shall be excluded from the operation of Trust Indenture Act Section 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Issuer are outstanding if the requirements for such exclusion set forth in Trust Indenture Act Section 310(b)(1) are met.

SECTION 7.11. Preferential Collection of Claims Against Issuer. The Trustee shall comply with Trust Indenture Act Section 311(a), excluding any creditor relationship listed in Trust Indenture Act Section 311(b). A Trustee who has resigned or has been removed shall be subject to Trust Indenture Act Section 311(a) to the extent indicated.

ARTICLE 8

DISCHARGE OF INDENTURE

SECTION 8.01. Discharge of Liability on Securities. This Indenture shall cease to be of further effect, and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(1) all Securities theretofore authenticated and delivered (other than (A) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.08 and (B) Securities for whose payment money has theretofore been deposited with the Trustee in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or otherwise discharged from such trust as provided in Section 10.02) have been delivered to the Trustee for cancellation; or

(2) all such Securities not theretofore delivered to the Trustee for cancellation have become due and payable, whether at Stated Maturity or upon any Redemption Date, Fundamental Change Repurchase Date, Purchase Date or Conversion Date, and the Issuer has deposited or caused to be deposited with the Trustee, the Paying Agent or the Conversion Agent, as applicable, as trust funds in trust for the purpose an amount of money or securities sufficient to pay and discharge the entire Indebtedness evidenced by such Securities not theretofore delivered to the Trustee for cancellation;

(b) the Issuer has paid or caused to be paid all other sums payable hereunder by the Issuer; and

(c) the Issuer has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding clauses (a) and (b) above, the Issuer's obligations in Sections 2.04, 2.05, 2.06, 2.07, 2.08, 2.09, 7.07, 7.08, 10.2 and, if money or securities shall have been deposited with the Trustee pursuant to subclause (2) of clause (a) of this Section 8.01, shall survive until the Securities have been paid in full. Thereafter, the Issuer's obligations in Section 7.07 shall survive.

SECTION 8.02. Application of Trust Money. The Trustee shall hold in trust all money deposited with it pursuant to Section 8.01. It shall apply the deposited money through the Paying Agent and in accordance with this Indenture to the payment to the Persons entitled thereto.

SECTION 8.03. Repayment to Issuer. Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Issuer upon written request any money or securities held by them that remains unclaimed for two years, and, thereafter, Securityholders entitled to the money or securities must look to the Issuer for payment as general creditors.

ARTICLE 9

AMENDMENTS

SECTION 9.01. Without Consent of Holders. The Issuer and the Trustee may amend this Indenture or the Securities without notice to or consent of any Securityholder:

(1) to cure any ambiguity or correct or supplement any defective or inconsistent provision contained in this Indenture or make any other changes in the provisions of this Indenture which the Issuer and the Trustee may deem necessary or desirable provided such amendment does not materially and adversely affect the legal rights under the Indenture of the Securityholders;

(2) to comply with Article 5;

(3) to provide for uncertificated Securities in addition to or in place of certificated Securities; provided, however, that the uncertificated Securities are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated Securities are described in Section 163(f)(2)(B) of the Code;

(4) to add guarantees or co−obligors with respect to the Securities or to secure the Securities;

(5) to increase the Conversion Rate;

(6) to add to the covenants of the Issuer for the benefit of the Holders or to surrender any right or power herein conferred upon the Issuer;

(7) to comply with any requirements of the SEC in connection with qualifying, or maintaining the qualification of, this Indenture under the Trust Indenture Act; or

(8) to make any changes that would provide the Securityholders with any additional rights or benefits or that do not adversely affect the legal rights under this Indenture of any such Securityholder.

SECTION 9.02. With Consent of Holders. The Issuer and the Trustee may amend this Indenture or the Securities without notice to any Securityholder but with the written consent of the Holders of at least a majority in Principal Amount at Maturity of the Securities then outstanding (including consents obtained in connection with a tender offer or exchange for the Securities). However, without the consent of each Securityholder affected, an amendment may not:

(1) make any change in the manner or rate of accrual in connection with Original Issue Discount, reduce the yield to maturity referred to in the Securities, reduce the rate of interest referred to in Section 10.01 upon the occurrence of a Tax Event, or extend the time for payment of Original Issue Discount or interest, if any, on any Security;

(2) reduce the Principal Amount at Maturity, Restated Principal Amount or the Issue Price of or extend the Stated Maturity of any Security;

(3) reduce the Redemption Price, Purchase Price or Fundamental Change Repurchase Price of any Security;

(4) make any Security payable in money or securities other than that stated in the Security;

(5) make any change that adversely affects the right to convert any Security;

(6) make any change that adversely affects the right to require the Issuer to repurchase or purchase the Securities in accordance with the terms thereof and this Indenture;

(7) reduce the percentage in Principal Amount at Maturity of the outstanding Securities, the consent of whose Holders is required for any such amendment, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(8) make any change in Section 6.04 or 6.07 or the second sentence of this Section 9.02.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, but it shall be sufficient if such consent approves the substance thereof. After an amendment under this Section becomes effective, the Issuer shall mail to all affected Securityholders a notice briefly describing such amendment. The failure to give such notice to all such Securityholders, or any defect therein, shall not impair or affect the validity of an amendment under this Section.

SECTION 9.03. Compliance with Trust Indenture Act. Every amendment to this Indenture or the Securities shall comply with the Trust Indenture Act as then in effect.

SECTION 9.04. Revocation and Effect of Consents and Waivers. A consent to an amendment or a waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of that Security or portion of the Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent or waiver is not made on the Security. However, any such Holder or subsequent Holder may revoke the consent or waiver as to such Holder's Security or portion of the Security if the Trustee receives the notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Securityholder. An amendment or waiver becomes effective once both (i) the requisite number of consents have been received by the Issuer or the Trustee and (ii) such amendment or waiver has been executed by the Issuer and the Trustee.

The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Securityholders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.05. Notation on or Exchange of Securities. If an amendment changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security regarding the changed terms and return it to the Holder. Alternatively, if the Issuer or the Trustee so determines, the Issuer in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment.

SECTION 9.06. Trustee To Sign Amendments. The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity satisfactory to it and to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that such amendment is authorized or permitted by this Indenture and that such amendment is the legal, valid and binding obligation of the Issuer, enforceable against it in accordance with its terms, subject to customary exceptions, and complies with the provisions hereof (including Section 9.03).

ARTICLE 10

SPECIAL TAX EVENT CONVERSION

SECTION 10.01. Optional Conversion to Semi−annual Coupon Note Upon Tax Event. From and after (i) the date (the "Tax Event Date") of the occurrence of a Tax Event and (ii) the date the Issuer exercises its option set forth in this Section 10.01, whichever is later (the "Option Exercise Date"), at the option of the Issuer, interest in lieu of future Original Issue Discount shall accrue at the rate of 2.125% per annum on a restated principal amount per $1,000 original Principal Amount at Maturity (the "Restated Principal Amount") equal to the Issue Price plus Original Issue Discount accrued to the Option Exercise Date and shall be payable semi−annually on February 7 and August 7 of each year (each an "Interest Payment Date") to holders of record at the close of business on January 23 and July 23 (each a "Regular Record Date") immediately preceding such Interest Payment Date. Interest will be computed on the basis of a 360−day year comprised of twelve 30−day months and will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from the Option Exercise Date. Within 15 days of its exercise of the option set forth in this Section 10.01, the Issuer shall deliver a written notice of the Option Exercise Date by facsimile and first−class mail to the Trustee and by first−class mail to the Holders of the Securities. From and after the Option Exercise Date, (i) the Issuer shall be obligated to pay at Stated Maturity, in lieu of the Principal Amount at Maturity of a Security, the Restated Principal Amount thereof and (ii) "Issue Price and accrued Original Issue Discount," "Issue Price plus Original Issue Discount" or similar words, as used herein, shall mean Restated Principal Amount plus accrued and unpaid interest with respect to any Security. Securities authenticated and delivered after the Option Exercise Date may, and shall if required by the Trustee, bear a notation in a form approved by the Trustee as to the conversion of the Securities to semi−annual coupon notes.

In the event the Issuer exercises its option pursuant to this Section 10.01 to have interest in lieu of Original Issue Discount accrue on the Security following a Tax Event, the

Holder shall be entitled on conversion into Common Stock to receive the same number of shares of Common Stock such Holder would have received if the Issuer had not exercised such option. If the Issuer exercises such option, Securities surrendered for conversion during the period from the close of business on any Regular Record Date next preceding any Interest Payment Date to the opening of business on such Interest Payment Date (except Securities to be redeemed on a date within such period) must be accompanied by payment of an amount equal to the interest thereon that the registered Holder is entitled to receive. Except where Securities surrendered for conversion must be accompanied by payment as described above, no interest on converted Securities shall be payable by the Issuer on any Interest Payment Date subsequent to the date of conversion.

SECTION 10.02. Paying Agent To Hold Money in Trust. Prior to 11 a.m. (New York City time) on the Interest Payment Date, the Issuer shall deposit with the Paying Agent (or if the Issuer or a Subsidiary of the Issuer is acting as Paying Agent, segregate and hold in trust for the benefit of the Persons entitled thereto) a sum sufficient to pay interest when due. The Issuer shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Securityholders or the Trustee all money held by the Paying Agent for the payment of principal or interest on the Securities and shall notify the Trustee of any default by the Issuer in making any such payment. If the Issuer or a Subsidiary of the Issuer acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 10.03. Securityholder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Securityholders. If the Trustee is not the Registrar, the Issuer shall furnish, or cause the Registrar to furnish, to the Trustee, in writing at least five Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Securityholders.

SECTION 10.04. Payment of Interest; Interest Rights Preserved. (a) Interest on any Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Issuer maintained for such purpose. Each installment of interest on any Security shall be paid in same−day funds by transfer to an account maintained by the Holder located inside the United States, provided that with respect to any Holder, such Holder shall have furnished to the Paying Agent all required wire payment instructions no later than the related Regular Record Date, or if no such instructions have been furnished, by check payable to such Holder. In the case of a Global Security, interest payable on any Interest Payment Date will be paid to the Depositary, with respect to that portion of such Global Security held for its account by Cede & Co. for the purpose of permitting such party to credit the interest received by it in respect of such Global Security to the accounts of the beneficial owners thereof.

(b) Except as otherwise specified with respect to the Securities, any interest on any Security that is payable, but is not punctually paid or duly provided for, within 30 days following any Interest Payment Date (herein called "Defaulted Interest", which term shall include any accrued and unpaid interest that has accrued on such defaulted amount in accordance with the paragraph of the Securities captioned "Interest"), shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Issuer, at its election in each case, as provided in clause (1) or (2) below:

(1) The Issuer may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment (which shall not be less than 20 days after such notice is received by the Trustee), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first−class postage prepaid, to each Holder of Securities at his address as it appears on the list of Securityholders maintained pursuant to this Indenture not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Securities are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Issuer may make payment of any Defaulted Interest on the Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Issuer to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

ARTICLE 11

CONVERSION

SECTION 11.01. Conversion Privilege. Except as provided in this Article 11, a Holder of a Security may convert such Security into Common Stock at any time during the period stated in the Securities. The number of shares of Common Stock issuable upon conversion of a Security per $1,000 of Principal Amount at Maturity thereof (the "Conversion Rate") shall be that set forth in the Securities, subject to adjustment as herein set forth.

The Holders' right to convert Securities into shares of Common Stock is subject to the condition that, if the Sale Price on the Conversion Date is (a) less than 100% of the Accreted Conversion Price in effect on such date, then a Holder electing to exercise its right to convert its Securities on such date shall receive, in lieu of Common Stock, cash in an amount equal to 95% of the product of the Conversion Rate in effect on such date and such Sale Price or (b) greater than or equal to 100% of the Accreted Conversion Price in effect on such date but less than 110% of such Accreted Conversion Price, then a Holder electing to exercise its right to convert its Securities on such date shall receive, in lieu of Common Stock, cash in an amount equal to the sum of the Issue Price plus Original Issue Discount (or, if the Issuer has exercised its option to convert the Securities to semi−annual coupon notes following the occurrence of a Tax Event, the Restated Principal Amount plus unpaid interest thereon) accrued to the Conversion Date; provided, however, that this provision shall not apply with respect to any Securities that have been called for redemption pursuant to Section 3.03 nor shall it be subject to the proviso set forth in the next succeeding paragraph.

The Holders' right to convert Securities into shares of Common Stock is also subject to the Company's right to elect to instead pay such Holder the amount of cash set forth in the next succeeding sentence, in lieu of delivering such shares of Common Stock; provided, however, that if an Event of Default (other than a default in a cash payment upon conversion of the Securities) shall have occurred and be continuing, the Company shall deliver shares of Common Stock (and cash in lieu of fractional shares of Common Stock) in accordance with this Article 11, whether or not the Company has delivered a notice pursuant to Section 3.03 or 11.02 hereof to the effect that the Securities would be paid in cash. The amount of cash to be paid pursuant to Section 11.02 hereof for each $1,000 of Principal Amount of a Security upon conversion shall be equal to the average Sale Price of the Common Stock for the five consecutive trading days immediately following (i) the date of the Company's notice of its election to deliver cash upon conversion, if the Company shall not have given a notice of redemption pursuant to Section 3.03, or (ii) the Conversion Date, in the case of a conversion following such a notice of redemption specifying an intent to deliver cash upon conversion, in either case multiplied by the Conversion Rate in effect on such Conversion Date. The Company shall not pay cash in lieu of delivering shares of Common Stock upon the conversion of any Security pursuant to the terms of this Article 11 (other than cash in lieu of fractional shares pursuant to Section 11.03 hereof) if there has occurred (prior to, on or after, as the case may be, the Conversion Date or the date on which the Company delivers its notice of whether such Security shall be converted into shares of Common Stock or cash pursuant to Section 11.02 hereof) and is continuing an Event of Default (other than a default in a cash payment upon conversion of such Securities).

A Holder may convert a portion of the Principal Amount at Maturity of a Security if the portion is $1,000 or an integral multiple of $1,000. Provisions of this Indenture that apply to conversion of all of a Security also apply to conversion of a portion of a Security.

"Average Quoted Price" means the average of the Sale Prices of the Common Stock for the shorter of

(i) 30 consecutive trading days ending on the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Quoted Price is being calculated, or

(ii) the period (x) commencing on the date next succeeding the first public announcement of (a) the issuance of rights, warrants or options or (b) the distribution, in each case, in respect of which the Average Quoted Price is being calculated and (y) proceeding through the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Quoted Price is being calculated (excluding days within such period, if any, which are not trading days), or

(iii) the period, if any, (x) commencing on the date next succeeding the Ex-Dividend Time with respect to the next preceding (a) issuance of rights, warrants or options or (b) distribution, in each case, for which an adjustment is required by the provisions of Section 11.06(4), 11.07 or 11.08 and (y) proceeding through the last full trading day prior to the Time of Determination with respect to the rights, warrants or options or distribution in respect of which the Average Quoted Price is being calculated (excluding days within such period, if any, which are not trading days).

In the event that the Ex-Dividend Time (or in the case of a subdivision, combination or reclassification, the effective date with respect thereto), with respect to a dividend, subdivision, combination or reclassification to which Section 11.06(1), (2), (3) or (5) applies, occurs during the period applicable for calculating "Average Quoted Price" pursuant to the definition in the preceding sentence, "Average Quoted Price" shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such dividend, subdivision, combination or reclassification on the Sale Price of the Common Stock during such period.

"Time of Determination" means the time and date of the earlier of (i) the determination of stockholders entitled to receive rights, warrants or options or a distribution, in each case, to which Section 11.07 or 11.08 applies and (ii) the time ("Ex-Dividend Time") immediately prior to the commencement of "ex-dividend" trading for such rights, warrants or options or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the Common Stock is then listed or quoted.

The term "trading day" means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the applicable security is not listed on the New York Stock Exchange, on the Nasdaq National Market, or if the applicable security is not quoted on the Nasdaq National Market, on the principal other national or regional securities exchange

on which the applicable security is then listed or, if the applicable security is not listed on a national or regional securities exchange, on the principal other market on which the applicable security is then traded.

SECTION 11.02. Conversion Procedure. To convert a Security a Holder must satisfy the requirements set forth in the Securities. The date on which the Holder satisfies all those requirements is the conversion date (the "Conversion Date"). Within two Business Days following the Conversion Date, the Company shall deliver to the Holder, through the Conversion Agent, written notice of whether such Security shall be converted into shares of Common Stock or paid in cash, unless the Company shall have delivered such notice previously pursuant to Section 3.03 hereof. If the Company shall have notified the Holder that all of such Security shall be converted into shares of Common Stock, the Company shall deliver to the Holder through the Conversion Agent no later than the fifth Business Day following the Conversion Date a certificate for the number of full shares of Common Stock issuable upon the conversion and cash in lieu of any fractional share determined pursuant to Section 11.03 hereof. Except as provided in the proviso in the third paragraph of Section 11.01 hereof, if the Company shall have notified the Holder that all or a portion of such Security shall be paid in cash, the Company shall deliver to the Holder surrendering such Security the amount of cash payable with respect to such Security no later than the tenth Business Day following such Conversion Date, together with a certificate for the number of full shares of Common Stock issuable upon the conversion and cash in lieu of any fractional share determined pursuant to Section 11.03 hereof. Except as provided in the proviso in the third paragraph of Section 11.01 hereof, the Company may not change its election with respect to the consideration to be delivered upon conversion of a Security once the Company has notified the Holder in accordance with this paragraph. If shares of Common Stock are delivered as consideration, then the Person in whose name the certificate representing such shares is registered shall be treated as a stockholder of record on and after the Conversion Date; provided, however, that no surrender of a Security on any date when the stock transfer books of the Company shall be closed shall be effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such conversion shall be at the Conversion Rate in effect on the date that such Security shall have been surrendered for conversion, as if the stock transfer books of the Company had not been closed. Upon conversion of a Security, such Person shall no longer be a Holder of such Security and such Security shall be cancelled and no longer Outstanding.

No payment or adjustment will be made for dividends on, or other distributions with respect to, any Common Stock except as provided in this Article 11. On conversion of a Security, that portion of accrued Original Issue Discount (or interest, if the Issuer has exercised its option provided for in Section 10.01) attributable to the period from the Issue Date (or, if the Issuer has exercised the option provided for in Section 10.01, the later of (x) the date of such exercise and (y) the date on which interest was last paid) through the Conversion Date with respect to the converted Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares) and cash, if any, in exchange

for the Security being converted pursuant to the provisions hereof; and such cash, if any, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as delivered pro rata, to the extent thereof, first in exchange for Original Issue Discount (or interest, if the Issuer has exercised its option provided for in Section 10.01) accrued through the Conversion Date, and the balance, if any, of such cash and the fair market value of such Common Stock (and any such cash payment) shall be treated as delivered in exchange for the Issue Price of the Security being converted pursuant to the provisions hereof.

If the Holder converts more than one Security at the same time, the number of shares of Common Stock issuable or cash paid upon the conversion shall be based on the total Principal Amount at Maturity of the Securities converted.

If the last day on which a Security may be converted is a Legal Holiday in a place where the Conversion Agent is located, the Security may be surrendered to such Conversion Agent on the next succeeding day that is not a Legal Holiday.

Upon surrender of a Security that is converted in part, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Security in an authorized denomination equal in Principal Amount at Maturity to the unconverted portion of the Security surrendered.

SECTION 11.03. Fractional Shares. The Company will not issue a fractional share of Common Stock upon conversion of a Security. Instead, the Issuer will deliver cash for the current market value of the fractional share. The current market value of a fractional share shall be determined, to the nearest 1/1,000th of a share, by multiplying the last reported sale price (determined as set forth in the definition of Market Price) on the last trading day prior to the Conversion Date by the fractional amount and rounding the product to the nearest whole cent.

SECTION 11.04. Taxes on Conversion. If a Holder converts a Security, the Issuer shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum that the Issuer deems to be sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations.

SECTION 11.05. Company to Provide Stock. The Company shall, prior to issuance of any Securities under this Article 11, and from time to time as may be necessary, reserve out of its authorized but unissued or treasury Common Stock a sufficient number of shares of Common Stock to permit the conversion of the Securities.

All shares of Common Stock delivered upon conversion of the Securities shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable, and shall be free from preemptive rights and free of any lien or adverse claim.

The Company shall endeavor promptly to comply with all federal and state securities laws regulating the offer and delivery of shares of Common Stock upon conversion of Securities, if any, including the addition of any and all restrictive legends that are required to appear on the face of the Common Stock, and shall list or cause to have quoted such shares of Common Stock on each United States national securities exchange or in the automated over−the−counter market in the United States on which the Common Stock is then listed or quoted.

SECTION 11.06. Adjustment for Change In Capital Stock. If, after the Issue Date of the Securities, the Company:

(1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock;

(2) subdivides its outstanding shares of Common Stock into a greater number of shares;

(3) combines its outstanding shares of Common Stock into a smaller number of shares;

(4) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock (other than Common Stock or rights, warrants or options for its Capital Stock); or

(5) issues by reclassification of its Common Stock any shares of its Capital Stock (other than rights, warrants or options for its Capital Stock),

then the Conversion Rate in effect immediately prior to such action shall be adjusted so that the Holder of a Security thereafter converted may receive the number of shares of Capital Stock of the Company which such Holder would have owned immediately following such action if such Holder had converted the Security into Common Stock immediately prior to such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a Holder of a Security upon conversion of such Security may receive shares of two or more classes of Capital Stock of the Company, the Conversion Rate shall thereafter be subject to adjustment upon the occurrence of an action taken with respect to any such class of Capital Stock as is contemplated by this Article 11 with respect to the Common Stock, on terms comparable to those applicable to Common Stock in this Article 11.

SECTION 11.07. Adjustment for Rights Issue. If after the Issue Date of the Securities, the Company distributes any rights, warrants or options to all holders of its Common Stock entitling them, for a period expiring within 60 days after the record date for such

distribution, to subscribe for or purchase shares of Common Stock at a price per share less than the Sale Price as of the Time of Determination, the Conversion Rate shall be adjusted, subject to the provisions of the last paragraph of this Section 11.07, in accordance with the formula

$$R' = \frac{R \times (O + N)}{(O + (N \times P)/M)}$$

where:

R' = the adjusted Conversion Rate.

R = the current Conversion Rate.

O = the number of shares of Common Stock outstanding on the record date for the distribution to which this Section 11.07 is being applied.

N = the number of additional shares of Common Stock offered pursuant to the distribution.

P = the offering price per share of the additional shares.

M = the Average Quoted Price, minus, in the case of (i) a distribution to which Section 11.06(4) applies or (ii) a distribution to which Section 11.08 applies, for which, in each case, (x) the record date shall occur on or before the record date for the distribution to which this Section 11.07 applies and (y) the Ex−Dividend Time shall occur on or after the date of the Time of Determination for the distribution to which this Section 11.07 applies, the fair market value (on the record date for the distribution to which this Section 11.07 applies) of the

(1) Capital Stock of the Company distributed in respect of each share of Common Stock in such Section 11.06(4) distribution and

(2) assets of the Company or debt securities or any rights, warrants or options to purchase securities of the Company distributed in respect of each share of Common Stock in such Section 11.08 distribution.

The Board of Directors shall determine fair market values for the purposes of this Section 11.07.

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the rights, warrants or options to which this Section 11.07 applies. If all of the shares of Common Stock subject to such rights, warrants or options have not been issued when such rights, warrants or options expire, then the Conversion Rate shall promptly be readjusted to the Conversion Rate which would then be in effect had the adjustment upon the issuance of such rights, warrants or options been made on the basis of the actual number of shares of Common Stock issued upon the exercise of such rights, warrants or options.

No adjustment shall be made under this Section 11.07 if the application of the formula stated above in this Section 11.07 would result in a value of R' that is equal to or less than the value of R.

SECTION 11.08. Adjustment for Other Distributions. If, after the Issue Date of the Securities, the Company distributes to all holders of its Common Stock any of its assets, or debt securities or any rights, warrants or options to purchase securities of the Company (including securities or cash, but excluding (x) distributions of Capital Stock referred to in Section 11.06 and distributions of rights, warrants or options referred to in Section 11.07 and (y) cash dividends or other cash distributions that are paid out of consolidated current net earnings or earnings retained in the business as shown on the books of the Company unless such cash dividends or other cash distributions are Extraordinary Cash Dividends) the Conversion Rate shall be adjusted, subject to the provisions of the last paragraph of this Section 11.08, in accordance with the formula:

$$R' = \frac{R \times M}{M - F}$$

where:

R' = the adjusted Conversion Rate.

R = the current Conversion Rate.

M = the Average Quoted Price, minus, in the case of a distribution to which Section 11.06(4) applies, for which (i) the record date shall occur on or before the record date for the distribution to which this Section 11.08 applies and (ii) the Ex−Dividend Time shall occur on or after the date of the Time of Determination for the distribution to which this Section 11.08 applies, the fair market value (on the record date for the distribution to which this Section 11.08 applies) of any Capital Stock of the Company distributed in respect of each share of Common Stock in such Section 11.06(4) distribution.

F = the fair market value (on the record date for the distribution to which this Section 11.08 applies) of the assets, securities, rights, warrants or options to be distributed in respect of each share of Common Stock in the distribution to which this Section 11.08 is being applied (including, in the case of cash dividends or other cash distributions giving rise to an adjustment, all such cash distributed concurrently).

The Board of Directors shall determine fair market values for the purposes of this Section 11.08.

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the distribution to which this Section 11.08 applies.

For purposes of this Section 11.08, the term "Extraordinary Cash Dividend" shall mean any cash dividend with respect to the Common Stock the amount of which, together with the aggregate amount of cash dividends on the Common Stock to be aggregated with such cash

dividend in accordance with the provisions of this paragraph, exceeds the threshold percentage set forth in item (i) below. For purposes of item (i) below, the "Measurement Period" with respect to a cash dividend on the Common Stock shall mean the 365 consecutive day period ending on the date prior to the Ex−Dividend Time with respect to such cash dividend, and the "Relevant Cash Dividends" with respect to a cash dividend on the Common Stock shall mean the cash dividends on the Common Stock with Ex−Dividend Times occurring in the Measurement Period.

(i) If, upon the date prior to the Ex−Dividend Time with respect a cash dividend on the Common Stock, the aggregate amount of such cash dividend together with the amounts of all Relevant Cash Dividends equals or exceeds on a per share basis 15% of the Sale Price of the Common Stock on the last trading day preceding the date of declaration by the Board of Directors of the cash dividend with respect to which this provision is being applied, then such cash dividend together with all Relevant Cash Dividends, shall be deemed to be an Extraordinary Cash Dividend and for purposes of applying the formula set forth above in this Section 11.08, the value of "F" shall be equal to (y) the aggregate amount of such cash dividend together with the amount of all Relevant Cash Dividends, minus (z) the aggregate amount of all Relevant Cash Dividends for which a prior adjustment in the Conversion Rate was previously made under this Section 11.08.

In making the determinations required by item (i) above, the amount of cash dividends paid on a per share basis and the amount of any Relevant Cash Dividends specified in item (i) above, shall be appropriately adjusted to reflect the occurrence during such period of any event described in Section 11.06.

In the event that, with respect to any distribution to which this Section 11.08 would otherwise apply, the difference "M−F" as defined in the above formula is less than $1.00 or "F" is equal to or greater than "M", then the adjustment provided by this Section 11.08 shall not be made and in lieu thereof the provisions of Section 11.14 shall apply to such distribution.

SECTION 11.09. When Adjustment May Be Deferred. No adjustment in the Conversion Rate need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Rate. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Article 11 shall be made to the nearest cent or to the nearest 1/1,000th of a share, as the case may be.

SECTION 11.10. When No Adjustment Required. No adjustment need be made for a transaction referred to in Section 11.06, 11.07, 11.08 or 11.14 if Securityholders are to participate in the transaction on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of Common Stock participate in the transaction. Such participation by Securityholders may include participation upon conversion provided that an adjustment shall be made at such time as the Securityholders are no longer entitled to participate.

No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest.

No adjustment need be made for a change in the par value or no par value of the Common Stock.

To the extent the Securities become convertible pursuant to this Article 11 into cash, no adjustment need be made thereafter as to the cash. Interest will not accrue on the cash.

SECTION 11.11. Notice of Adjustment. Whenever the Conversion Rate is adjusted, the Issuer shall promptly mail to Securityholders by first−class mail a notice of the adjustment. The Issuer shall file with the Trustee and the Conversion Agent such notice and a certificate from the Company's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it. The certificate shall be conclusive evidence that the adjustment is correct. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such certificate except to exhibit the same to any Holder desiring inspection thereof.

SECTION 11.12. Voluntary Increase. The Issuer from time to time may increase the Conversion Rate by any amount for any period of time. Whenever the Conversion Rate is increased, the Issuer shall mail to Securityholders by first−class mail and file with the Trustee and the Conversion Agent a notice of the increase. The Issuer shall mail the notice at least 15 days before the date the increased Conversion Rate takes effect. The notice shall state the increased Conversion Rate and the period it will be in effect.

A voluntary increase of the Conversion Rate does not change or adjust the Conversion Rate otherwise in effect for purposes of Section 11.06, 11.07 or 11.08.

SECTION 11.13. Notice of Certain Transactions. If:

(1) the Company takes any action that would require an adjustment in the Conversion Rate pursuant to Section 11.06, 11.07 or 11.08 (unless no adjustment is to occur pursuant to Section 11.10); or

(2) there is a liquidation or dissolution of the Company;

then the Issuer shall mail to Securityholders by first−class mail and file with the Trustee and the Conversion Agent a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, binding share exchange, transfer, liquidation or dissolution. The Issuer shall file and mail the notice at least 15 days before such date. Failure to file or mail the notice or any defect in it shall not affect the validity of the transaction.

SECTION 11.14. Reorganization of Company; Special Distributions. If the Company is a party to a transaction subject to Section 5.01 (other than a sale of the assets of the Company as, or substantially as, an entity in a transaction in which the holders of Common Stock immediately prior to such transaction do not receive securities, cash or other assets of the

Company or any other Person) or a merger or binding share exchange which reclassifies or changes its outstanding Common Stock, the Person obligated to deliver securities, cash or other assets upon conversion of Securities shall enter into a supplemental indenture. If the issuer of securities deliverable upon conversion of Securities is an Affiliate of the Successor Company, that issuer shall join in the supplemental indenture.

The supplemental indenture shall provide that the Holder of a Security may convert it into the kind and amount of securities, cash or other assets which such Holder would have received immediately after the consolidation, merger, binding share exchange or transfer if such Holder had converted the Security into Common Stock immediately before the effective date of the transaction, assuming (to the extent applicable) that such Holder (i) was not a constituent Person or an Affiliate of a constituent Person to such transaction; (ii) made no election with respect thereto; and (iii) was treated alike with the plurality of non−electing Holders. The supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practical to the adjustments provided for in this Article 11. The Successor Company shall mail to Securityholders a notice briefly describing the supplemental indenture.

If this Section 11.14 applies, neither Section 11.06 nor Section 11.07 applies.

If the Company makes a distribution to all holders of its Common Stock of any of its assets, or debt securities or any rights, warrants or options to purchase securities of the Company that, but for the provisions of the last paragraph of Section 11.08, would otherwise result in an adjustment in the Conversion Rate pursuant to the provisions of Section 11.08, then, from and after the record date for determining the holders of Common Stock entitled to receive the distribution, a Holder of a Security that converts such Security in accordance with the provisions of this Indenture shall upon such conversion be entitled to receive, in addition to the shares of Common Stock into which the Security is convertible, the kind and amount of securities, cash or other assets comprising the distribution that such Holder would have received if such Holder had converted the Security into Common Stock immediately prior to the record date for determining the holders of Common Stock entitled to receive the distribution.

SECTION 11.15. Company Determination Final. Any determination that the Company or the Board of Directors must make pursuant to Section 11.03, 11.06, 11.07, 11.08, 11.09, 11.10, 11.14 or 11.17 is conclusive in the absence of manifest error.

SECTION 11.16. Trustee's Adjustment Disclaimer. The Trustee has no duty to determine when an adjustment under this Article 11 should be made, how it should be made or what it should be. The Trustee has no duty to determine whether a supplemental indenture under Section 11.14 need be entered into or whether any provisions of any supplemental indenture are correct. The Trustee shall not be accountable for and makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities. The Trustee shall not be responsible for the Issuer's failure to comply with this Article 11. Each Conversion Agent shall have the same protection under this Section 11.16 as the Trustee.

SECTION 11.17. Simultaneous Adjustments. In the event that this Article 11 requires adjustments to the Conversion Rate under more than one of Sections 11.06(4), 11.07 or 11.08, and the record dates for the distributions giving rise to such adjustments shall occur on the

same date, then such adjustments shall be made by applying, first, the provisions of Section 11.06, second, the provisions of Section 11.08 and, third, the provisions of Section 11.07.

SECTION 11.18. Successive Adjustments. After an adjustment to the Conversion Rate under this Article 11, any subsequent event requiring an adjustment under this Article 11 shall cause an adjustment to the Conversion Rate as so adjusted.

SECTION 11.19. Rights Issued in Respect of Common Stock Issued Upon Conversion. Each share of Common Stock issued upon conversion of Securities pursuant to this Article 11 shall be entitled to receive the appropriate number of common stock or preferred stock purchase rights, as the case may be (the "Rights"), if any, and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any shareholder rights agreement adopted by the Company, as the same may be amended from time to time (in each case, a "Rights Agreement"). Provided that such Rights Agreement requires that each share of Common Stock issued upon conversion of Securities at any time prior to the distribution of separate certificates representing the Rights be entitled to receive such Rights, then, notwithstanding anything else to the contrary in this Article 11, there shall not be any adjustment to the Conversion Rate as a result of the issuance of Rights, the distribution of separate certificates representing the Rights, the exercise or redemption of such Rights in accordance with any such Rights Agreement, or the termination or invalidation of such Rights.

SECTION 11.20. Restriction on Common Stock Issued Upon Conversion. Shares of Common Stock to be issued upon conversion of Securities prior to the effectiveness of a Shelf Registration shall be physically delivered in certificated form to the holders converting such Securities and the certificate representing such shares of Common Stock shall bear will bear a legend substantially to the following effect:

> "These Securities have not been registered under the Securities Act of 1933. Further offers or sales of these Securities are subject to certain restrictions, as set forth in the Offering Memorandum dated January 31, 2001 relating to these Securities."

unless removed in accordance with Section 11.20(b).

(a) If (i) shares of Common Stock to be issued upon conversion of a Security prior to the effectiveness of a Shelf Registration are to be registered in a name other than that of the holder of such Security or (ii) shares of Common Stock represented by a certificate bearing the above legend are transferred subsequently by such holder, then, unless the Shelf Registration has become effective and such shares are being transferred pursuant to the Shelf Registration, the holder must deliver to the transfer agent for the Common Stock a certificate in substantially the form of Exhibit F as to compliance with the restrictions on transfer applicable to such shares of Common Stock and neither the transfer agent nor the registrar for the Common Stock shall be required to register any transfer of such Common Stock not so accompanied by a properly completed certificate.

(b) Except in connection with a Shelf Registration, if certificates representing shares of Common Stock are issued upon the registration of transfer, exchange or replacement of any other certificate representing shares of Common Stock bearing the above legend, or if a request is made to remove such legend from certificates representing shares of Common Stock, the certificates so issued shall bear the above legend, or the above legend shall not be removed, as the case may be, unless there is delivered to the Company such satisfactory evidence, which, in the case of a transfer made pursuant to Rule 144 under the Securities Act, may include an opinion of counsel, as may be reasonably required by the Company, that neither the legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such shares of Common Stock are securities that are not "restricted" within the meaning of Rule 144 under the Securities Act. Upon provision to the Company of such reasonably satisfactory evidence, the Company shall cause the transfer agent for the Common Stock to countersign and deliver certificates representing shares of Common Stock that do not bear the legend.

ARTICLE 12

MISCELLANEOUS

SECTION 12.01. Trust Indenture Act Controls. If any provision of this Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the Trust Indenture Act, the required provision shall control.

SECTION 12.02. Notices. Any notice or communication shall be in writing and delivered in person or mailed by first−class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery), addressed as follows:

If to the Issuer:

Enron Corp.
1400 Smith Street
Houston, Texas 77002
Telecopy No.: (713) 646−4990
Attention: Treasurer

If to the Trustee:

For payment, registration of transfer and exchange of the Securities:

The Chase Manhattan Bank
2001 Bryan Street, 9th Floor
Dallas, Texas 75201
Telephone: (214) 672−5125 or (800) 275−2048
Telecopy No.: (214) 672−5873

For all other communications relating to the Securities:

The Chase Manhattan Bank
Institutional Trust Services
600 Travis Street, Suite 1150
Houston, Texas 77002
Telephone: (713) 216-6877
Telecopy No.: (713) 577-5200

The Issuer or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications. Notices to the Trustee shall be effective only upon receipt.

Any notice or communication mailed to a Securityholder shall be mailed to the Securityholder at the Securityholder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is given in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 12.03. Communication by Holders with Other Holders. Securityholders may communicate pursuant to Trust Indenture Act Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Issuer, the Trustee, the Registrar and anyone else shall have the protection of Trust Indenture Act Section 312(c).

SECTION 12.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Issuer to the Trustee to take or refrain from taking any action under this Indenture, the Issuer shall furnish to the Trustee:

(1) an Officers' Certificate of the Issuer in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 12.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(1) a statement that the individual making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

SECTION 12.06. When Securities Disregarded. In determining whether the Holders of the required Principal Amount at Maturity of Securities have concurred in any direction, waiver or consent, Securities owned by the Issuer, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer, shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities which the Trustee knows are so owned shall be so disregarded. Subject to the foregoing, only Securities outstanding at the time shall be considered in any such determination.

SECTION 12.07. Rules by Trustee, Paying Agent and Registrar. The Trustee may make reasonable rules for action by or a meeting of Securityholders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 12.08. Legal Holidays. A "Legal Holiday" is a Saturday, Sunday or other day on which banking institutions in either the State of Texas or the State of New York are authorized or required by law to close. If a payment date is a Legal Holiday, payment shall be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period. If a regular record date is a Legal Holiday, the record date shall not be affected.

SECTION 12.09. Governing Law. THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 12.10. No Recourse Against Others. A director, officer, employee or stockholder, as such, of the Issuer shall not have any liability for any obligations of the Issuer under the Securities or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder shall waive and release all such liability. The waiver and release shall be part of the consideration for the issuance of the Securities.

SECTION 12.11. Successors. All agreements of the Issuer in this Indenture and the Securities shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 12.12. Multiple Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy of the Indenture is enough to prove this Indenture.

SECTION 12.13. Table of Contents; Headings. The table of contents, cross−reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 12.14. Severability. If any provision in this Indenture is deemed unenforceable, it shall not affect the validity or enforceability of any other provision set forth herein, or of the Indenture as a whole.

[Rest of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

ENRON CORP.

By: _____
Name:
Title:

THE CHASE MANHATTAN BANK, as
Trustee

By: _____
Name:
Title:

EXHIBIT A

[FORM OF FACE OF SECURITY]

FOR PURPOSES OF SECTIONS 1273 AND 1275 OF THE INTERNAL REVENUE CODE, THE ISSUE PRICE AND AMOUNT OF ORIGINAL ISSUE DISCOUNT WITH RESPECT TO EACH $1,000 OF PRINCIPAL AMOUNT AT MATURITY OF THIS SECURITY ARE $655.24 AND $344.76, RESPECTIVELY, THE ISSUE DATE IS FEBRUARY 7, 2001 AND THE YIELD TO MATURITY IS 2.125%.

[INCLUDE IF SECURITY IS A RESTRICTED SECURITY − THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. FURTHER OFFERS OR SALES OF THESE SECURITIES ARE SUBJECT TO CERTAIN RESTRICTIONS, AS SET FORTH IN THE OFFERING MEMORANDUM DATED JANUARY 31, 2001 RELATING TO THESE SECURITIES.

THE HOLDER OF THIS SECURITY IS SUBJECT TO, AND ENTITLED TO THE BENEFITS OF, A REGISTRATION RIGHTS AGREEMENT, DATED AS OF FEBRUARY 7, 2001, ENTERED INTO BY THE ISSUER FOR THE BENEFIT OF CERTAIN HOLDERS FROM TIME TO TIME OF SECURITIES.]

[INCLUDE IF SECURITY IS A GLOBAL SECURITY −− THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OR A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC"), A NEW YORK CORPORATION, TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

ENRON CORP.

ZERO COUPON CONVERTIBLE SENIOR NOTE DUE 2021

CUSIP No. 293561 CC 8

$_____ Principal Amount at Maturity

Issue Date: February 7, 2001
Issue Price: $655.24
(for each $1,000 Principal Amount at Maturity)

Original Issue Discount: $344.76
(for each $1,000 Principal Amount at Maturity)

Enron Corp., an Oregon corporation (herein called the "Issuer" or the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____, or registered assigns, the Principal Amount at Maturity set forth above [INCLUDE IF SECURITY IS A GLOBAL SECURITY –– (which amount may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, in accordance with the rules and procedures of the Depositary)] on February 7, 2021.

This Security shall not bear interest except as specified on the other side of this Security. Original Issue Discount will accrue as specified on the other side of this Security. This Security is convertible as specified on the other side of this Security.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed.

ENRON CORP.

By: _____
Name: _____
Title: _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

THE CHASE MANHATTAN BANK, as Trustee, certifies that this is one of the Securities referred to in the Indenture.

By:
_____
Authorized Signatory

Date of authentication:

[FORM OF REVERSE SIDE OF SECURITY]

This Security is one of a duly authorized issue of Securities of the Issuer designated as its Zero Coupon Convertible Senior Notes due 2021, limited in aggregate Principal Amount at Maturity to $1,907,698,000 (subject to increase by up to $381,540,000 in the event the Initial Purchasers exercise the over-allotment option granted to them in the Purchase Agreement) (herein called the "Securities"), issued and to be issued under an Indenture, dated as of February 7, 2001 (herein called the "Indenture"), between the Issuer and The Chase Manhattan Bank, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Issuer, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered.

Interest - This Security shall not bear interest, except as specified herein. If the Principal Amount hereof or any portion of such Principal Amount is not paid when due (whether upon acceleration pursuant to Section 6.02 of the Indenture, upon the date set for payment of the Redemption Price, upon the date set for payment of a Purchase Price or Fundamental Change Repurchase Price or upon the Stated Maturity of this Security), then in each such case the overdue amount shall bear interest at the rate of 2.125% per annum, compounded semiannually (to the extent that the payment of such interest shall be legally enforceable), which interest shall accrue from the date such overdue amount was due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable on demand. The accrual of such interest on overdue amounts shall be in lieu of, and not in addition to, the continued accrual of Original Issue Discount. Original Issue Discount (the difference between the Issue Price and the Principal Amount at Maturity of the Security), in the period during which a Security remains outstanding, shall accrue at 2.125% per annum, on a semi-annual bond equivalent basis using a 360-day year composed of twelve 30-day months, from the Issue Date of this Security. Original Issue Discount shall cease to accrue on the earlier of (a) the date on which the Principal Amount hereof or any portion of such Principal Amount becomes due and payable and (b) any Redemption Date, Conversion Date, Fundamental Change Repurchase Date, Purchase Date or other date on which such Original Issue Discount (or, if such Securities have been converted to semi-annual coupon notes following the occurrence of a Tax Event, interest thereon) shall cease to accrue in accordance with Section 2.09 of the Indenture.

Method of Payment - Holders must surrender Securities to the Paying Agent to collect all payments in respect of the Securities, except for liquidated damages payable pursuant to the Registration Rights Agreement and, if such Securities have been converted to semi-annual coupon notes following the occurrence of a Tax Event, interest thereon. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts.

Redemption at the Option of the Issuer - No sinking fund is provided for the Securities. The Securities are redeemable as a whole, or from time to time in part, at any time at the option of the Issuer at a Redemption Price equal to the Issue Price plus the accrued Original Issue Discount to the Redemption Date, provided that the Securities are not redeemable prior to February 7, 2004.

The table below shows Redemption Prices of a Security per $1,000 Principal Amount at Maturity on the dates shown below and at Stated Maturity, which prices equal the Issue Price plus accrued Original Issue Discount calculated to each such date. The Redemption Price of a Security redeemed between such dates shall include an additional amount reflecting the additional Original Issue Discount accrued since the next preceding date in the table.

DATE	ISSUE PRICE(1)	ACCRUED ORIGINAL ISSUE DISCOUNT AT 2.125%(2)	REDEMPTION PRICE (1) + (2)
February 7, 2004	$655.24	$42.90	$698.13
February 7, 2005	655.24	57.81	713.05
February 7, 2006	655.24	73.04	728.28
February 7, 2007	655.24	88.60	743.84
February 7, 2008	655.24	104.49	759.73
February 7, 2009	655.24	120.72	775.96
February 7, 2010	655.24	137.30	792.54
February 7, 2011	655.24	154.23	809.47
February 7, 2012	655.24	171.52	826.76
February 7, 2013	655.24	189.18	844.42
February 7, 2014	655.24	207.22	862.46
February 7, 2015	655.24	225.65	880.89
February 7, 2016	655.24	244.47	899.70
February 7, 2017	655.24	263.69	918.92
February 7, 2018	655.24	283.32	938.56
February 7, 2019	655.24	303.37	958.61
February 7, 2020	655.24	323.85	979.08
At Stated Maturity	655.24	344.76	1,000.00

If converted to a semi-annual coupon note following the occurrence of a Tax Event, this Security will be redeemable at the Restated Principal Amount plus accrued and unpaid interest from the later of the date of such conversion and the date on which interest was last paid through the Redemption Date; but in no event will this Security be redeemable before February 7, 2004.

Purchase By the Issuer at the Option of the Holder − Subject to the terms and conditions of the Indenture, the Issuer shall become obligated to purchase, at the option of the Holder, the Securities held by such Holder on the following Purchase Dates and at the following Purchase Prices per $1,000 Principal Amount at Maturity, upon delivery of a Purchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 20 Business Days prior to such Purchase Date until the close of business on such Purchase Date and upon delivery of the Securities to the Paying Agent by the Holder as set forth in the Indenture.

Purchase Date	Purchase Price
February 7, 2004	$698.13
February 7, 2009	$775.96
February 7, 2014	$862.46

The Purchase Price (equal to the Issue Price plus accrued Original Issue Discount to the Purchase Date) will be paid in cash on February 7, 2004, but on the later two Purchase Dates it may be paid, at the option of the Issuer, in cash or by the issuance and delivery of shares of Common Stock of the Company valued at the Market Price, or in any combination thereof.

If prior to a Purchase Date this Security has been converted to a semi−annual coupon note following the occurrence of a Tax Event, the Purchase Price will be equal to the Restated Principal Amount plus accrued and unpaid interest from the later of the date of such conversion and the date on which interest was last paid to the Purchase Date.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Issuer shall become obligated to repurchase the Securities if a Fundamental Change occurs at any time prior to February 7, 2004 for a Fundamental Change Repurchase Price equal to the Issue Price plus accrued Original Issue Discount to the Fundamental Change Repurchase Date, which Fundamental Change Repurchase Price shall be paid in cash or, at the option of the Issuer, in Common Stock of the Company, as long as it is then listed on a United States national securities exchange or traded on an established automated over−the−counter trading market in the United States, or any combination thereof. The fair market value of the Common Stock for such purpose shall be the Market Price (as defined in the Indenture) of the Common Stock. If prior to a Fundamental Change Repurchase Date this Security has been converted to a semi−annual coupon note following the occurrence of a Tax Event, the Fundamental Change Repurchase Price shall be equal to the Restated Principal Amount plus accrued and unpaid interest from the later of the date of such conversion and the date on which interest was last paid to the Fundamental Change Repurchase Date.

Holders have the right to withdraw any Purchase Notice or Fundamental Change Repurchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

If cash and/or securities sufficient to pay the Purchase Price or Fundamental Change Repurchase Price, as the case may be, of all Securities or portions thereof to be purchased as of the Purchase Date or the Fundamental Change Repurchase Date, as the case may be, are deposited with the Paying Agent on the Business Day following the Purchase Date or the Fundamental Change Repurchase Date, as the case may be, Original Issue Discount or, if the Securities have been converted to semi−annual coupon notes following the occurrence of a Tax Event, interest, will cease to accrue on such Securities (or portions thereof) immediately after such Purchase Date or Fundamental Change Repurchase Date, as the case may be, and the Holder thereof shall have no other rights as such (other than the right to receive the Purchase Price or Fundamental Change Repurchase Price, as the case may be, upon surrender of such Security).

If the Issuer elects to pay all or part of the Purchase Price or the Fundamental Change Repurchase Price in Common Stock, the portion of accrued Original Issue Discount (or interest if the Issuer has exercised the option to convert the Securities into semi−annual coupon notes as provided for herein), attributable to the period from the Issue Date (or, if the Issuer has exercised its option to convert the Securities into semi−annual coupon notes, the later of (x) the date of such exercise, and (y) the date on which interest was last paid) through the Purchase Date or the Fundamental Change Repurchase Date, as the case may be, with respect to the surrendered Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through the delivery of the Common Stock (together with cash payment, if any, in lieu of fractional shares) and cash, if any, in exchange for the Security being purchased pursuant to the terms hereof; and such cash, if any, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as delivered pro rata, to the extent thereof, first in exchange for Original Issue Discount (or interest, if the Issuer has exercised its option to convert the Securities into semi−annual coupon notes) accrued through the Purchase Date (or the Fundamental Change Repurchase Date, as the case may be), and the balance, if any, of such cash and the fair market value of such Common Stock (and any such cash payment) shall be treated as delivered in exchange for the Issue Price of the Security being purchased pursuant to the provisions hereof.

Conversion − Except as described hereinafter, a Holder of a Security may convert it into Common Stock at any time on or after the 90th day following the Issue Date and before the close of business on February 7, 2021. If the Sale Price on the Conversion Date is (a) less than 100% of the Accreted Conversion Price, then a Holder electing to exercise its right to convert its Securities on that date shall receive, in lieu of Common Stock, cash in an amount equal to 95% of the product of the Conversion Rate and such Sale Price or (b) greater than or equal to 100% of the Accreted Conversion Price but less than 110% of the Accreted Conversion Price, then a Holder electing to exercise its right to convert its Securities on that date shall receive, in lieu of Common Stock, cash in an amount equal to the sum of the Issue Price plus Original Issue Discount (or, if the Issuer has exercised its option to convert the Securities to semi−annual coupon notes following the occurrence of a Tax Event, the Restated Principal Amount plus unpaid interest thereon) accrued to the Conversion Date; provided, however, that this provision shall not apply with respect to any Securities that have been called for redemption pursuant to Section 3.03 of the Indenture nor shall it be subject to the condition set forth in the second succeeding paragraph. Further, if the Security is called for redemption, the Holder may convert it at any time before the close of business on the Business Day immediately preceding the

Redemption Date. A Security in respect of which a Holder has delivered a Purchase Notice or Fundamental Change Repurchase Notice exercising the option of such Holder to require the Issuer to purchase such Security may be converted only if such Purchase Notice or Fundamental Change Repurchase Notice is withdrawn in accordance with the terms of the Indenture.

A Holder's right to convert Securities into shares of Common Stock is also subject to the Company's right to elect to instead pay such Holder the amount of cash set forth in the next succeeding sentence in lieu of delivering all or part of such shares of Common Stock; provided, however, that if such payment of cash is not permitted pursuant to the provisions of the Indenture, the Company shall deliver shares of Common Stock (and cash in lieu of fractional shares of Common Stock) in accordance with Article 11 of the Indenture, whether or not the Company has delivered a notice pursuant to Section 11.02 of the Indenture to the effect that the Securities will be paid in cash. The amount of cash to be paid for each $1,000 Principal Amount of a Security shall be equal to the average Sale Price of a share of Common Stock for the five consecutive trading days immediately following (i) the date of the Company's notice of its election to deliver cash upon conversion, if the Company shall not have given a notice of redemption pursuant to Section 3.03 of the Indenture, or (ii) the Conversion Date, in the case of a conversion following such a notice of redemption specifying an intent to deliver cash upon conversion, in either case multiplied by the Conversion Rate in effect on such Conversion Date. If the Issuer shall elect to make such payment wholly in shares of Common Stock, then such shares shall be delivered through the Conversion Agent to Holders surrendering Securities no later than the fifth Business Day following the Conversion Date. If, however, the Company shall elect to make any portion of such payment in cash, then the payment, including any delivery of Common Stock, shall be made to Holders surrendering Securities no later than the tenth Business Day following the Conversion Date.

The Company shall not pay cash in lieu of delivering all or part of such shares of Common Stock upon the conversion of any Security pursuant to the terms of Article 11 of the Indenture (other than cash in lieu of fractional shares) if there has occurred (prior to, on or after, as the case may be, the Conversion Date or the date on which the Company delivers its notice of whether each Security shall be converted into shares of Common Stock or cash) and is continuing an Event of Default (other than a default in such payment on such Securities).

The initial Conversion Rate is 5.7565 shares of Common Stock per $1,000 Principal Amount at Maturity, subject to adjustment in certain events described in the Indenture. The Issuer will deliver cash or a check in lieu of any fractional share of Common Stock.

In the event the Issuer exercises its option pursuant to Section 10.01 of the Indenture to have interest in lieu of Original Issue Discount accrue on the Security following a Tax Event, the Holder will be entitled on conversion into Common Stock to receive the same number of shares of Common Stock such Holder would have received if the Issuer had not exercised such option. If the Issuer exercises such option, Securities surrendered for conversion during the period from the close of business on any Regular Record Date next preceding any Interest Payment Date to the opening of business on such Interest Payment Date (except Securities to be redeemed on a date within such period) must be accompanied by payment of an amount equal to the interest thereon that the registered Holder is entitled to receive. Except where Securities surrendered for conversion must be accompanied by payment as described above, no interest on converted

Securities shall be payable by the Issuer on any Interest Payment Date subsequent to the date of conversion.

To convert a Security, a Holder must (1) complete and manually sign the conversion notice below (or complete and manually sign a facsimile of such notice) and deliver such notice to the Conversion Agent, (2) surrender the Security to the Conversion Agent for cancellation, (3) furnish appropriate endorsements and transfer documents if required by the Conversion Agent, the Issuer or the Trustee and (4) pay any transfer or similar tax, if required.

A Holder may convert a portion of a Security if the Principal Amount at Maturity of such portion is $1,000 or an integral multiple of $1,000. No payment or adjustment will be made for dividends on the Common Stock except as provided in the Indenture. On conversion of a Security, that portion of accrued Original Issue Discount (or interest if the Issuer has exercised its option provided for below in "Tax Event") attributable to the period from the Issue Date (or, if the Issuer has exercised the option referred to below in "Tax Event", the later of (x) the date of such exercise and (y) the date on which interest was last paid) through the Conversion Date with respect to the converted Security shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through the delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares) and cash, if any, in exchange for the Security being converted pursuant to the terms hereof; and such cash, if any, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares) shall be treated as delivered pro rata, to the extent thereof, first in exchange for Original Issue Discount (or interest, if the Issuer has exercised its option provided for below in "Tax Event") accrued through the Conversion Date, and the balance, if any, of such cash and the fair market value of such Common Stock (and any such cash payment) shall be treated as delivered in exchange for the Issue Price of the Security being converted pursuant to the provisions hereof.

The Conversion Rate will be adjusted for dividends or distributions on Common Stock payable in Common Stock or other Capital Stock; subdivisions, combinations or certain reclassifications of Common Stock; distributions to all holders of Common Stock of certain rights to purchase Common Stock for a period expiring within 60 days at less than the Sale Price at the Time of Determination; and distributions to such holders of assets or debt securities of the Company or certain rights to purchase securities of the Company (excluding certain cash dividends or distributions). However, no adjustment need be made if Securityholders may participate in the transaction or in certain other cases. The Issuer from time to time may voluntarily increase the Conversion Rate.

If the Company is a party to a consolidation, merger or binding share exchange or a transfer of its assets as, or substantially as, an entirety, or upon certain distributions described in the Indenture, the right to convert a Security into Common Stock may be changed into a right to convert it into securities, cash or other assets of the Company or another Person.

Tax Event − From and after (1) the date (the "Tax Event Date") of the occurrence of a Tax Event and (2) the date the Issuer exercises such option, whichever is later (the "Option Exercise Date"), at the option of the Issuer, interest in lieu of future Original Issue Discount shall accrue at the rate of 2.125% per annum on a principal amount per Security (the "Restated Principal

Amount") equal to the Issue Price plus Original Issue Discount accrued to the Option Exercise Date and shall be payable semi−annually on February 7 and August 7 of each year (each an "Interest Payment Date") to holders of record at the close of business on January 23 or July 23 (each a "Regular Record Date") immediately preceding such Interest Payment Date. Interest will be computed on the basis of a 360−day year comprised of twelve 30−day months and will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Option Exercise Date.

Interest on any Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose. Each installment of interest on any Security shall be paid in same−day funds by transfer to an account maintained by the payee located inside the United States, provided that with respect to any Holder, such Holder shall have furnished to the Paying Agent all required wire payment instructions no later than the related Regular Record Date, or if no such instructions have been furnished, by check payable to such Holder.

Except as otherwise specified with respect to the Securities, any Defaulted Interest on any Security shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Issuer as provided for in Section 10.04(b) of the Indenture.

[INCLUDE IF SECURITY IS A GLOBAL SECURITY −− In the event of a deposit or withdrawal of an interest in this Security, including an exchange, transfer, repurchase or conversion of this Security in part only, the Trustee, as custodian of the Depositary, shall make an adjustment on its records to reflect such deposit or withdrawal in accordance with the rules and procedures of the Depositary.]

[INCLUDE IF SECURITY IS A RESTRICTED SECURITY −− Subject to certain limitations in the Indenture, at any time when the Issuer is not subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, upon the request of a Holder of a Restricted Security, the Issuer shall promptly furnish or cause to be furnished Rule 144A Information (as defined below) to such Holder of Restricted Securities, or to a prospective purchaser of any such security designated by any such Holder, to the extent required to permit compliance by any such Holder with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). "Rule 144A Information" shall be such information as is specified pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).]

If an Event of Default shall occur and be continuing, the Issue Price plus the Original Issue Discount or, if the Securities have been converted to semi−annual coupon notes following the occurrence of a Tax Event, the Restated Principal Amount plus interest, accrued on all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the

Holders of the Securities under the Indenture at any time by the Issuer and the Trustee with the consent of the Holders of not less than a majority in aggregate Principal Amount at Maturity of the outstanding Securities. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate Principal Amount at Maturity of the outstanding Securities, on behalf of the Holders of all the Securities, to waive compliance by the Issuer with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities, the Holders of not less than 25% in Principal Amount at Maturity of the outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in Principal Amount at Maturity of outstanding Securities a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Principal Amount at Maturity, Restated Principal Amount, Purchase Price or Fundamental Change Repurchase Price of, accrued Original Issue Discount or interest, if any, on, and liquidated damages on this Security at the times, place and rate, and in the coin or currency, prescribed in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company established pursuant to the Indenture, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate Principal Amount at Maturity, will be issued to the designated transferee or transferees.

The Securities are issuable only in registered form without coupons in denominations of $1,000 Principal Amount at Maturity and any integral multiple of $1,000 above that amount. As provided in the Indenture and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate Principal Amount at Maturity of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

ASSIGNMENT FORM

If you want to assign this Security, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Security to:

_____

_____

_____

(Print or type name, address and zip code and social security or tax ID number of assignee)

and irrevocably appoint _____ agent to transfer this Security on the books of the Issuer. The agent may substitute another to act for him.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

In connection with any transfer of this Security occurring prior to the date of the declaration by the Commission of the effectiveness of a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering resales of this Security (which effectiveness shall not have been suspended or terminated at the date of the transfer):

[Check One]

(1) [ ] to the Issuer or a subsidiary of the Issuer; or

(2) [ ] pursuant to and in compliance with Rule 144A under the Securities Act; or

(3) [ ] outside the United States to a "foreign person" in compliance with Rule 904 of Regulation S under the Securities Act; or

(4) [ ] pursuant to the exemption from registration provided by Rule 144 under the Securities Act, or

(5) [ ] pursuant to an effective registration statement under the Securities Act; or

(6) [ ] pursuant to another available exemption from the registration requirements of the Securities Act.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered Holder thereof, provided that if box (3), (4) or (6) is checked, the Issuer may require, prior to

registering any such transfer of the Securities, in its sole discretion, such legal opinions, certifications (including an investment letter in the case of box (3)) and other information as the Issuer may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

If none of the foregoing boxes is checked, the Trustee or Registrar shall not be obligated to register this Security in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 3.10 of the Indenture shall have been satisfied.

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

TO BE COMPLETED BY PURCHASER IF (2) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuer as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Date: _____ Signed: _____

NOTICE: To be executed by an executive officer.

FORM OF CONVERSION NOTICE

If you want to convert this Security into Common Stock of the Company, check the box: [ ]

To convert only part of this Security, state the Principal Amount at Maturity to be converted (which must be $1,000 or an integral multiple of $1,000):

$----------

If you want the stock certificate made out in another person's name, fill in the form below:

_____

(Insert other person's social security or tax ID no.)

_____

_____

_____

(Print or type other person's name, address and zip code)

Date: _____ Signed: _____

(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

EXHIBIT B

[FORM OF TRANSFER CERTIFICATE FOR TRANSFER
FROM GLOBAL SECURITY OR DEFINITIVE SECURITY
TO DEFINITIVE SECURITY]

(Transfers pursuant to Section 2.13(a)(1) or
Section 2.13(a)(2) of the Indenture)

_____, _____

The Chase Manhattan Bank, as Registrar
600 Travis Street, Suite 1150
Houston, Texas 77002
Attn: Institutional Trust Services

Re: Transfer of $_____ Principal Amount at Maturity of
Zero Coupon Convertible Senior Notes due 2021
(the "Securities") of Enron Corp. (the "Issuer")

Reference is hereby made to the Indenture dated as of February 7, 2001 (the "Indenture") between the Issuer and The Chase Manhattan Bank, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to U.S. $_____ aggregate principal amount of Securities which are held [in the form of a [Definitive] [Global Security (CUSIP No. _____)]* in the name of [name of transferor] (the "Transferor") to effect the transfer of Securities.

In connection with such request, and in respect of such Securities, the Transferor does hereby certify that such Securities are being transferred in accordance with (i) the transfer restrictions set forth in the Securities and the Indenture and (ii) to a transferee that the Transferor reasonably believes is an institutional "accredited investor" (as defined in Rule 501 (a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act of 1933, as amended) (an "Institutional Accredited Investor") which is acquiring such Securities for its own account or for one or more accounts, each of which is an Institutional Accredited Investor, over which it exercises sole investment discretion and (iii) in accordance with applicable securities laws of any state of the United States.

_____
* Insert, if appropriate.

[Name of Transferor],

By: ______________________________

Name: ____________________________

Title: ___________________________

Dated: ___________________________

EXHIBIT C

[FORM OF NON-DISTRIBUTION LETTER FOR INSTITUTIONAL ACCREDITED INVESTORS]

(Transfers pursuant to Section 2.13(a)(1)
or Section 2.13(a)(2) of the Indenture)

_____, ___

The Chase Manhattan Bank, as Registrar
600 Travis Street, Suite 1150
Houston, Texas 77002
Attn: Institutional Trust Services

Enron Corp.
1400 Smith Street
Houston, Texas 77002

Re: Purchase of $_____ Principal Amount at Maturity of Zero Coupon Convertible Senior Notes due 2021 (together with the Common Stock issuable upon conversion thereof, the "Securities") of Enron Corp. (the "Issuer")(1)

Ladies and Gentlemen:

In connection with our purchase of the Securities we confirm that:

1. We understand that the Securities are not being and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and are being sold to us in a transaction that is exempt from the registration requirements of the Securities Act.

2. We acknowledge that (a) neither the Issuer, nor the Initial Purchasers (as defined in the Offering Memorandum dated January 31, 2001 relating to the Securities (the "Offering Memorandum")) nor any person acting on behalf of the Issuer or the Initial Purchasers has made any representation to us with respect to the Issuer or the offer or sale of any Securities; and (b) any information we desire concerning the Issuer and the Securities or any other matter relevant to our decision to purchase the Securities (including a copy of the Offering Memorandum) is or has been made available to us.

3. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Securities, and we are (or

_____
1 Each U.S. purchaser, or account for which each U.S. purchaser is acting, should purchase at least $250,000 Principal Amount at Maturity of Securities.

any account for which we are purchasing under paragraph 4 below is) an institutional "accredited investor" (within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) able to bear the economic risk of investment in the Securities.

4. We are acquiring the Securities for our own account (or for accounts as to which we exercise sole investment discretion and have authority to make, and do make, the statements contained in this letter) and not with a view to any distribution of the Securities, subject, nevertheless, to the understanding that the disposition of our property will at all times be and remain within our control.

5. We understand that (a) the Securities will be in registered form only and that any certificates delivered to us in respect of the Securities will bear a legend substantially to the following effect:

> "These Securities have not been registered under the Securities Act of 1933. Further offers or sales of these Securities are subject to certain restrictions, as set forth in the Offering Memorandum dated January 31, 2001 relating to these Securities."

and (b) the Issuer has agreed to reissue such certificates without the foregoing legend only in the event of a disposition of the Securities in accordance with the provisions of paragraph 6 below (provided, in the case of a disposition of the Securities in accordance with paragraph 6(f) below, that the legal opinion referred to in such paragraph so permits), or at our request at such time as we would be permitted to dispose of them in accordance with paragraph 6(a) below.

6. We agree that in the event that at some future time we wish to dispose of any of the Securities, we will not do so unless such disposition is made in accordance with any applicable securities laws of any state of the United States and:

(a) the Securities are sold in compliance with Rule 144(k) under the Securities Act; or

(b) the Securities are sold in compliance with Rule 144A under the Securities Act; or

(c) the Securities are sold in compliance with Rule 904 of Regulation S under the Securities Act; or

(d) the Securities are sold pursuant to an effective registration statement under the Securities Act; or

(e) the Securities are sold to the Issuer or an affiliate (as defined in Rule 501(b) of Regulation D) of the Issuer; or

(f) the Securities are disposed of in any other transaction that does not require registration under the Securities Act, and we theretofore have furnished to the Issuer or its designee an opinion of counsel experienced in securities law matters to such effect or such other documentation as the Issuer or its designee may reasonably request.

Very truly yours,

By _____
(Authorized Officer)

EXHIBIT D

[FORM OF PURCHASE NOTICE]

_____, ___

The Chase Manhattan Bank, as Registrar
600 Travis Street, Suite 1150
Houston, Texas 77002
Attn: Institutional Trust Services

Enron Corp.
1400 Smith Street
Houston, Texas 77002

Re: Purchase of $_____ Principal Amount at Maturity of
Zero Coupon Convertible Senior Notes due 2021
(the "Securities") of Enron Corp. (the "Issuer")

Certificate No(s). of Securities: _____

This is a Purchase Notice as defined in Section 3.08(a) of the Indenture dated as of February 7, 2001 (the "Indenture") between the Issuer and The Chase Manhattan Bank, as Trustee. Terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

I intend to deliver the following aggregate Principal Amount at Maturity of Securities for purchase by the Issuer pursuant to Section 3.08(a) of the Indenture (in multiples of $1,000):
$

I hereby agree that the Securities will be purchased as of the Purchase Date pursuant to the terms and conditions thereof and of the Indenture.

In the event that the Company elects, pursuant to Section 3.08(b) of the Indenture, to pay the Purchase Price, in whole or in part, in shares of Common Stock but such portion of the Purchase Price is ultimately payable entirely in cash because any of the conditions to payment of the Purchase Price in Common Stock is not satisfied prior to the close of business on the Purchase Date, I elect (check one):

[ ] (1) to withdraw this Purchase Notice as to all of the Securities to which it relates;

[ ] (2) to withdraw this Purchase Notice as to $_____ Principal Amount at Maturity of Securities (Certificate No(s). _____); or

[ ] (3) to receive cash in respect of the entire Purchase Price for all Securities or portions thereof to which this Purchase Notice relates.

Signed:
_____

EXHIBIT E

[FORM OF FUNDAMENTAL CHANGE REPURCHASE NOTICE]

_____, ___

The Chase Manhattan Bank, as Registrar
600 Travis Street, Suite 1150
Houston, Texas 77002
Attn: Institutional Trust Services

Enron Corp.
1400 Smith Street
Houston, Texas 77002

Re: Purchase of $_____ Principal Amount at Maturity of Zero Coupon Convertible Senior Notes due 2021 (the "Securities") of Enron Corp. (the "Issuer")

Certificate No(s). of Securities: _____

This is a Fundamental Change Repurchase Notice as defined in Section 3.09 of the Indenture dated as of February 7, 2001 (the "Indenture") between the Issuer and The Chase Manhattan Bank, as Trustee. Terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

I intend to deliver the following aggregate Principal Amount at Maturity of Securities for purchase by the Company pursuant to Section 3.09 of the Indenture (in multiples of $1,000):
$
_____

I hereby agree that the Securities will be purchased as of the Fundamental Change Repurchase Date pursuant to the terms and conditions thereof and of the Indenture.

In the event that the Company elects, pursuant to Section 3.09(b) of the Indenture, to pay the Fundamental Change Repurchase Price, in whole or in part, in shares of Common Stock but such portion of the Fundamental Change Repurchase Price is ultimately payable entirely in cash because any of the conditions to payment of the Fundamental Change Repurchase Price in Common Stock is not satisfied prior to the close of business on the Fundamental Change Repurchase Date, I elect (check one):

[ ] (1) to withdraw this Fundamental Change Repurchase Notice as to all of the Securities to which it relates;

[ ] (2) to withdraw this Fundamental Change Repurchase Notice as to $_____ Principal Amount at Maturity of Securities (Certificate No(s). _____); or

[ ] (3) to receive cash in respect of the entire Fundamental Change Repurchase Price for all Securities or portions thereof to which this Fundamental Change Repurchase Notice relates.

Signed:
_____

EXHIBIT F

[FORM OF TRANSFER CERTIFICATE FOR TRANSFER
OF RESTRICTED COMMON STOCK]

(Transfers pursuant to Section 11.20(c) of the Indenture)

[NAME AND ADDRESS OF COMMON STOCK TRANSFER AGENT]

The Chase Manhattan Bank, as Registrar
600 Travis Street, Suite 1150
Houston, Texas 77002
Attn: Institutional Trust Services

Re: Common Stock of Enron Corp. (the "Company")

Reference is hereby made to the Indenture dated as of February 7, 2001 (the "Indenture") between the Company and The Chase Manhattan Bank, as Trustee. Capitalized terms used but not defined herein shall have the meanings given them in the Indenture.

This letter relates to shares of Common Stock represented by the accompanying certificate(s) that were issued upon conversion of Securities and which are held in the name of [name of transferor] (the "Transferor") to effect the transfer of such Common Stock.

In connection with the transfer of such shares of Common Stock, the undersigned confirms that such shares of Common Stock are being transferred:

CHECK ONE BOX BELOW

(1) [ ] to the Company; or

(2) [ ] pursuant to and in compliance with Regulation S under the Securities Act of 1933; or

(3) [ ] to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933) that has furnished to the transfer agent a signed letter containing certain representations and agreements (the form of which letter can be obtained from the Company or transfer agent); or

(4) [ ] pursuant to an exemption from registration under the Securities Act of 1933 provided by Rule 144 thereunder.

Unless one of the boxes is checked, the transfer agent will refuse to register any of the Common Stock evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (2), (3) or (4) is checked, the transfer agent may

require, prior to registering any such transfer of the Common Stock such certifications and other information, and if box (4) is checked such legal opinions, as the Company reasonably requests in writing, by delivery to the transfer agent of a standing letter of instruction, to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

[Name of Transferor],

By _____

Name: _____

Title: _____

Dated:

EXHIBIT 4.03

ENRON CORP.

$1,907,698,000

Zero Coupon Convertible Senior Notes due 2021

REGISTRATION RIGHTS AGREEMENT

February 7, 2001

TABLE OF CONTENTS

ENRON CORP.

Zero Coupon Convertible Senior Notes due 2021

Registration Rights Agreement

New York, New York
February 7, 2001

Salomon Smith Barney Inc.
J.P. Morgan Securities Inc.
Deutsche Banc Alex. Brown Inc.
Banc of America Securities LLC
Barclays Capital Inc.
c/o Salomon Smith Barney Inc.
388 Greenwich Street
New York, New York 10013

Ladies and Gentlemen:

Enron Corp., an Oregon corporation (the "Issuer"), proposes to issue and sell to the several purchasers (the "Initial Purchasers"), $1,907,698,000 principal amount at maturity of its Zero Coupon Convertible Senior Notes due 2021 (the "Firm Notes"), upon the terms set forth in a purchase agreement, dated January 31, 2001 (the "Purchase Agreement"), relating to the initial placement of the Firm Notes and the grant from the Issuer to the Initial Purchasers of an option to purchase up to $381,540,000 additional principal amount at maturity of such notes to cover over-allotments, if any (together with the Firm Notes, the "Notes"). The Notes are to be issued under an indenture (the "Indenture"), dated as of even date herewith, between the Issuer and The Chase Manhattan Bank, as trustee (the "Trustee"). To induce the Initial Purchasers to enter into the Purchase Agreement, the Issuer agreed in the Purchase Agreement to enter into this registration rights agreement (this "Agreement"), with the Initial Purchasers, under which the Issuer agrees with the Initial Purchasers for their benefit and the benefit of the holders from time to time of the Notes or the shares of common stock of the Issuer issuable upon conversion of the Notes (including, without limitation, the Initial Purchasers) (each a "Holder" and, together, the "Holders"), as follows:

1. Certain Definitions. The following terms, when used in this Agreement, shall have the meanings indicated:

(a) "Applicable Conversion Price" shall mean, as of any date of determination, the Applicable Principal Amount as of such date of determination divided by the Conversion Rate in effect as of such date of determination or, if no Notes are then outstanding, the Conversion Rate that would be in effect were Notes then outstanding.

(b) "Applicable Principal Amount" shall mean, as of any date of determination, with respect to each $1,000 principal amount at maturity of Notes outstanding, (i) the sum of the Issue Price (as defined in the Indenture) of such Notes ($655.24) plus accrued Original Issue Discount (as defined in the Indenture) with respect

to such Notes through such date of determination or, if no Notes are then outstanding, such sum calculated as if Notes were then outstanding, or (ii) if the Notes have been converted to semiannual coupon notes upon a Tax Event (as defined in the Indenture) pursuant to Section 10 of the Indenture, the Restated Principal Amount (as defined in the Indenture).

(c) "Business Day" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close either in the State of New York or the State of Texas.

(d) "Closing Date" shall mean February 7, 2001, the original date of issuance of the Notes.

(e) "Commission" shall mean the Securities and Exchange Commission.

(f) "Common Stock" shall mean the Issuer's common stock.

(g) "Conversion Rate" shall have the meaning indicated in the Indenture.

(h) "Damages Payment Date" shall have the meaning set forth in Section 2(f).

(i) "Deferral Notice" shall have the meaning indicated in Section 3(g).

(j) "Deferral Period" shall have the meaning indicated in Section 3(g).

(k) "Effective Time" shall mean the time and date as of which the Commission declares the Shelf Registration effective or as of which the Shelf Registration otherwise becomes effective.

(l) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

(m) "Firm Notes" shall have the meaning indicated in the introductory paragraph.

(n) "Holder" and "Holders" shall have the meanings indicated in the introductory paragraph.

(o) "Indenture" shall have the meaning indicated in the introductory paragraph.

(p) "Initial Purchasers" shall have the meaning indicated in the introductory paragraph.

(q) "Issuer" shall have the meaning indicated in the introductory paragraph.

(r) "Material Event" shall have the meaning indicated in Section 3(b)(vi).

(s) "Notes" shall have the meaning indicated in the introductory paragraph.

(t) "Notice and Questionnaire" shall mean a written notice delivered to the Issuer containing substantially the information called for by the Selling Security Holder Notice and Questionnaire attached as Annex A to the Offering Memorandum.

(u) "Notice Holder" shall mean, on any date, any Holder that has delivered a Notice and Questionnaire to the Issuer on or prior to such date.

(v) "Offering Memorandum" shall mean the offering memorandum, dated January 31, 2001, as amended or supplemented, of the Issuer relating to the Notes including any and all annexes thereto and any information incorporated by reference therein.

(w) "Participant" shall have the meaning indicated in Section 7(a).

(x) "Person" shall mean a corporation, limited liability company, association, partnership (whether general or limited), organization, business, individual, government or political subdivision thereof or governmental agency.

(y) "Prospectus" shall mean the prospectus included in any Shelf Registration, as amended or supplemented by any amendment or prospectus supplement, including post−effective amendments, and all materials incorporated by reference or explicitly deemed to be incorporated by reference in such Prospectus.

(z) "Purchase Agreement" shall have the meaning indicated in the introductory paragraph.

(aa) "Registrable Securities" shall mean the Securities until such time as: (i) in the circumstances contemplated by Section 2(a), a registration statement registering such Securities under the Securities Act has been declared or becomes effective and such Securities have been sold or otherwise transferred by the Holder thereof pursuant to such effective registration statement; (ii) such Securities are sold pursuant to Rule 144 under circumstances in which any legend borne by such Securities relating to restrictions on transferability thereof, under the Securities Act or otherwise, is removed or such Securities are eligible to be sold pursuant to paragraph (k) of Rule 144; or (iii) such Securities shall cease to be outstanding.

(bb) "Registration Default" shall have the meaning indicated in Section 2(c).

(cc) "Registration Default Damages" shall have the meaning indicated in Section 2(c).

(dd) "Registration Expenses" shall have the meaning indicated in Section 5.

(ee) "Resale Period" shall mean the period beginning on the date the Shelf Registration becomes effective and ending on the Termination Date.

(ff) "Restricted Holder" shall mean (i) a Holder that is an affiliate of the Issuer within the meaning of Rule 405 or (ii) a broker−dealer who receives Securities for its own

account but did not acquire the Securities as a result of market−making activities or other trading activities.

(gg) "Rule 144," "Rule 144(k)," "Rule 405" and "Rule 415" shall mean, in each case, such rule promulgated under the Securities Act.

(hh) "Securities" shall mean, collectively, the Notes and the Shares.

(ii) "Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

(jj) "Shares" shall mean the shares of Common Stock into which the Notes are convertible or that have been issued upon any conversion from Notes into Common Stock.

(kk) "Shelf Registration" shall have the meaning indicated in Section 2(a)

(ll) "Termination Date" shall have the meaning indicated in Section 2(a).

(mm) "Trustee" shall have the meaning indicated in the introductory paragraph.

(nn) "Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended and the rules and regulations of the Commission promulgated thereunder.

Unless the context otherwise requires, any reference herein to a "Section" or "clause" refers to a Section or clause, as the case may be, of this Agreement, and the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision. Unless the context otherwise requires, any reference to a statute, act, rule or regulation refers to the same (including any successor statute, act, rule or regulation thereto) as it may be amended from time to time.

2. Registration Under the Securities Act.

(a) The Issuer agrees to use commercially reasonable efforts to file with the Commission under the Securities Act as promptly as practicable but in any event on or prior to the 120th day after the Closing Date one or more "shelf" registration statements (collectively, the "Shelf Registration") on an appropriate form providing for the registration of, and the sale on a continuous or delayed basis by the Holders of, all of the Registrable Securities, pursuant to Rule 415 under the Securities Act. The Issuer agrees to use commercially reasonable efforts to cause the Shelf Registration to become or be declared effective under the Securities Act no later than 180 days after the Closing Date and to keep such Shelf Registration continuously effective for a period ending on the earliest of (i) the time when all the Securities registered under the Shelf Registration can be sold by Persons who are not affiliates of the Issuer pursuant to Rule 144(k), (ii) the second anniversary of the Closing Date, (iii) the date on which all Securities registered under the Shelf Registration are disposed of in accordance therewith, and (iv) the date upon which there are no longer any Registrable Securities outstanding (the earliest date on which any such event occurs being the "Termination Date"). The Issuer agrees to give

notice to the Holders of all of the Registrable Securities of the filing and effectiveness of the Shelf Registration. The Issuer further agrees to supplement or make amendments to the Shelf Registration, as and when required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration or by the Securities Act and the Issuer agrees to furnish to the Notice Holders of the Registrable Securities copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission.

(b) Each Holder of Registrable Securities agrees that if such Holder wishes to sell Registrable Securities pursuant to a Shelf Registration and related Prospectus, it will do so only in accordance with this Section 2(b) and Section 3(g). Each Holder of Registrable Securities wishing to sell Registrable Securities pursuant to a Shelf Registration and related Prospectus agrees to deliver a Notice and Questionnaire to the Issuer at least three (3) Business Days prior to any intended distribution of Registrable Securities under the Shelf Registration. From and after the Effective Time, the Issuer shall, as promptly as is practicable after the date a Notice and Questionnaire is delivered, and in any event within five (5) Business Days after such date, (i) if required by applicable law, file with the Commission a post−effective amendment to the Shelf Registration or prepare and, if required by applicable law, file a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other required document so that such Notice Holder is named as a selling security Holder in the Shelf Registration and the related Prospectus and so that such Notice Holder is permitted to deliver such Prospectus to purchasers of the Registrable Securities in accordance with applicable law and, if the Issuer shall file a post−effective amendment to the Shelf Registration, use commercially reasonable efforts to cause such post−effective amendment to be declared effective under the Securities Act as promptly as is practicable; (ii) provide such Holder copies of any documents filed pursuant to Section 2(b)(i); and (iii) notify such Holder as promptly as practicable after the effectiveness under the Securities Act of any post−effective amendment filed pursuant to Section 2(b)(i); provided, that if such Notice and Questionnaire is delivered during a Deferral Period, the Issuer shall so inform the Notice Holder and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of the Deferral Period in accordance with Section 3(g). Notwithstanding anything contained herein to the contrary, the Issuer shall be under no obligation to name any Holder that is not a Notice Holder as a selling security Holder in any Shelf Registration or related Prospectus; provided, however, that any Holder that becomes a Notice Holder pursuant to the provisions of Section 2(b) (whether or not such Holder was a Notice Holder at the time the Shelf Registration was declared effective) shall be named as a selling security Holder in the Shelf Registration or related Prospectus in accordance with the requirements of this Section 2(b).

(c) If any of the following events (any such event a "Registration Default") shall occur, then the Issuer shall pay liquidated damages (the "Registration Default Damages") to the Holders in respect of the Registrable Securities as follows:

(i) if the Shelf Registration is not filed with the Commission on or prior to the 120th day following the Closing Date, then commencing on the 121st

day after the Closing Date, Registration Default Damages shall accrue on the Applicable Principal Amount of any outstanding Notes that are Registrable Securities and the Applicable Conversion Price of any outstanding Shares that are Registrable Securities at a rate of 0.25% per annum for the first 120 days from and including such 121st day and 0.5% per annum thereafter; or

(ii) if the Shelf Registration is filed but not declared effective by the Commission on or prior to the 180th day following the Closing Date, then commencing on the 181st day after the Closing Date, Registration Default Damages shall accrue on the Applicable Principal Amount of any outstanding Notes that are Registrable Securities and the Applicable Conversion Price of any outstanding Shares that are Registrable Securities at a rate of 0.25% per annum for the first 120 days from and including such 181st day and 0.5% per annum thereafter; or

(iii) if the Shelf Registration has been declared effective but such Shelf Registration ceases to be effective (other than pursuant to Section 3(g) hereof) at any time prior to the Termination Date, then commencing on the day such Shelf Registration ceases to be effective, Registration Default Damages shall accrue on the Applicable Principal Amount of any outstanding Notes that are Registrable Securities and the Applicable Conversion Price of any outstanding Shares that are Registrable Securities at a rate of 0.25% per annum for the first 120 days from and including such date on which the Shelf Registration ceases to be effective and 0.5% per annum thereafter; or

(iv) if the aggregate duration of Deferral Periods in any period exceeds the number of days permitted in respect of such period pursuant to Section 3(g) hereof, then commencing on the day the aggregate duration of Deferral Periods in any period exceeds the number of days permitted in respect of such period, Registration Default Damages shall accrue on the Applicable Principal Amount of any outstanding Notes that are Registrable Securities and the Applicable Conversion Price of any outstanding Shares that are Registrable Securities at a rate of 0.25% per annum for the first 120 days from and including such date and 0.5% per annum thereafter;

provided, however, that (1) upon the filing of the Shelf Registration (in the case of clause (i) above), (2) upon the effectiveness of the Shelf Registration (in the case of clause (ii) above), (3) upon the effectiveness of the Shelf Registration which had ceased to remain effective (in the case of clause (iii) above), (4) upon the termination of the Deferral Period that caused the limit on the aggregate duration of Deferral Periods in a period set forth in Section 3(g) to be exceeded (in the case of clause (iv) above) or (5) upon the Termination Date, Registration Default Damages on all Securities shall cease to accrue. It is understood and agreed that, notwithstanding any provision to the contrary, so long as any Registrable Security is then capable of being sold under an effective Shelf Registration Statement, no Registration Default Damages shall accrue on such Registrable Security. Registration Default Damages shall constitute the sole monetary damages with respect to any matters covered in this Section 2(c).

(d) Any reference herein to a registration statement shall be deemed to include any document incorporated therein by reference as of the applicable Effective Time and any reference herein to any post−effective amendment to a registration statement shall be deemed to include any document incorporated therein by reference as of a time after such Effective Time.

(e) Notwithstanding any other provision of this Agreement, any Holder of Registrable Securities who does not comply with the provisions of Section 3(d), if applicable, shall not be entitled to receive Registration Default Damages unless and until such Holder complies with the provisions of Section 3(d), as applicable.

(f) Any amounts of Registration Default Damages due pursuant to Section 2(c) will be payable in cash semi−annually on each February 7 and August 7 (each a "Damages Payment Date"), commencing with the first such date occurring after any such Registration Default Damages commences to accrue, to Holders of record on the January 23 or July 23 next preceding such Damages Payment Date with respect to Notes that are Registrable Securities or with respect to outstanding Shares that are Registrable Securities. The amount of Registration Default Damages for Registrable Securities will be determined on the basis of a 360−day year comprised of twelve 30−day months.

3. Registration Procedures. The following provisions shall apply to registration statements filed pursuant to Section 2:

(a) At the Effective Time of the Shelf Registration, the Issuer shall qualify the Indenture under the Trust Indenture Act.

(b) The Issuer shall, with respect to any such registration statement:

(i) prepare and file with the Commission a registration statement with respect to the Shelf Registration on any form which may be utilized by the Issuer and which shall permit the disposition of the Registrable Securities in accordance with the intended method or methods thereof, as specified in writing by the Holders of the Registrable Securities, and use commercially reasonable efforts to cause such registration statement to become effective in accordance with Section 2(a) above;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the Prospectus included therein as may be necessary to effect and maintain the effectiveness of such registration statement for the period specified in Section 2(a), and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such registration statement and as may be necessary to permit the Holders of the Registrable Securities to deliver the Prospectus to purchasers of such Securities, and furnish to the Notice Holders of the Registrable Securities copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission;

(iii) comply, as to all matters within the Issuer's control, with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such registration statement in accordance with the intended methods of disposition by the Holders thereof provided for in such registration statement;

(iv) provide to any of (A) the Notice Holders, (B) the underwriters (which term, for purposes of this Agreement, shall include a Person deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act), if any, thereof, (C) the sales or placement agent, if any, therefor, (D) counsel for such underwriters or agent and (E) not more than one counsel for all the Holders of such Registrable Securities who so request of the Issuer in writing the opportunity to participate in the preparation of such registration statement, each Prospectus included therein or filed with the Commission and each amendment or supplement thereto;

(v) for a reasonable period prior to the filing of such registration statement, and throughout the Resale Period, make available at reasonable times at the Issuer's principal place of business or such other reasonable place for inspection by the Persons referred to in Section 3(b)(iv), who shall certify to the Issuer that they have or are acting on behalf of a Holder who has a current intention to sell Registrable Securities pursuant to the Shelf Registration, such financial and other information and books and records of the Issuer, and cause the officers, employees, counsel and independent certified public accountants of the Issuer to respond to such inquiries, as shall be reasonably necessary, in the judgment of the respective counsel referred to in such Section, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that each such party shall be required to maintain in confidence and not to disclose to any other Person or otherwise use or take advantage of any information or records reasonably designated by the Issuer in writing as being confidential, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such registration statement or otherwise), (B) such Person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such Person shall have given the Issuer prompt prior written notice of such requirement and the opportunity to contest the same or seek an appropriate protective order), or (C) subject to Section 3(g), such information is required to be set forth in such registration statement or the Prospectus included therein or in an amendment to such registration statement or an amendment or supplement to such Prospectus in order that such registration statement, Prospectus, amendment or supplement, as the case may be, does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Issuer may require each such Person to execute a written agreement to comply with the above confidentiality requirements;

(vi) promptly notify Holders of Registrable Securities included in such registration statement, the sales or placement agent, if any, therefor and the managing underwriter or underwriters, if any, thereof named in the Shelf Registration or a supplement thereto, and confirm such notice in writing, (A) when such registration statement or the Prospectus included therein or any Prospectus amendment or supplement or post−effective amendment has been filed, and, with respect to such registration statement or any post−effective amendment, when the same has become effective, (B) of the issuance by the Commission of any stop order suspending the effectiveness of such registration statement or the initiation or written threat of any proceedings for that purpose, (C) of the receipt by the Issuer of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or written threat of any proceeding for such purpose, (D) of the occurrence of (but not the nature of or details concerning) any event or the existence of any fact (a "Material Event") as a result of which any Shelf Registration shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or any Prospectus shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (E) of the determination by the Issuer that a post−effective amendment to a Shelf Registration will be filed with the Commission, which notice may, at the discretion of the Issuer (or as required pursuant to Section 3(g)), state that it constitutes a Deferral Notice, in which event the provisions of Section 3(g) shall apply or (F) at any time when a Prospectus is required to be delivered under the Securities Act, that such registration statement, Prospectus, Prospectus amendment or supplement or post−effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act;

(vii) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement or any post−effective amendment thereto at the earliest practicable date;

(viii) if requested by any managing underwriter or underwriters, any placement or sales agent or any Holder of Registrable Securities included in the Shelf Registration, promptly incorporate in a Prospectus supplement or post−effective amendment such information as is required by the applicable rules and regulations of the Commission relating to the terms of the sale of such Registrable Securities, including information with respect to the principal amount at maturity or number of Registrable Securities being sold by such Holder or agent or to any underwriters, the name and description of such Holder, agent or underwriter, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof, the purchase price being paid therefor by such underwriters and with respect to any other terms of the offering of the Registrable Securities to be sold by such Holder or agent or to such underwriters; and make all required filings of such Prospectus supplement or

post−effective amendment promptly after notification of the matters to be incorporated in such Prospectus supplement or post−effective amendment;

(ix) furnish to each Holder of Registrable Securities included in the Shelf Registration, each placement or sales agent, if any, therefor, each underwriter, if any, thereof and the respective counsel referred to in Section 3(b)(iv) one conformed copy of such registration statement and each such amendment or supplement thereto (in each case including all exhibits thereto) and such number of copies of the Prospectus included in such registration statement (including each preliminary Prospectus and any summary Prospectus) as such Person shall reasonably request, in each case in conformity in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act; and the Issuer hereby consents (except during such periods that a Deferral Notice is outstanding and has not been revoked) to the use of such Prospectus (including any such preliminary or summary Prospectus) and any amendment or supplement thereto by each such Holder and by any such agent and underwriter, in each case in the form most recently provided to such Person by the Issuer in connection with the offering and sale of the Registrable Securities covered by the Prospectus (including any such preliminary or summary Prospectus) or any supplement or amendment thereto; and

(x) use its commercially reasonable efforts to (A) register or qualify, to the extent required by law, the Registrable Securities to be included in such registration statement under such securities laws or blue sky laws of such United States jurisdictions as any Holder of such Registrable Securities included in the Shelf Registration and each placement or sales agent, if any, therefor and underwriter, if any, thereof shall reasonably request, and (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration is required to remain effective under Section 2(a) and for so long as may be necessary to enable any such Holder, agent or underwriter to complete its distribution of Securities pursuant to such registration statement but in any event not later than the date through which the Issuer is required to keep the Shelf Registration effective pursuant to Section 2(a); provided, however, that the Issuer shall not be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(b)(x), (2) consent to general service of process in any such jurisdiction, or (3) make any changes to its certificate of incorporation or by−laws or any agreement between it and its stockholders.

In case any of the foregoing obligations is dependent upon information provided or to be provided by a party other than the Issuer, such obligation shall be subject to the provision of such information by such party; provided that the Issuer shall use commercially reasonable efforts to obtain the necessary information from any party responsible for providing such information.

(c) Each Holder of Registrable Securities agrees that upon receipt of any notice from the Issuer, pursuant to Section 3(b)(vi)(D), such Holder shall forthwith discontinue (and cause any placement or sales agent or underwriters acting on their behalf to discontinue) the disposition of Registrable Securities pursuant to the registration statement applicable to such Registrable Securities until such Holder (i) shall have received copies of such amended or supplemented Prospectus and, if so directed by the Issuer, such Holder shall deliver to the Issuer (at the Issuer's expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Registrable Securities at the time of receipt of such notice or (ii) shall have received notice from the Issuer that the disposition of Registrable Securities pursuant to the Shelf Registration may continue.

(d) The Issuer may require each Holder of Registrable Securities as to which any registration pursuant to Section 2(a) is being effected to furnish to the Issuer such information regarding such Holder and such Holder's intended method of distribution of such Registrable Securities as the Issuer may from time to time reasonably request in writing, but only to the extent that such information is required in order to comply with the Securities Act or other applicable federal or state securities or blue sky laws. Each such Holder agrees to notify the Issuer as promptly as practicable of any inaccuracy or change in information previously furnished by such Holder to the Issuer or of the occurrence of any event in either case as a result of which any Prospectus relating to such registration contains or would contain an untrue statement of a material fact regarding such Holder or such Holder's intended method of disposition of such Registrable Securities or omits to state any material fact regarding such Holder or such Holder's intended method of disposition of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading, and promptly to furnish to the Issuer any additional information required to correct and update any previously furnished information or required so that such Prospectus shall not contain, with respect to such Holder or the disposition of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(e) Until the expiration of two years after the Closing Date, the Issuer will not, and will not permit any of its "affiliates" (as defined in Rule 144) to, resell any of the Notes that have been reacquired by any of them except pursuant to an effective registration statement under the Securities Act.

(f) Subject to Section 3(g), upon the occurrence of a Material Event, the Issuer shall as promptly as practicable prepare and file a post−effective amendment to the Shelf Registration or a supplement to the related Prospectus or any document incorporated therein by reference or file any other required document that would be incorporated by reference into such Shelf Registration and Prospectus so that such Shelf Registration does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and such Prospectus does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not

misleading, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, and, in the case of a post−effective amendment to a Shelf Registration, use commercially reasonable efforts to cause it to be declared effective as promptly as is reasonably practicable. The Issuer shall prepare and furnish to each such Holder, to each placement or sales agent, if any, and to each such underwriter, if any, a reasonable number of copies of any such Prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such Prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act.

(g) Upon the occurrence or existence of any pending corporate development or any other Material Event that, in the sole judgment of the Issuer, makes it appropriate to suspend the availability of the Shelf Registration and the related Prospectus, the Issuer shall give notice (without notice of the nature or details of such events) to the Notice Holders that the availability of the Shelf Registration is suspended (a "Deferral Notice") and, upon receipt of any Deferral Notice, each Notice Holder agrees not to sell any Registrable Securities pursuant to the Shelf Registration until such Notice Holder's receipt of copies of the supplemented or amended Prospectus provided for in clause (f) above, or until it is advised in writing by the Issuer that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The period during which the availability of the Shelf Registration and any Prospectus is suspended (the "Deferral Period") shall, without the Issuer incurring any obligation to pay Registration Default Damages pursuant to Section 2(c), not exceed sixty (60) days in any three (3) month period or ninety (90) days in any twelve (12) month period. The Issuer's obligations under Sections 3(b) and 3(f) shall be suspended during any Deferral Period.

4. Holder's Obligations. Each Holder agrees, by acquisition of the Registrable Securities, that no Holder of Registrable Securities shall be entitled to sell any of such Registrable Securities pursuant to a Shelf Registration or to receive a Prospectus relating thereto, unless such Holder has furnished the Issuer with a Notice and Questionnaire as required pursuant to Section 2(b) hereof (including the information required to be included in such Notice and Questionnaire) and the information set forth in the next sentence. Each Notice Holder agrees promptly to furnish to the Issuer all information required to be disclosed in order to make the information previously furnished to the Issuer by such Notice Holder not misleading and any other information regarding such Notice Holder and the distribution of such Registrable Securities as may be required to be disclosed in the Shelf Registration under applicable law or pursuant to SEC comments. Each Holder further agrees not to sell any Registrable Securities pursuant to the Shelf Registration without delivering, or causing to be delivered, a Prospectus to the purchaser thereof and, following the Termination Date, to notify the Issuer, within 10 business days of request, of the amount of Registrable Securities sold pursuant to the Shelf Registration and, in the absence of a response, the Issuer may assume that all of the Holder's Registrable Securities were so sold. Each Holder specifically agrees that no underwritten offerings of Registrable Securities may be effected without the Issuer's prior agreement.

5. Registration Expenses. The Issuer agrees to bear and to pay or cause to be paid promptly upon request being made therefor all expenses incident to the Issuer's performance of

or compliance with this Agreement, including (a) all Commission and any NASD registration and filing fees and expenses, (b) all fees and expenses in connection with the qualification of the Securities for offering and sale under the state securities and blue sky laws referred to in Section 3(b)(x) hereof, including reasonable fees and disbursements of one counsel (selected as set forth in clause (j) below) for the placement or sales agent or underwriters, if any, in connection with such qualifications, (c) all expenses relating to the preparation, printing, distribution and reproduction of each registration statement required to be filed hereunder, each Prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the certificates representing the Securities and all other documents relating hereto, (d) all costs and expenses relating to qualifying the Securities with The Depository Trust Company and to admitting the Securities for trading in the PORTAL market, (e) fees and expenses of the Trustee under the Indenture, and of any paying agent, escrow agent or custodian, and of the registrar and transfer agent for the Shares issued upon conversion of the Notes, as well as the reasonable fees and expenses of counsel therefor, (f) internal expenses (including all salaries and expenses of the Issuer's officers and employees performing legal or accounting duties), (g) fees, disbursements and expenses of counsel and independent certified public accountants of the Issuer (including the expenses of any opinions or "cold comfort" letters required by or incident to such performance and compliance), (h) fees and expenses of listing the Shares on all exchanges where the Common Stock is listed, (i) fees charged by rating agencies to rate the Notes, and (j) reasonable fees, disbursements and expenses of one counsel for the Holders of Registrable Securities retained in connection with the Shelf Registration (which shall initially be Bracewell & Patterson, L.L.P., but which may, with the written consent of the Initial Purchasers, be another nationally recognized law firm experienced in securities matters designated by the Issuer (unless reasonably objected to by Holders of at least a majority in aggregate Applicable Principal Amount and Applicable Conversion Price of the Registrable Securities being registered)), and fees, expenses and disbursements of any other Persons, including special experts, retained by the Issuer in connection with such registration (collectively, the "Registration Expenses"). To the extent that any Registration Expenses are incurred, assumed or paid by any Holder of Registrable Securities or any placement or sales agent therefor or underwriter hereof, the Issuer shall reimburse such Person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a documented request therefor. Notwithstanding the foregoing, the Holders of the Registrable Securities being registered shall pay all agency fees and commissions and underwriting discounts and commissions attributable to the sale of such Registrable Securities and the fees and disbursements of any counsel or other advisors or experts retained by such Holders (severally or jointly), other than the counsel and experts specifically referred to above.

6. Representations and Warranties. The Issuer represents and warrants to, and agrees with, the Initial Purchasers and each of the Holders from time to time of Registrable Securities that:

(a) Each registration statement covering Registrable Securities and each Prospectus (including any preliminary or summary Prospectus) contained therein or furnished pursuant to Section 3(c) hereof and any further amendments or supplements to any such registration statement or Prospectus, when it becomes effective or is filed with the Commission, as the case may be, and, in the case of an underwritten offering of Registrable Securities, at the time of the closing under the underwriting agreement

relating thereto, will conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at all times subsequent to the Effective Time when a Prospectus would be required to be delivered under the Securities Act, other than from (i) such time as a notice has been given to Holders of Registrable Securities pursuant to Section 3(b)(vi)(D) or Section 3(g) hereof until (ii) such time as the Issuer furnishes an amended or supplemented Prospectus pursuant to Section 3(f) hereof or such time as the Issuer provides notice that offers and sales pursuant to the Shelf Registration may continue, the Shelf Registration, and each Prospectus (including any summary Prospectus) contained therein or furnished pursuant to Section 3(b) hereof, as then amended or supplemented, will conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Issuer by or on behalf of a Holder of Registrable Securities expressly for use therein.

(b) Any documents incorporated by reference in any Prospectus referred to in Section 6(a) hereof, when they become or became effective or are or were filed with the Commission, as the case may be, will conform or conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and none of such documents will contain or contained an untrue statement of a material fact or will omit or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Issuer by a Holder of Registrable Securities expressly for use therein.

(c) The compliance by the Issuer with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not contravene any provision of applicable law or the certificate of incorporation or by−laws of the Issuer or, except to the extent that any such contravention would not have a material adverse effect on the Issuer and its subsidiaries, taken as a whole, any indenture or instrument relating to indebtedness for money borrowed or any agreement to which the Issuer is a party or any order, rule, regulation or decree of any court or governmental agency or authority located in the United States having jurisdiction over the Issuer or any property of the Issuer; and, to the best knowledge of the Issuer, no consent, authorization or order of, or filing or registration with, any court or governmental agency or authority is required for the consummation by the Issuer of the transactions contemplated by this Agreement, except the registration under the Securities Act contemplated hereby, qualification of the Indenture under the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under State securities or blue sky laws.

(d) This Agreement has been duly authorized, executed and delivered by the Issuer.

7. Indemnification.

(a) Indemnification by the Issuer. In connection with the Shelf Registration, the Issuer shall, and hereby agrees to, indemnify and hold harmless each of the Holders of Registrable Securities included in such Shelf Registration, and each Person who is named in such Shelf Registration or a supplement thereto as an underwriter in any offering or sale of such Registrable Securities, such Person's partners, principals, directors and officers and each Person who controls any such Person (each, a "Participant") against any losses, claims, damages or liabilities, joint or several, to which such Participant may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such Registrable Securities were registered under the Securities Act, or any preliminary, final or summary Prospectus contained therein or furnished by the Issuer to any such Participant, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading and the Issuer shall, and hereby agrees to, reimburse each such Participant for any legal or other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Issuer shall not be liable to any such Person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary Prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Issuer by such Participant expressly for use therein; provided, further, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense arising from (i) an offer or sale of Registrable Securities occurring during a Deferral Period, if Notice Holders received a Deferral Notice, or (ii) the Participant's failure to deliver at or prior to the written confirmation of sale, the most recent Prospectus, as amended or supplemented, and such Prospectus, as amended or supplemented, would have corrected such untrue statement or alleged untrue statement of a material fact. This indemnity agreement will be in addition to any liability which the Issuer may otherwise have.

(b) Indemnification by Participants. Each Participant, severally and not jointly, agrees to indemnify and hold harmless the Issuer, each of the Issuer's directors and officers and each Person who controls the Issuer within the meaning of either the Securities Act or the Exchange Act, to the same extent as the foregoing indemnity from the Issuer, but only with reference to written information furnished to the Issuer by or on behalf of such Participant specifically for use in any registration statement, or any preliminary or final or summary Prospectus contained therein or any amendment or supplement thereto. This indemnity agreement will be acknowledged by each Participant that is not an Initial Purchaser in such Participant's Notice and Questionnaire and will be in addition to any liability which any such Person may otherwise have.

(c) Promptly after receipt by an indemnified party under Section 7(a) or (b) of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify

the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than under Section 7(a) or (b). In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent that it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof; provided that, if the defendants in any such action include both the indemnified party and the indemnifying party and representation of both parties by the same counsel would be inappropriate due to actual or potential conflicting interests between them, the indemnified party or parties shall have the right to select separate counsel to participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action, the indemnifying party will not be liable to such indemnified party under Section 7(a) or (b) for any legal or other expenses subsequently incurred by such indemnified party (other than reasonable costs of investigation) in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the immediately preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate national counsel, approved by the indemnifying party, representing the indemnified parties who are parties to such action), (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action. No indemnifying party shall be liable for any settlement effected without its consent.

(d) Contribution. Each party hereto agrees that, if for any reason the indemnification provisions contemplated by Section 7(a) or Section 7(b) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault

of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 7(d) were determined by pro rata allocation (even if the Participants were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 7(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7(d), no Participant shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such Participant from the sale of any Registrable Securities exceeds the amount of any damages which such Participant has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Participants' obligations in this Section 7(d) to contribute shall be several in proportion to the aggregate principal amount at maturity or number of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) The obligations of the Issuer under this Section 7 shall be, in addition to any liability which the Issuer may otherwise have and shall extend, upon the same terms and conditions, to each officer, director, principal and partner of each Participant and each Person, if any, who controls any Participant within the meaning of the Securities Act or the Exchange Act; and the obligations of the Participants contemplated by this Section 7 shall be in addition to any liability which the respective Participants may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Issuer (including any Person who, with such Person's consent, is named in any registration statement as about to become a director of the Issuer), and to each Person, if any, who controls the Issuer within the meaning of the Securities Act or the Exchange Act.

8. Rule 144. The Issuer covenants to the Holders of Registrable Securities that, until the Termination Date, the Issuer shall use commercially reasonable efforts to timely file the reports required to be filed by it under the Exchange Act referred to in subparagraph (c)(1) of Rule 144 adopted by the Commission under the Securities Act. Upon the request of any Holder of Registrable Securities in connection with that Holder's sale pursuant to Rule 144, the Issuer shall

deliver to such Holder a written statement as to whether it has complied with such requirements. If the Issuer ever ceases to be subject to the reporting requirements of the Exchange Act, it will deliver to the Holders and prospective purchasers the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

9. Miscellaneous.

(a) Notices. All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and effective only on receipt, and if sent to the Issuer, will be mailed, delivered or telefaxed to 1400 Smith Street, Houston, Texas, 77002, Attention: Ben Glisan, Managing Director and Treasurer, Facsimile No. (713) 646-4990, if to an Initial Purchaser, to it at the address for the Initial Purchasers set forth in the Purchase Agreement; and if to a Holder, will be mailed, delivered to telefaxed to the address of such Holder set forth in the security register, a Notice and Questionnaire or other records of the Issuer or to such other address as the Issuer or any such Holder may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) Parties in Interest. All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto. In the event that any transferee of any Holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be deemed a party hereto for all purposes and such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of, and be conclusively deemed to have agreed to be bound by and to perform, all of the applicable terms and provisions of this Agreement.

(c) Survival. The respective agreements, representations, warranties, indemnities and other statements of the Issuer or its officers and directors and of the Holders set forth or made pursuant to this Agreement shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any Holder, the Issuer, any agent or underwriter or any director, principal, partner, officer, or any controlling Person of any of the foregoing, and shall survive delivery of and payment for the Securities pursuant to the Purchase Agreement and the transfer and registration of the Securities pursuant to this Agreement. However, this Agreement shall terminate and be of no force or effect after the Termination Date, except with respect to any obligations under Sections 2(c), 5 or 7 hereof that relate to events occurring prior to the Termination Date.

(d) Applicable Law. This Agreement will be governed by and construed in accordance with the laws of the Sate of New York applicable to contracts made and to be performed within the Sate of New York.

(e) Headings. The section headings used herein are inserted for convenience only and shall not affect the construction hereof.

(f) Entire Agreement; Amendments. This Agreement and the other writings referred to herein (including the Purchase Agreement and the Indenture) or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Agreement and the Purchase Agreement supersede all prior agreements and understandings between the parties with respect to subject matter. This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Issuer and the Holders of at least a majority of the Shares constituting Registrable Securities at the time outstanding (with Holders of Notes deemed to be the Holders, for the purposes of this Section, of the number of outstanding Shares into which such Notes are or would be convertible or exchangeable as of the date on which such consent is requested). Each Holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 9(f), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such Holder.

(g) Inspection. For so long as this Agreement shall be in effect, this Agreement and a complete list of the names and addresses of all the Holders of Registrable Securities shall be made available for inspection and copying on any business day by any Holder of Registrable Securities for proper purposes only (which shall include any purpose related to the rights of the Holders of Registrable Securities under the Securities, the Indenture and this Agreement) at the offices of the Issuer at the address thereof set forth in Section 9(a) above, or at the office of the Trustee under the Indenture.

(h) Counterparts. This Agreement may be executed by one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

Agreed to and accepted as of the date referred to above.

Very truly yours,

ENRON CORP.

By
_____
Name:
Title:

The foregoing Agreement is hereby confirmed and
accepted as of the date first above written.

SALOMON SMITH BARNEY INC.
J.P. MORGAN SECURITIES INC.
DEUTSCHE BANC ALEX. BROWN INC.
BANC OF AMERICA SECURITIES LLC
BARCLAYS CAPITAL INC.

By: Salomon Smith Barney Inc.

By
_____
Name:
Title:

Exhibit 5

May 31, 2001

Enron Corp.
1400 Smith Street
Houston, Texas 77002

Gentleman:

As Executive Vice President and General Counsel of Enron Corp., an Oregon corporation ("Enron"), I am familiar with the Registration Statement of Enron on Form S−3 ("The Registration Statement") relating to the proposed sale from time to time by certain securityholders of (i) up to $1,907,698,000 aggregate principal amount at maturity of Enron Zero Coupon Convertible Senior Notes due 2021 (the "Notes") and (ii) an indeterminate number of shares of Enron Common Stock, no par value, issuable upon conversion of the Notes. Initially, the number of shares of Common Stock issuable upon conversion of the Notes is 10,981,664. The Notes are convertible into 5.7565 shares of Common Stock per $1,000 principal amount at maturity, subject to adjustments under certain circumstances. In connection therewith, I have examined, among other things, a copy of the Amended and Restated Articles of Incorporation and Bylaws of Enron, the corporate proceedings taken to date with respect to the authorization, issuance and sale of the Notes and the Common Stock, a copy of the Indenture dated February 7, 2001 (the "Indenture") between Enron and The Chase Manhattan Bank, Trustee, and the forms of certain other agreements entered into by Enron, and I have performed such other investigations as I have considered appropriate as the basis for the opinions expressed herein. Capitalized terms used by not defined herein are used as defined in the Registration Statement.

Based on the foregoing, I am of the opinion that:

(1) Enron is a corporation duly organized, validly existing and in good standing under the laws of the State of Oregon;

(2) The Notes have been validly issued and are binding obligations of Enron; and

(3) The issuance of the Common Stock to be issued by Enron upon conversion of the Notes has been duly authorized, and upon the issuance and delivery thereof as set forth in the terms of the Notes, the Common Stock will be validly issued, fully paid and nonassessable.

The opinion set forth above is limited in all respects to the Oregon Business Corporation Act (including the applicable provisions of the Oregon Constitution and the reported judicial decisions interpreting these laws) and federal law of the United States.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the references to me under the caption "Validity of Securities" in the Prospectus constituting part of the Registration Statement and to the filing of this opinion as an exhibit thereto. By giving such consent I do not admit that I am an expert with respect to any part of the Registration Statement, including this exhibit, within the meaning of the term "expert" as used in the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission issued thereunder.

Very truly yours,

/s/ JAMES V. DERRICK, JR.

Exhibit 12

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

	Three Months Ended	Year Ended December 31,				
	3/31/01	2000	1999	1998	1997	1996
Earnings available for fixed charges						
Net income	$406	$ 979	$1,024	$ 703	$105	$ 584
Less:						
Undistributed earnings and losses of less than 50% owned affiliates	(17)	20	(12)	(44)	(89)	(39)
Capitalized interest of nonregulated companies	(16)	(44)	(61)	(66)	(16)	(10)
Add:						
Fixed charges(a)	282	1,184	948	809	674	454
Minority interest	40	154	135	77	80	75
Income tax expense	146	478	137	204	(65)	297
Total	$841	$2,771	$2,171	$1,683	$689	$1,361
Fixed Charges						
Interest expense(a)	$270	$1,136	$ 900	$ 760	$624	$ 404
Rental expense representative of interest factor	12	48	48	49	50	50
Total	$282	$1,184	$948	$ 809	$674	$ 454
Ratio of earnings to fixed charges	2.98	2.34	2.29	2.08	1.02	3.00

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

EXHIBIT 23.01

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our reports dated February 23, 2001, included in Enron Corp.'s Form 10-K for the year ended December 31, 2000, and to all references to our Firm included in this Registration Statement.

ARTHUR ANDERSEN LLP

Houston, Texas
May 31, 2001

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ ROBERT A. BELFER
Robert A. Belfer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

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

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ RONNIE C. CHAN
_____
Ronnie C. Chan

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ JOHN H. DUNCAN
_____
John H. Duncan

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ WENDY L. GRAMM
Wendy L. Gramm

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ ROBERT K. JAEDICKE
Robert K. Jaedicke

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ KENNETH L. LAY

Kenneth L. Lay

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ CHARLES A. LeMAISTRE
Charles A. LeMaistre

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ JOHN MENDELSOHN
_____
John Mendelsohn

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ PAULO V. FERRAZ PEREIRA
Paulo V. Ferraz Pereira

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ FRANK SAVAGE
Frank Savage

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ JEFFREY K. SKILLING
Jeffrey K. Skilling

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

/s/ JOHN WAKEHAM
_____
John Wakeham

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that in connection with the proposed registration by Enron Corp., an Oregon corporation (the "Company"), of Zero Coupon Convertible Notes due 2021 and shares of Enron Corp. Common Stock, no par value, on behalf of certain selling securityholders of the Company, the undersigned officer or director of the Company hereby constitutes and appoints Jeffrey K. Skilling, Richard A. Causey, Andrew S. Fastow and Rebecca C. Carter, 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 a registration statement on Form S-3 relating to such securities to be filed with the Securities and Exchange Commission, together with all amendments 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 that 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 31st day of May, 2001.

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

EXHIBIT 25

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY
OF A TRUSTEE PURSUANT TO SECTION 305(b)(2) ____

THE CHASE MANHATTAN BANK
(Exact name of trustee as specified in its charter)

13-4994650
(I.R.S. Employer Identification Number)

712 MAIN STREET, HOUSTON, TEXAS (Address of principal executive offices)	77002 (Zip code)

LEE BOOCKER, 712 MAIN STREET, 26TH FLOOR
HOUSTON, TEXAS 77002 (713) 216-2448
(Name, address and telephone number of agent for service)

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

OREGON (State or other jurisdiction of incorporation or organization)	47-0255140 (I.R.S. Employer Identification Number)
1400 SMITH STREET HOUSTON, TEXAS (Address of principal executive offices)	77002 (Zip code)

ZERO COUPON CONVERTIBLE SENIOR NOTES DUE 2021
(Title of indenture securities)

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING AUTHORITY TO WHICH IT IS SUBJECT.

State of New York Banking Department
Federal Deposit Insurance Corporation, Washington, D.C.
Board of Governors of the Federal Reserve System,
Washington, D.C.

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

The obligor is not an affiliate of the trustee. (See Note on Page 7.)

ITEM 3. VOTING SECURITIES OF THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF VOTING SECURITIES OF THE TRUSTEE.

COL. A TITLE OF CLASS	COL. B AMOUNT OUTSTANDING

Not applicable by virtue of Form T−1 General Instruction B and response to Item 13.

ITEM 4. TRUSTEESHIPS UNDER OTHER INDENTURES.

IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, FURNISH THE FOLLOWING INFORMATION:

(a) TITLE OF THE SECURITIES OUTSTANDING UNDER EACH SUCH OTHER INDENTURE.

Not applicable by virtue of Form T−1 General Instruction B and response to Item 13.

ITEM 4. (CONTINUED)

(b) A BRIEF STATEMENT OF THE FACTS RELIED UPON AS A BASIS FOR THE CLAIM THAT NO CONFLICTING INTEREST WITHIN THE MEANING OF SECTION 310(b)(1) OF THE ACT ARISES AS A RESULT OF THE TRUSTEESHIP UNDER ANY SUCH OTHER INDENTURE, INCLUDING A STATEMENT AS TO HOW THE INDENTURE SECURITIES WILL RANK AS COMPARED WITH THE SECURITIES ISSUED UNDER SUCH OTHER INDENTURE.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH OBLIGOR OR UNDERWRITERS.

IF THE TRUSTEE OR ANY OF THE DIRECTORS OR EXECUTIVE OFFICER OF THE TRUSTEE IS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, APPOINTEE, OR REPRESENTATIVE OF THE OBLIGOR OR OF ANY UNDERWRITER FOR THE OBLIGOR, IDENTIFY EACH SUCH PERSON HAVING ANY SUCH CONNECTION AND STATE THE NATURE OF EACH SUCH CONNECTION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF THE OBLIGOR.

COL. A	COL. B	COL. C	COL. D
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY EACH UNDERWRITER FOR THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF EACH SUCH UNDERWRITER.

COL. A	COL. B	COL. C	COL. D
NAME OF OWNER	TITLE OF CLASS	AMOUNT OWNED BENEFICIALLY	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO THE SECURITIES OF THE OBLIGOR OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
TITLE OF CLASS	WHETHER THE SECURITIES ARE VOTING OR NONVOTING SECURITIES	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF AN UNDERWRITER FOR THE OBLIGOR, FURNISH THE FOLLOWING

INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH UNDERWRITER ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT VOTING SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE (1) OWNS 10% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR OR (2) IS AN AFFILIATE, OTHER THAN A SUBSIDIARY, OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF SUCH PERSON.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE, OWNS 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OR SUCH PERSON ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
NAME OF ISSUER AND TITLE OF CLASS	AMOUNT OUTSTANDING	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY TRUSTEE	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN IN COL. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

EXCEPT AS NOTED IN THE INSTRUCTIONS, IF THE OBLIGOR IS INDEBTED TO THE TRUSTEE, FURNISH THE FOLLOWING INFORMATION:

COL. A	COL. B	COL. C
NATURE OF INDEBTEDNESS	AMOUNT OUTSTANDING	DATE DUE

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 13. DEFAULTS BY THE OBLIGOR.

(a) STATE WHETHER THERE IS OR HAS BEEN A DEFAULT WITH RESPECT TO THE SECURITIES UNDER THIS INDENTURE. EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There is not, nor has there been, a default with respect to the securities under this indenture. (See Note on Page 7.)

ITEM 13. (CONTINUED)

(b) IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, OR IS TRUSTEE FOR MORE THAN ONE OUTSTANDING SERIES OF SECURITIES UNDER THE INDENTURE, STATE WHETHER THERE HAS BEEN A DEFAULT UNDER ANY SUCH INDENTURE OR SERIES, IDENTIFY THE INDENTURE OR SERIES AFFECTED, AND EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There has not been a default under any such indenture or series. (See Note on Page 7.)

ITEM 14. AFFILIATIONS WITH THE UNDERWRITERS.

IF ANY UNDERWRITER IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 15. FOREIGN TRUSTEE.

IDENTIFY THE ORDER OR RULE PURSUANT TO WHICH THE FOREIGN TRUSTEE IS AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable.

ITEM 16. LIST OF EXHIBITS.

LIST BELOW ALL EXHIBITS FILED AS PART OF THIS STATEMENT OF ELIGIBILITY.

o 1. A copy of the articles of association of the trustee now in effect.

2. A copy of the certificate of authority of the trustee to commence business.

* 3. A copy of the certificate of authorization of the trustee to exercise corporate trust powers.

+ 4. A copy of the existing bylaws of the trustee.

5. Not applicable.

6. The consent of the United States institutional trustees required by Section 321(b) of the Act.

7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

NOTE REGARDING INCORPORATED EXHIBITS

Effective August 1, 2000, Chase Bank of Texas, National Association merged into The Chase Manhattan Bank, a New York banking corporation. The exhibits incorporated below relate to The Chase Manhattan Bank. The report of condition is that of The Chase Manhattan bank for the fourth quarter, 2000.

o Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-46070.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-46070.

* The Trustee is authorized under the banking law of the State of New York to exercise corporate trust powers.

+ Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-46070.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the trustee of all facts on which to base responsive answers to Items 2 and 13, the answers to said Items are based on incomplete information. Such Items may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

PURSUANT TO THE REQUIREMENTS OF THE TRUST INDENTURE ACT OF 1939 THE TRUSTEE, THE CHASE MANHATTAN BANK, A NEW YORK BANKING CORPORATION, HAS DULY CAUSED THIS STATEMENT OF ELIGIBILITY TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO AUTHORIZED, ALL IN THE CITY OF HOUSTON, AND STATE OF TEXAS, ON THE 28TH DAY OF MAY, 2001.

THE CHASE MANHATTAN BANK,
AS TRUSTEE

By: /s/ JOHN G. JONES
_____
John G. Jones
Vice President

EXHIBIT 6

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

The undersigned is trustee under an Indenture dated February 7, 2001, by and between Enron Corp., an Oregon corporation (the "Company"), and The Chase Manhattan Bank, as Trustee, entered into in connection with the issuance of the Company's Zero Coupon Convertible Senior Notes due 2021.

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned hereby consents that reports of examinations of the undersigned, made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

THE CHASE MANHATTAN BANK, as Trustee

By: /s/ JOHN G. JONES
_____
John G. Jones
Vice President

Exhibit 7 to Form T-1

Bank Call Notice

RESERVE DISTRICT NO. 2
CONSOLIDATED REPORT OF CONDITION OF

The Chase Manhattan Bank
of 270 Park Avenue, New York, New York 10017
and Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System,

at the close of business December 31, 2000,
in accordance with a call made by the Federal
Reserve Bank of this District pursuant to the
provisions of the Federal Reserve Act.

ASSETS		DOLLAR AMOUNTS IN MILLIONS
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin		$ 22,648
Interest-bearing balances		6,608
Securities:		
Held to maturity securities		556
Available for sale securities		66,556
Federal funds sold and securities purchased under agreements to resell		35,508
Loans and lease financing receivables:		
Loans and leases, net of unearned income	$ 158,034	
Less: Allowance for loan and lease losses	2,399	
Less: Allocated transfer risk reserve	0	
Loans and leases, net of unearned income, allowance, and reserve		155,635
Trading Assets		59,802
Premises and fixed assets (including capitalized leases)		4,398
Other real estate owned		20
Investments in unconsolidated subsidiaries and associated companies		338
Customers' liability to this bank on acceptances outstanding		367
Intangible assets		4,794
Other assets		19,886
TOTAL ASSETS		$ 377,116

LIABILITIES

Deposits		
In domestic offices		$ 132,165
Noninterest-bearing	$ 54,608	
Interest-bearing	77,557	
In foreign offices, Edge and Agreement subsidiaries and IBF's		106,670
Noninterest-bearing	$ 6,059	
Interest-bearing	100,611	
Federal funds purchased and securities sold under agreements to repurchase		45,967
Demand notes issued to the U.S. Treasury		500
Trading liabilities		41,384
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases):		
With a remaining maturity of one year or less		6,722
With a remaining maturity of more than one year through three years		0
With a remaining maturity of more than three years		276
Bank's liability on acceptances executed and outstanding		367
Subordinated notes and debentures		6,349
Other liabilities		14,515
TOTAL LIABILITIES		354,915

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common stock	1,211
Surplus (exclude all surplus related to preferred stock)	12,614
Undivided profits and capital reserves	8,658
Net unrealized holding gains (losses) on available-for-sale securities	(298)
Accumulated net gains (losses) on cash flow hedges	0
Cumulative foreign currency translation adjustments	16
TOTAL EQUITY CAPITAL	22,201
TOTAL LIABILITIES AND EQUITY CAPITAL	$ 377,116

I, Joseph L. Sclafani, E.V.P. & Controller of the above-named bank, do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

JOSEPH L. SCLAFANI

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

WILLIAM B. HARRISON, JR.)
HANS W. BECHERER)DIRECTORS
H. LAURANCE FULLER