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News Release

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ENRON AND THE QUAKER OATS COMPANY ANNOUNCE LONG-TERM ENERGY MANAGEMENT AGREEMENT

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HOUSTON -- Enron Energy Services, a subsidiary of Enron Corp. (NYSE:ENE), and The Quaker Oats Company (NYSE:OAT), a leader in the packaged food and beverage industry, announced today a ten-year, multi-million dollar energy management agreement. The contract covers 15 U.S. Quaker facilities located in 11 states and two facilities in Canada.

Through this agreement, Enron will manage the supply of electricity and natural gas and will provide operations and maintenance on energy assets, as well as related energy infrastructure upgrades that will increase energy efficiency in Quaker's facilities.

"Quaker continuously evaluates ways to manage costs in order to fund future brand-building activities and – ultimately – deliver greater profitability," said Russ Young, senior vice president – Supply Chain, The Quaker Oats Company. "Outsourcing energy management to Enron Energy Services enables us to continue our cycle of reinvestment and pursue future savings opportunities."

"As one of the leading food and beverage packaging companies in the United States, Quaker's decision to outsource energy management continues to distinguish them as an industry leader," said Jeremy Blachman, chief operating officer of Enron Energy Services North America. "Furthermore, Quaker will see that the competitive advantage of their business strategy is significantly enhanced by the addition of our expertise in energy efficiency and risk management."

The Quaker Oats Company, with net sales of more than \$5 billion, is a leading performer in the competitive packaged food industry. In the United States, The Quaker Oats Company is a leading manufacturer of sports drinks, hot cereals, pancake mixes and syrups, grain-based snacks, value-added rice and pasta products, as well as cornmeal and hominy grits. The Company is the fourth largest manufacturer of ready-to-eat cereals and the fifth largest manufacturer of branded dry pasta products.

Enron Energy Services (EES) has built a business to transform the energy marketplace by providing integrated energy and facility management solutions. EES currently manages energy at more than 28,500 customer sites. Contracts signed within the last two years represent a reduction of approximately 8 billion kilowatt hours of electricity consumption and 18 trillion British thermal units of natural gas consumption between 2000 and 2012.

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

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