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News Release

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ENRON AND JCPENNEY ANNOUNCE LONG-TERM ENERGY MANAGEMENT AGREEMENT

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HOUSTON -- Enron Energy Services, a subsidiary of Enron Corp. (NYSE: ENE), and J. C. Penney Company, Inc. (NYSE: JCP), one of the nation's largest department store retailers, announced today a long-term energy management agreement covering the purchase of more than \$600 million in energy-related commodities.

Through this agreement Enron will manage the supply of electricity at more than 1,250 JCPenney locations in 50 states, as well as replace or update energy equipment to reduce consumption and create additional savings for JCPenney. Enron will use its state-of-the-art Performance Measurement Center to continuously monitor and optimize energy equipment operations.

"JCPenney is taking a leadership position among retailers by outsourcing the non-core function of energy management," said David Delainey, chairman and CEO of Enron Energy Services. "By outsourcing energy management to Enron, JCPenney is protected from volatile energy prices while receiving the benefits of energy equipment upgrades in its retail stores."

"Enron's scale and expertise in the dynamic energy market, coupled with its advanced information systems and technology, gives JCPenney the benefits of world-class risk management without the significant investment necessary to build it ourselves," said Thomas Clerkin, senior vice president of business planning and support services for JCPenney.

J. C. Penney Company, Inc. is one of America's largest department store, drugstore, catalog, and e-commerce retailers employing approximately 270,000 associates. The Company operates approximately 1,075 JCPenney department stores in all 50 states, Puerto Rico, and Mexico. In addition, the Company operates approximately 50 Renner department stores in

Brazil. Eckerd operates approximately 2,650 drugstores located throughout the Southeast, Sunbelt, and Northeast regions of the U.S. JCPenney Catalog, including e-commerce, is the nation's largest catalog merchant of general merchandise. In addition, J. C. Penney Company, Inc. is the sponsor of JCPenney Afterschool, a partnership committed to providing kids with high-quality afterschool programs to help them reach their full potential.

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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