

AMENDMENT OF LOAN AGREEMENT AND PROMISSORY NOTE

This Agreement, made, entered into and effective as of the 3rd day of May, 1999 (the "Effective Date"), by and between Enron Corp., an Oregon corporation, having offices at 1400 Smith Street, Houston, Texas 77002 ("Employer"), and Kenneth L. Lay, an individual currently residing in Houston, Harris County, Texas 77380 ("Employee"), is an amendment to that certain Loan Agreement between Enron Corp. and Employee, made and effective as of September 1, 1989, as amended from time to time (the "Loan Agreement"), and is an amendment to that certain Promissory Note dated September 1, 1989, attached to said Loan Agreement as Attachment A (the "Promissory Note").

WHEREAS, the parties desire to amend the Loan Agreement and the Promissory Note (collectively, "Loan Documents") to permit Employee to make payments of principal and interest due or permitted under the Loan Documents in shares of Enron Corp. common stock ("Enron Shares") owned by Employee;

WHEREAS, the parties desire to amend the Loan Documents to establish the value of Enron Shares for a prepayment by Employee, as authorized by the Compensation Committee of the Board of Directors of Employer;

NOW, THEREFORE, in consideration of the covenants contained herein, and for other good and valuable consideration, effective May 3, 1999, the parties agree as follows:

1. Paragraph (b) under Section 2.06 of the Loan Agreement is deleted and replaced with the following:

"(b) Optional. The Borrower may, upon at least three Business Days notice to the Lender (which period may be waived by Lender) stating the proposed date and aggregate principal amount of the prepayment either in cash and/or in shares of common stock of Enron Corp., prepay such outstanding principal amount of the Loan, together with accrued interest to the date of such prepayment on the principal amount prepaid without premium or penalty, or at the Borrower's election, Borrower may make a prepayment of interest only."

2. Paragraph (a) under Section 2.07 of the Loan Agreement is deleted and replaced with the following:

"(a) The Borrower shall make each payment under the Note not later than 11:00 A.M. (Houston, Texas time) on the day when due or permitted in U.S. dollars or in shares of common stock of Enron Corp. ("Enron Shares") at its address referred to in Section 5.02. Unless otherwise approved by the Compensation Committee of the Board of Directors of Enron Corp., a payment in Enron Shares shall be valued using the closing price of such Enron Shares as reported in the "NYSE - Composite Transaction" section of the Midwest Edition of the Wall Street Journal on the date of notice of payment by the Borrower or, if

no prices are so reported on such day, on the last preceding day on which such prices of Enron Shares are so reported.”

3. The provision in the Promissory Note that states, “Both principal and interest are payable in lawful money of the United States of America to the Lender at 1400 Smith Street, Houston, Texas 77002,” is deleted and replaced with the following:

“Both principal and interest are payable in lawful money of the United States of America or in such other property as permitted by the Loan Agreement, to the Lender at 1400 Smith Street, Houston, Texas 77002.”

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ENRON CORP.

By: _____
Title

KENNETH L. LAY

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