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News Release

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ENRON INTRODUCES DATA STORAGE COMMODITY MARKET AND COMPLETES INDUSTRY'S FIRST STORAGE TRANSACTIONS

FOR IMMEDIATE RELEASE: Monday, Jan. 29, 2000

HOUSTON -- Enron Broadband Services, a wholly-owned subsidiary of Enron Corp. (NYSE: ENE), announced today that it has executed a series of transactions in the newly created data storage commodity market.

Enron has entered into an agreement with StorageNetworks, Inc. (NASDAQ: STOR), the world's leading data storage service provider, to enable this market opportunity. Storage capacity will be connected to Enron's pooling points and dynamically provisioned to a number of producers and consumers, creating the physical capability to deliver data storage capacity. Pooling points, such as the ones created by Enron in more than 20 cities worldwide, provide an interconnection and switching platform for enabling and monitoring bandwidth and, now, storage transactions between buyers and sellers.

In a separate arrangement, Best Buy Co., Inc., a leading retailer of consumer electronics, PCs and appliances, has agreed to purchase storage capacity from Enron to support a customer relationship management (CRM) application, reducing the cost and inflexibility associated with acquiring and managing its own data storage. This transaction leverages software technology and management services provided by StorageNetworks. Best Buy is the first user to acquire data storage capacity through a market-based model.

"By applying Enron's risk management and market-making expertise, we have successfully established a global market for buying and selling telecommunications capacity more efficiently and flexibly. Buyers of bandwidth can purchase only what they need, and sellers of bandwidth can ensure that their supply is fully optimized," said Kevin Hannon, president and COO of Enron Broadband Services. "Similarly, we see a significant opportunity in

the rapidly growing data storage business to create a market where storage capacity can be bought and sold as needed, on demand, with reliable physical delivery.”

“StorageNetworks is excited about the incremental market opportunity associated with working closely with a market maker like Enron,” said Peter Bell, CEO of StorageNetworks.

Enron introduced the concept of trading bandwidth capacity in May 1999. The market for bandwidth has since accelerated, and today there are many participants buying and selling bandwidth as a commodity on flexible, market-based terms. These benefits include greater price transparency, shorter provisioning times, and firm delivery of bandwidth.

About Enron

Enron Broadband Services is a leading provider of high quality, high bandwidth delivery and application services. The company’s business model combines the power of the Enron Intelligent Network™, Enron’s Broadband Operating System, bandwidth trading and intermediation services, and high-bandwidth applications to fundamentally improve the experience and functionality of the Internet. Enron’s Broadband Operating System allows application developers to dynamically provision bandwidth for the quality of service necessary to deliver broadband content. Enron is also creating a market for bandwidth that will allow network providers to scale to meet the demands required by increasingly complex applications. Enron Broadband Services can be found on the Web at www.enron.net.

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 five consecutive years, the top company for “Quality of Management” and the second best company for “Employee Talent.” Enron’s Internet address is www.enron.com. The stock is traded under the ticker symbol “ENE.”

This press release may contain forward-looking statements relating to future events or future financial performance that involve risks and uncertainties. These statements are made pursuant to the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. These statements are only predictions and actual results could differ materially from those anticipated in these statements based upon a number of factors including those risk factors identified in the StorageNetworks Prospectus dated November 20, 2000 and its quarterly and annual filings filed with the Securities Exchange Commission, including its Form 10-Q for the quarter ended September 30, 2000.

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