DRAFT 1, JULY 5, 2000

ENRON REPORTS SECOND QUARTER EARNINGS OF $0.32 PER DILUTED SHARE

FOR IMMEDIATE RELEASE: Monday, July 24, 2000

HOUSTON -- Enron Corp. announced today a 19 percent increase in earnings to $0.32 per diluted share for the second quarter of 2000. Net income increased xx percent to $xxx million during the quarter Enron also reported an xx percent increase in revenues to $xx.x billion for the second quarter.

"Enron's energy and broadband networks provide tremendous advantage in industries that are undergoing fundamental change worldwide, said Kenneth L. Lay, chairman and CEO of Enron. " The continued increase in Enron's wholesale volumes across [all] commodities worldwide reflects Enron's ability to deliver products at any time at competitive prices without the need to own assets in every business segment. Enron's wholesale volumes increased xx percent to xx x bcf/d of which 50% is now transacted through EnronOnline. During the quarter Enron Energy Services signed valuable contracts further leveraging Enron's scale and capabilities across customers' energy operations. Enron Broadband Services continued to enhance its network reach and performance, allowing Enron to continuously adapt to new technology and stay at the forefront of the industry. Enron Net Works announced the first of many opportunities for Enron to replicate our successful wholesale business model and offer innovative e-commerce enabled services to a wide range of commodity and logistics–based industries."

PERFORMANCE SUMMARY

Enron's businesses are reported as Wholesale Energy Operations and Services, Retail Energy Services, Transportation and Distribution, and Broadband Services.

Wholesale Energy Operations and Services: Enron's wholesale group consists of two primary lines of business: Commodity Sales and Services (marketing energy commodities and services and managing the associated contract portfolios) and Assets and Investments (investing in, developing, constructing and operating energy-related and other assets)

The wholesale group increased income before interest, minority interests and taxes (IBIT) xx percent in the second quarter to $xxx million compared to $356 million in the same period last year.

Physical volumes rose to xx.x trillion British thermal unit equivalents per day (TBtue/d) in the second quarter from 33.7 TBtue/d in the second quarter of 1999 Physical deliveries of natural gas increased xx percent to xx.x TBtue/d compared to the same

GOVERNMENT EXHIBIT 2978 Crim. No. H-04-25 (S-2)

period last year, while power volumes grew xx percent to xxx million megawatt hours. [price caps? European vols?]

The overall strong quarterly results also reflect earnings from Enron's portfolio of energy assets and other investments. [Need analysis of earnings for ups and downs....sale of Sutton bridge, sale of Haina in CALME,]

Retail Energy Services: Enron Energy Services offers energy outsourcing products to commercial and light industrial customers throughout the U.S. and Europe. New energy contracts in the second quarter totaled $x.x billion and is more than double last year's strong quarterly results. Activity in the quarter includes the acquisition of retail contracts from PG&E [does it? Do we want to say this?] and extensions of existing contracts such as the significant expansion of Quebecor World USA (Inc), [includes coverage of xx additional facilities and a 10 year term]. [What about TNPC?] Enron is successfully expanding existing relationships to their European operations and experiencing significant growth in the U.K. mid market commodity business.
Enron Energy Services reported revenues of $xxx million and IBIT of $xx million in the second quarter, compared to $301 million of revenues and a $26 million loss in the second quarter last year.

Transportation and Distribution: This group, which includes Enron's Gas Pipeline Group and Portland General Electric, reported second quarter IBIT of $xxx million. Reflecting Enron's drive for positioning as a dominant new economy company, the Gas Pipeline Group recently announced the extension of the EnronOnline platform to auction pipeline capacity. The sale of Portland General Electric remains on schedule to close in late 2000.

Broadband Services: Enron is replicating its unique business model and skills to deploy a global network for the delivery of comprehensive bandwidth solutions and high bandwidth applications

During the second quarter, Enron continued to advance its network development. Agreements with distribution partners now total xx and this quarter, Enron acquired WarpSpeed Communications, a leading provider of on demand switching, representing Enron's focus on scalable technology and broadband connectivity Enron Broadband Services has delivered or committed to deliver xx% of its full year 2000 targeted bandwidth intermediation volumes and has originated new agreements to deliver premium broadband content totaling $xx. [Blockbuster - 20year -]
Enron Broadband Services is on track to achieve expected full year financial targets.

OTHER INFORMATION

Enron Net Works was formed to pursue opportunities in more traditionally structured commodity industries and is reported within Corporate and Other. Enron's ability to identify and enter new markets and quickly win market share through accelerating its proven business models leverages significant shareholder value.
[Other comments on Corp ....depends on numbers]

Please see attached tables for additional financial information.

This press release includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of
the Securities Exchange Act of 1934 Although Enron believes that its expectations are based on reasonable assumptions, it can give no
assurance that its goals will be achieved Important factors that could cause actual results to differ materially from those in the forward looking statements herein include the timing and extent of changes in prices for crude oil, natural gas, electricity and interest rates, the timing and success of Enron's efforts to develop international power, pipeline and other infrastructure projects, political developments in
foreign countries, the ability to penetrate new retail natural gas and electricity markets, including the energy outsource market, in the United States and Europe, further development of Enron's broadband services network and customer contracting activity, and conditions of
the capital markets and equity markets during the periods covered by the forward looking statements

Enron's continues to leverage the scale and capabilities of its energy networks across the world,"