DRAFT July 14th

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 27 percent to $281 million during the quarter. Enron also reported a 75 percent increase in revenues to $16.9 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 "Enron's wholesale volumes increased substantially by 39 percent to 46.7 billion cubic feet per day of energy equivalents, demonstrating Enron's ability to deliver products at any time at competitive prices, and the continued penetration of EnronOnline. Profitability in Enron Energy Services continues to escalate with contracting for the second quarter totaling $3.9 billion Enron Broadband Services made significant progress deploying its network. The capabilities and advantages of Enron's network are evidenced in the major, 20-year agreement recently executed with Blockbuster."

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) 17 percent in the second quarter to $416 million compared to $356 million in the same period last year.

Earnings reported by the Commodity, Sales and Services business increased to a record $435 million in the second quarter of 1999, reflecting an 87 percent increase in natural gas volumes and a 42 percent increase in power volumes across all regions where Enron operates. Physical volumes delivered totaled 46.7 trillion British thermal unit equivalents per day (TBtue/d) compared to 33.7 TBtue/d in the second quarter of 1999.

GOVERNMENT EXHIBIT
2981
Crim. No. H-04-25 (S-2)

The scope, scale and capabilities of Enron's worldwide energy networks, further enhanced by the liquidity provided by EnronOnline are major contributors to the strong performance reported this quarter.

Enron is experiencing a rapid increase in the utilization of the very successful electronic platform, EnronOnline. Currently almost one half of Enron's wholesale volumes was conducted through EnronOnline. More than 800 products are now offered online and since its launch in November 1999, transactions total over 192,000 representing over $92 billion in gross transaction value.

Physical deliveries of natural gas increased to 26.6TBtue/d in the second quarter of 2000 compared to 14.2TBtue/d in the same period last year. The substantial increase in volume was driven by a 92 percent increase in the United States and a 47 percent increase in Canada. In addition, significant increases were reported across the United Kingdom and the European Continent.

Power volumes grew 42 percent in the second quarter to 137 million megawatt hours reflecting a 31 percent increase in the United States to 124 million megawatt hours. Physical power volumes delivered across Europe also increased substantially to 12 million megawatt hours from 2 million megawatts in the same period a year ago.

IBIT reported by Energy Assets and Investments declined in the second quarter to 42 million from a year ago, resulting from a decrease in sales of interests in international power plants, further impacted by a decline in value of the investment portfolio. *(Bucket information not yet available – also, ENA doing less structured deals involving finance which reduces results for EAI)*

Retail Energy Services. Enron Energy Services reported IBIT of $23 million in the second quarter compared to a $26 million loss in the same period last year. Revenues grew to $807 million. New energy contracts in the second quarter totaled $3.9 billion and is more than double last year's strong quarterly results. Contracting activity in the quarter includes a $1 billion, 10-year agreement with Quebecor, servicing more than 65 facilities in 28 states Year to date contracting totals $7.6 billion. Enron Energy Services is firmly on track to achieve the expected full year target of $16 billion.

Transportation and Distribution· This group, which includes Enron's Gas Pipeline Group and Portland General Electric, reported a strong second quarter IBIT of $139 million compared to $128 million a year ago. The Gas Pipeline Group's performance continues to provide stable earnings and cashflow and during the quarter introduced the auction of pipeline capacity onto the EnronOnline platform. IBIT reported by Portland General increased 11 percent to $62 million reflecting the strength of the operation during a period of less favorable hydroelectric conditions than last year and more volatile power prices. 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.
Enron Broadband Services reported a second quarter IBIT loss of $8 million and revenues of $151 million. During the quarter Enron made significant progress deploying the network and extending its reach through distribution partnerships. The financial results reflect the sales of dark fiber that arise as Enron achieves greater connectivity New agreements to deliver premium broadband content totaled $19.25 million in the quarter with the largest of these contracts being a 20-year agreement with Blockbuster. Additional contracts to stream content were signed with WebFN and the Wimbledon Championships Enron Broadband Services delivered bandwidth capacity of 970 DS-3 months during the quarter to a range of customers including wholesale marketers, U.S. carriers and network providers. Bandwidth was introduced onto the EnronOnline platform during the second quarter and offers over 30 bandwidth products.

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 noassurance 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