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ENRON REPORTS SECOND QUARTER EARNINGS OF $0.34 PER DILUTED SHARE

FOR IMMEDIATE RELEASE· Monday, July 24, 2000

HOUSTON -- Enron Corp. announced today a 26 percent increase in earnings to $0 34 per diluted share for the second quarter of 2000 Net income increased 30 percent to $289 million during the quarter. Enron also reported a 75 percent increase in revenues to $16.9 billion for the second quarter

"The scope, scale and capabilities of Enron's worldwide energy and broadband networks, further enhanced by the liquidity provided by EnronOnline, were major contributors to the strong performance this quarter," said Kenneth L. Lay, chairman and CEO of Enron. "Customers are increasingly relying on Enron, as evidenced by an almost 40 percent increase in our wholesale energy volumes. Profitability of Enron Energy Services continued to escalate, and new contracts totaled $3.9 billion. Also, during the quarter, Enron Broadband executed an exclusive, 20-year first-of-its-kind contract 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).

Reflecting accelerating strength in Enron's wholesale energy commodity business, income before interest, minority interests and taxes (IBIT) reported by the wholesale group increased 17 percent in the second quarter to $418 million.

Earnings reported by the Commodity, Sales and Services business increased to $436 million in the second quarter of 1999. Enron continued tremendous volume growth, as physical energy deliveries totaled 46.7 trillion British thermal unit equivalents per day (TBtue/d) compared to 33.7 TBtue/d in the second quarter of 1999. Enron's liquidity, speed of execution, access to assets and information allow Enron to uniquely package products and services for wholesale customers. The large gains in natural gas and power volumes reflect increases in all regions where Enron operates.

Natural gas volumes increased to 26.6 TBtue/d in the second quarter of 2000 compared to 14.2 TBtue/d in the same period last year. The substantial increase in volumes was

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driven by a 77 percent increase in North America. In addition, volumes in Enron's European operation nearly tripled, primarily related to increased activity in the United Kingdom.

Physical power volumes were up 42 percent in the second quarter to 137 million megawatt hours, reflecting a 31 percent increase in Enron's North American power business. Reflecting more than a ten fold expansion, Enron's power activity on the European continent increased substantially to 12 million megawatt hours.

Enron is experiencing a rapid increase in the utilization of its very successful electronic platform, EnronOnline Currently, almost 60% of Enron's wholesale transactions are conducted through EnronOnline More than 800 products are now offered online and, since its launch in November 1999, over 197,000 [update] transactions have been executed, representing over $94 billion [update] in gross transaction value.

IBIT attributable to Energy Assets and Investments declined in the second quarter to $43 million due to significant decreases in sales of interests in power projects and in the value of the merchant investment portfolio

Retail Energy Services: Enron Energy Services reported IBIT of $24 million in the second quarter compared to a $26 million loss in the same period last year. Revenues more than doubled to $807 million. Enron Energy Services continues to sustain new, higher levels of contracting, as evidenced by $3.9 billion executed in the second quarter. Contracting activity in the quarter includes a $1 billion, 10-year agreement with Quebecor, servicing more than 65 facilities in 28 states. Enron Energy Services is firmly on track to achieve the expected full year contracting 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, which provides stable earnings and cashflow, continues to provide innovative services to its customers, such as introducing the auction of pipeline capacity to the EnronOnline platform during the second quarter. Portland General reported IBIT of $62 million for the quarter, reflecting continued strong operations. [The sale of Portland General Electric remains on schedule to close in late 2000.]

Broadband Services: Enron Broadband Services is deploying a global broadband network and providing bandwidth management and content delivery services to wholesale customers, enterprises, application service providers and content providers. Financial results for the quarter included revenues of $151 million and an IBIT loss of $8 million. During the second quarter, Enron Broadband sold a portion of its U.S. dark fiber to approach a more optimum operating level. Enron's bandwidth intermediation business continues to accelerate. Enron Broadband is actively quoting bandwidth capacity between 28 major cities in the U.S., Europe and Asia and transacting over 75% of its activity off-net, or on third party capacity. During the quarter, Enron executed significant

contracts to deliver content services, including an exclusive, 20-year worldwide agreement with Blockbuster to stream entertainment-on-demand.

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