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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.

“Enron has completed another excellent quarter,” said Kenneth L. Lay, chairman and CEO of Enron. “Customers are increasingly relying on Enron to serve their energy needs, as evidenced by an almost 40 percent increase in wholesale energy volumes. EnronOnline, our web-based transaction system, registered a 92 percent increase in both volumes and transactions compared to the first quarter. Profitability of Enron Energy Services continued to escalate, and new contracts totaled \$3.8 billion. Also, Enron Broadband Services recently executed an exclusive, 20-year, first-of-its-kind contract with Blockbuster to stream on-demand movies.”

**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 23 percent in the second quarter to \$437 million.

Earnings reported by the Commodity Sales and Services business increased to \$442 million in the second quarter of 2000, a more than five-fold increase over last year. 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 and access to assets allow it to uniquely package products and services for wholesale customers. The large gains in natural gas and power volumes reflect significant 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 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. Enron's power activity in Europe 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 percent of Enron's wholesale transactions are conducted through EnronOnline. More than 800 products are now offered on-line and, since its launch in November 1999, over 200,000 transactions have been executed, representing \$100 billion in gross transaction value.

IBIT attributable to Assets and Investments declined in the second quarter to \$55 million due to a significant decrease in sales of interests in power projects and a decline in the value of the merchant investments.

**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 \$840 million. Enron Energy Services continues to sustain higher levels of contracting, as evidenced by the addition during the quarter of contracts representing \$3.8 billion of customers' future energy expenditures. New contracts include a \$1 billion, 10-year agreement with Quebecor, covering more than 66 facilities in 28 states. Enron Energy Services is firmly on track to achieve the full year contracting target of \$16 billion.

