



Winokur - FX Disclosure issues

Keenig - More news releases

Lay - Reduced flow of information

Harrison - Upcoming analyst mtg

Keenig - Platform in place, earnings power & sustainability

It's Momentum

Investor Relations Update

EC004392324

TRANSITIONING TO A PROFESSIONAL PARTNERSHIP MODEL

JKS - Lots of depth in the organization. Challenge to hang onto people.
Usoly an intellectual capital company.
Harder as you get bigger. Need to create an environment to keep the
people.
Need peer environment rather than hierarchical.

EC004392325

HOWEVER, ENRON NOW FACES THE TYPICAL CHALLENGES OF A HIGHLY SUCCESSFUL COMPANY

Talent retention

- Hardest in ages*
- Perception that “room at the top” is limited given a very young senior leadership team
 - Perception that current stock options have less upside than those of the past
 - Reality that several executives have become independently wealthy
 - Substantial external demand for Enron talent

Market performance

- Current stock valuation implies substantial earnings growth
- Creation of additional shareholder value will require even higher growth rates
- These growth levels will require the rapid and broad development of new businesses beyond the boundaries of existing business units

EC004392326

JKS

WHY A PROFESSIONAL PARTNERSHIP MODEL?

World's leading corporations
all struggle to retain/motivate
top talent . . .

. . . relative to leading
professional firms



Microsoft

McKinsey & Company



Cravath, Swaine & Moore

EC004392327

JS

KEY ATTRIBUTES OF SUCCESSFUL PROFESSIONAL PARTNERSHIP MODELS

- ✓ Unlimited number of senior roles (i.e., continuous growth of the partnership)
- ✓ Meritocracy for advancement and compensation (not tenure or hierarchy driven)
- Transferability of skills and flexibility to pursue multiple career paths
- Financial alignment (significant upside and significant risk) that creates strong sense of ownership and mutual accountability
- Collegiality and community fostered by common purpose and frequent ad hoc teaming/networks
- Non-hierarchical governance; periodic rotation and broad involvement in leadership roles and duties
- Strongly held set of shared values

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