

Management Committee Offsite

The Woodlands Resort & Conference Center  
Lakeside Room, located in the South Wing

Agenda

Thursday, September 6

7:00 p.m.	Cocktails	
7:30 p.m.	Dinner/Working Session	
	Business Unit Reviews	All business unit leaders 10 minutes each

Friday, September 7

7:15 a.m.	Breakfast Buffet	
8:00 a.m.	Working Session	
8:00 - 9:00 a.m.	Culture	Olson, Tilney
9:00 - 10:00 a.m.	Image and Reputation	Kean, Koenig, Tilney, Palmer
	- How Do We Define Enron?	All
10:00 - 11:30 a.m.	Third Quarter Issues	Whalley/Causey
11:30 - 12:30 p.m.	Lunch	
12:30 - 1:30 p.m.	Cash/Funds Flow	Fastow
1:30 - 2:30 p.m.	Risk Management - How Do We Avoid Repeating the Failures of the Past	All
2:30 - 3:00 p.m.	Break	
3:00 - 4:00 p.m.	International Asset Sales Plans	Fastow
4:00 - 4:30 p.m.	Issues in Power Markets (Wholesale vs. Retail)	Dietrich
4:30 - 5:00 p.m.	Retention and Compensation	All
	- New Businesses	
5:00 - 5:30 p.m.	Aviation	Kean

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EXHIBIT  
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Topics suggested at previous Management Committee meetings

- RAC
- Culture
  - vision and values
  - diversity
- PRC reforms
- Business reviews
  - update
  - prospects for '02

*2002  
Systems Issues  
Commodity Logic*

*Account Legal Software  
in NA*

*CA SS*

*Strategy  
when have we gone? what  
can we prepare for?*

*EOL - what is  
happening*

*Issues  
with what*

Greg Whalley:

*man of attention*

Third quarter issues - EBS, Azurix, New Power, accounting issues, etc.

Ray Bowen:

*Accelerated  
Investment AZX - have most works down or not sold assets*

- Plan, time frame and expected results from sales of international assets.
- Internal Messaging regarding our international assets: What do we plan to sell; when do we expect to sell; how do we define success? How important is it that we get them sold quickly?

Jim Derrick

The PRC Process (How do we improve it?)

Employee Diversity (How do we enhance it?)

Employee Morale (How do we improve it?)

Enron Values (Are we practicing them?)

*Systems  
Gen Power*

Janet Dietrich

Regulatory issues in power markets (what should we advocate and how can we reconcile differences between wholesale and retail interests).

Mark Haedicke

Review of legal risk management.

Steve Kean:

We pride ourselves on our risk management skills yet we continue to have significant "blow ups" that sap our earnings power and divert management attention. I think we should review the causes behind some of these and discuss what steps to take to avoid these problems in the future. Examples include:

- Azurix
- International investments
- EES (until now)
- EBS
- New Power
- PGE (we actually got lucky here, not smart)
- J Block

Hypothesis: We manage risk superbly in our day-to-day trading activities but not well at all in some of our major investments and in some of our new businesses. We tend to "hype" our businesses before they are proven. On the one hand, this drives people in those businesses to deliver. On the other hand, it pressures us to look for ways to show better numbers, to staff up more than justified, to press the existing control structure and to sign and announce any (even bad) deals. Also, perhaps we don't hold some of our larger investments to the same standards and discipline we apply to our smaller investments. Our "strategic" investments don't do particularly well.

Louise Kitchen:

The upcoming management conference will be an important one in light of all the changes. Let's discuss what we want to get across to our VPs there.

John Lavorato

- How to run our new businesses. (Equity ownership in new business or our current method of including those employees in the Enron Comp plan)
- What are we?
  - A. Not a trading company
  - B. Much more than a trading company
  - C. Simply a trading company
  - D. A customer service company which unfortunately requires having a few traders around.

