



**Interoffice
Memorandum**

To: Jeff Skilling

From: Phil Bazelides *Phil*

CONFIDENTIAL

Department: Human Resources

Subject: Agreements

Date: March 8, 1996

Attached for your records is an original copy of your (1) Employment Agreement which included as Exhibit A, is a First Amendment to your 8/29/94 Stock Option and Grant Agreement and (2) Waiver and Consent Agreement for the ECT Phantom Equity Plan and (3) Restricted Stock Grant Agreement and 1991 Stock Plan document.

Thank you for your help in bringing these agreements to completion.

f:\winword\hrdep\skilling

CC: Margie Wright, w/1 set of originals

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Form 000-400-E(7/92)

ECML000656308

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is entered into between Enron Capital Trade & Resources Corp., a Delaware corporation and subsidiary of Enron Corp. ("Enron"), having offices at 1400 Smith Street, Houston, Texas 77573 ("Employer"), and Jeffrey K. Skilling, an individual currently residing at [REDACTED], [REDACTED] ("Employee"), to be effective as of 1st day of January, 1996 (the "Effective Date").

Employer presently employs Employee pursuant to an Employment Agreement dated August 1, 1990 entered into between Enron Finance Corp. and Employee. Employer is desirous of continuing to employ Employee pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Employee is desirous of continuing in the employ of Employer pursuant to such terms and conditions and for such consideration. As such, this Agreement shall cancel and supersede Employee's existing August 1, 1990 Agreement.

Employee also has been granted rights under Employer's existing Enron Capital Trade & Resources Corp. Second Amended and Restated Compensation Plan (the "Existing Compensation Plan"). This Agreement does not cancel or supersede such rights, but it is intended that in the future Employer shall create a new Retail Phantom Equity Plan pursuant to which Employee shall be granted the interest specified herein and that Employee's rights under the Existing Compensation Plan shall be subject to a separate future waiver and consent agreement.

Now, therefore, for and in consideration of the mutual promises, covenants, and obligations contained herein, Employer and Employee agree as follows:

Article 1: Employment and Duties:

1.1. The term of employment under this Agreement shall be for five years, from January 1, 1996 through December 31, 2000 (the "Term"). Employer agrees to employ Employee, and Employee agrees to be employed by Employer, beginning as of January 1, 1996, and continuing through December 31, 2000, subject to the terms and conditions of this Agreement.

1.2. Employee initially shall be employed in the position of Chairman and Chief Executive Officer of Employer. Employer may subsequently assign Employee to a different position or modify Employee's duties and responsibilities. Moreover, Employer may assign this Agreement and Employee's employment to Enron or any affiliates of Enron. It is agreed, however, that Employee shall not be permanently relocated to a city more than 50 miles from the Houston area and shall not be demoted from the position of Chairman and Chief Executive Officer of Employer. Employee agrees to serve in the assigned position and to perform diligently and to the best of Employee's abilities the duties and services appertaining to such position as determined by Employer, as well as such additional or different duties and services appropriate to such position which Employee from time to time may be reasonably directed to perform by Employer. Employee shall at all times comply with and be subject to such policies and procedures as Employer may establish from time to time.

