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**To:** "DL-GA-all\_enron\_worldwide2" <DL-GA-all\_enron\_worldwide2@ENRON.com>  
**Subject:** Organizational Announcement  
**Importance:** Low

As things begin to calm down somewhat after events of last week, we wanted to update all employees of certain organizational and personnel changes that have occurred recently.

#### Organizational Matters

The Creditors' Committee was formed last week by the United States Trustee. This committee is comprised of 15 individuals representing various creditor groups including: banks, bondholders, insurance companies and employees. The Creditors' Committee will be the key point of contact as we reorganize the company and emerge from Chapter 11. Initially, they will send financial advisors to our offices to monitor any asset liquidations as well as review our cash flow projections. Ultimately, they will be responsible for approving our reorganization plan as to which assets or businesses we sell and which ones we retain.

From an Enron perspective, the plans for reorganization have already begun. Overhead has been reduced dramatically, certain employee retention programs have been put in place and a wider retention program is currently being developed. We hope to share the wider retention program with you in the very near future. Furthermore, detail cash flow projections are in their final stages of preparation and will be reviewed by senior management this week. This will be the critical first step in formulating our reorganization strategy to emerge from Chapter 11 as a healthy company.

By now, you must have heard of "NETCO." This company was formed as a means to maximize the value of Enron's most valuable business, the wholesale energy business. Certain Enron North America employees have been assigned to NETCO to re-build the North American gas and power business under different ownership. We will be filing with the bankruptcy court this week proposed auction procedures to allow bidders to bid for NETCO. It is our expectation that Enron would retain a 49 percent (or perhaps less) non-controlling interest in NETCO. The NETCO employees would become employees of the winning bidder. We anticipate this process to reach closure sometime in January.

As for the remaining businesses of Enron, they are all under review as to which ones will be proposed for sale and which ones will be proposed for retention. This review process will take time as it will require approval of the Creditors' Committee. We will update you periodically on our process.

#### Personnel Matters

As a result of our current situation, we have made many personnel changes over the past several months to maximize the value of the organization.

#### Office of the Chairman - Enron Corp

Jeff McMahon, Executive Vice President and Chief Financial Officer, has been added to the Office of the Chairman of Enron Corp along with Ken Lay and Greg Whalley. Among other things, Jeff has been working on the business plan for reorganization in Chapter 11 and is the primary contact with the newly formed Creditor's Committee.

#### Treasurer - Enron Corp

Ray Bowen was elected to Executive Vice President, Finance and Treasurer of Enron Corp recently. In this role, Ray is responsible for all finance activities of Enron Corp. Ray also has the lead role in managing the cash activities of the company on a day to day basis.

#### Corporate Development

Mark Muller has been appointed Executive Vice President - Corporate Development. In this role, Mark will work with Enron's various business units on all asset disposals, which will be a key element in Enron's reorganization plan.

and value preservation.

#### Wholesale Services

The Wholesale Services group has been reorganized under the leadership of Jim Fallon. Included in this group are the following businesses, ENA, EBS, EIM and EGM. As part of the Chapter 11 reorganization, efforts in these businesses will be directed at maximizing value for the creditors as well as determining which businesses or assets will be part of Enron's reorganization plan.

#### Management Committee Departures

Unfortunately, due to the current financial condition of the company, the following members of the management committee have left the company or will be leaving the company by the end of December:

Michael Brown  
Mark Frevert  
Steve Kean  
Mike McConnell  
Jeff Shankman

Additionally, John Lavorato and Louise Kitchen have resigned from the Management Committee to arrange for the joint venture energy activities of NETCO.

We know as employees the uncertainty surrounding the future of the company is unsettling. Unfortunately, that aspect will not change in the near term. We ask for everyone's patience and continued support as we move forward through the Chapter 11 process. We are committed to reorganizing into a strong company once again and will need the help of all the employees to achieve that goal.

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