

**From:** PGE News  
**To:** ALL PGE EMPLOYEES  
**Date:** 8/14/01 2:54PM  
**Subject:** Jeff Skilling resigns as CEO of Enron

PGE News ..... August 14, 2001

Jeff Skilling resigns as CEO of Enron

Enron today announced that President and CEO Jeff Skilling has resigned, effective immediately, and that the Enron Board of Directors has asked Ken Lay to resume his role as Chairman and CEO.

"Stan Horton called this afternoon to inform me of Jeff's decision to step down for personal reasons," says PGE CEO and President Peggy Fowler. Horton, CEO of Enron Transportation, is Fowler's executive connection to the Enron team. "He wanted to let me know that Mr. Skilling's departure will not in any way impact Enron's ongoing strategy for success and we should expect no near-term dramatic organizational changes."

"Clearly, Enron will continue to focus on increasing the company's stock value," Fowler added. "PGE can help in this effort by remaining committed to our Scorecard goals and operational excellence."

Below is the letter Ken Lay is sending to Enron employees this afternoon announcing the decision:

To: Enron Employees Worldwide  
From: Ken Lay

It is with regret that I have to announce that Jeff Skilling is leaving Enron. Today, the Board of Directors accepted his resignation as President and CEO of Enron. Jeff is resigning for personal reasons and his decision is voluntary. I regret his decision, but I accept and understand it. I have worked closely with Jeff for more than 15 years, including 11 here at Enron, and have had few, if any, professional relationships that I value more. I am pleased to say that he has agreed to enter into a consulting arrangement with the company to advise me and the Board of Directors.

Now it's time to look forward.

With Jeff leaving, the Board has asked me to resume the responsibilities of President and CEO in addition to my role as Chairman of the Board. I have agreed. I want to assure you that I have never felt better about the prospects for the company. All of you know that our stock price has suffered substantially over the last few months. One of my top priorities will be to restore a significant amount of the stock value we have lost as soon as possible. Our performance has never been stronger; our business model has never been more robust; our growth has never been more certain; and most importantly, we have never had a better nor deeper pool of talent throughout the company. We have the finest organization in American business today. Together, we will make Enron the world's leading company.

**CC:** Kathy & George Wyatt; Kathy Wyatt



Ken Lay <ken.lay@enron.com> on 08/27/2001 08:38:38 PM

To: [REDACTED]@enron.com>  
cc:

Subject: 2001 Special Stock Option Grant

As promised, I want to update you on the Special Stock Option Grant that I announced at the all-employee meeting.

You have been awarded a stock grant as follows:

Special Stock Option Grant

Grant Date: August 21, 2001

Grant Price: \$36.88

Vesting: Options are 100 percent vested on date of grant

Number of options: Based on 5 percent of an employee's annualized base salary as of August 13, 2001 and a theoretical stock option value of \$15. You will be notified of the actual number of stock options awarded to you.

Option Term: Five years

The terms and provisions of this grant are subject to the applicable 1991 or 1994 Enron Corp. Stock Plan, as will be referenced in the stock award agreement.

Employees who are eligible to participate in this special program will receive award details in the next several weeks. More information about this grant will be available on the HR web site <http://hrweb.enron.com>.

As I mentioned at the employee meeting, one of my highest priorities is to restore investor confidence in Enron. This should result in a significantly higher stock price. I hope this grant lets you know how valued you are to Enron. I ask your continued help and support as we work together to achieve this goal. Again, on behalf of the Enron Board and myself, thanks for everything you are doing to make Enron the great company it is. And stay tuned for regular updates from me about what is happening around Enron.

Ken