



Enron Energy Services

From: EES Office of Chairman
04:10 PM

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Sent by: EES Distribution

To: All EES
cc:
Subject: Organizational Changes

Consistent with the floor talks of a couple weeks ago, we are following up with an e-mail describing the latest changes in our risk and back-office functions that are now complete. EES's Risk Management and the vast majority of EES's Risk Controls and Operations Group will become a new group in Enron Wholesale Services. This group's sole function will be to provide pricing, structuring, commodity risk management, logistics and back-office services for EES. Both Don Black and Wanda Curry will report to the EWS Office of the Chairman.

This change was driven by the explosive growth of EES and the resulting need to tap the systems, resources and risk expertise of the wholesale groups in order to continue to grow and take advantage of current market opportunities. This change will allow us to more quickly capture the benefits of scale, process, and technology in risk, logistics and back-office functions from the larger Enron capability. As discussed at the All Employee Meeting in March, these are important objectives, and this change allows us to reach those goals more quickly.

Specifically, the following groups within the former EES Risk Management Group, will become a part of this new group reporting to Don Black:

- the gas, power and tariff desks,
- the options desk,
- the site profiles and consumption desks, and
- the matrix products/secondary products desks.

The DSM Group and IAM, along with its execution capability, will remain in EES and report to the EES Office of the Chairman. We are pleased to announce that Ozzie Pagan has agreed to lead this function. Ozzie is an established commercial dealmaker in ENA. He has experience in power trading, origination and plant development. In addition, the Services Group, which will provide billing, information and other retail services, led by Evan Hughes, will remain in EES and report to the EES OOC. All support functions, within the former EES Risk Controls and Operations Group, that currently support the DSM and the Services Groups, will remain in EES. The remaining parts of the Risk Controls and Operations Group will become part of EWS reporting to Wanda Curry. As part of this change, we are pleased to add Evan Hughes and Ozzie Pagan to the EES Operating Committee.

In addition, the Structuring Group, led by Sean Holmes, will be re-named Deal Management. The

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vision for this group remains the same as that discussed at the All Employee Meeting; however, it will also facilitate and ensure productive transaction interaction between EES and EWS.

We have asked, Marty Sunde, as part of his Vice Chairman role, to resource and lead a formal Restructuring Group to enhance or protect value in several key transactions in our portfolio primarily in California.

The newly created IT function, led by Anthony Dayao, will continue to report into the EES OOC but will support both EES and EWS IT requirements.

Other than these changes, the organizational structure, vision and objectives detailed out for EES at the All-Employee Meeting in March remain. We need to continue to understand and drive deeper into our markets, manage our client relationships, mine our portfolio, build new products and execute on our opportunities.

Thanks for all your hard work. With your help we will become the Worlds Leading Energy Retailer and Enron's Leading Division. If you have any questions please do not hesitate to ask