

Dr. 2.

Enron's Culture

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EXH063-00347



Culture Committee Status

Committee formed in late March combining Vision/Values, Diversity and Social Responsibility Task Forces

Initial group discussions centered around addressing the following issues:

PRC	Management Skills
Diversity	WorkLife Balance
Leadership Abilities	Integrity

Group chose to focus on Leadership/ Management/Diversity in addition to Social Responsibility which Kelly Kimberly was already driving

Discussions with Jeff steered us to focus on Meritocracy/Sell PRC/Diversity

Identified actions in those areas to be presented on September 6th to OTC

Management changes in August presented an opportunity to survey employees to determine what issues were most important to them and validate our action plans

"Lay It On The Line"



The objective of the survey was to understand the overall morale of the employees, the issues they see as critical, and the employee attitude towards Enron's overall image.

Demographics of who responded: Total responses 4,013 (20% of employees)

	<u>Respondents</u>		<u>Total Population</u>	
Functional Responsibility	32%	Commercial	vs	12%
	68%	Non-Commercial	vs	88%
Tenure	58%	1-3 years	vs	61%
	23%	3-8 years	vs	20%
	19%	Over 8 years	vs	19%
Title	5%	VP & Above	vs	2%
	35%	Mgr to Sr. Dir.	vs	17%
	47%	Clerical / Sr. Spec.	vs	50%
	13%	Associate/Analyst	vs	11%

What Employees Like: 3,536 Comments

Other Issues: 2,267 Comments

To what extent do you agree with these statements

Enron is a company I would invest my money in.

Lay It On The Line

60.1%

I would recommend Enron as a place to work for friends and family.

Lay It On The Line

59.1%

Pulse 2000

67.0%

High Perf. Norm 2000

61.0%

I am treated with respect.

Lay It On The Line

60.0%

Pulse 2000

73.0%

High Perf. Norm 2000

75.0%

Executive Management has a clear view of where Enron is going and how to get there.

Lay It On The Line

41.6%

Pulse 2000

61.0%

High Perf. Norm 2000

59.0%

My immediate supervisor has a clear view of where Enron is going and how to get there.

Lay It On The Line

46.6%

High Perf. Norm 2000

65.0%

I have talents and skills that Enron is not fully utilizing.

Lay It On The Line

54.7%

High Perf. Norm 2000

70.0%

Enron truly encourages people to take risks.

Lay It On The Line

47.5%

High Perf. Norm 2000

44.0%

I am committed to staying at Enron.

Lay It On The Line

64.1%

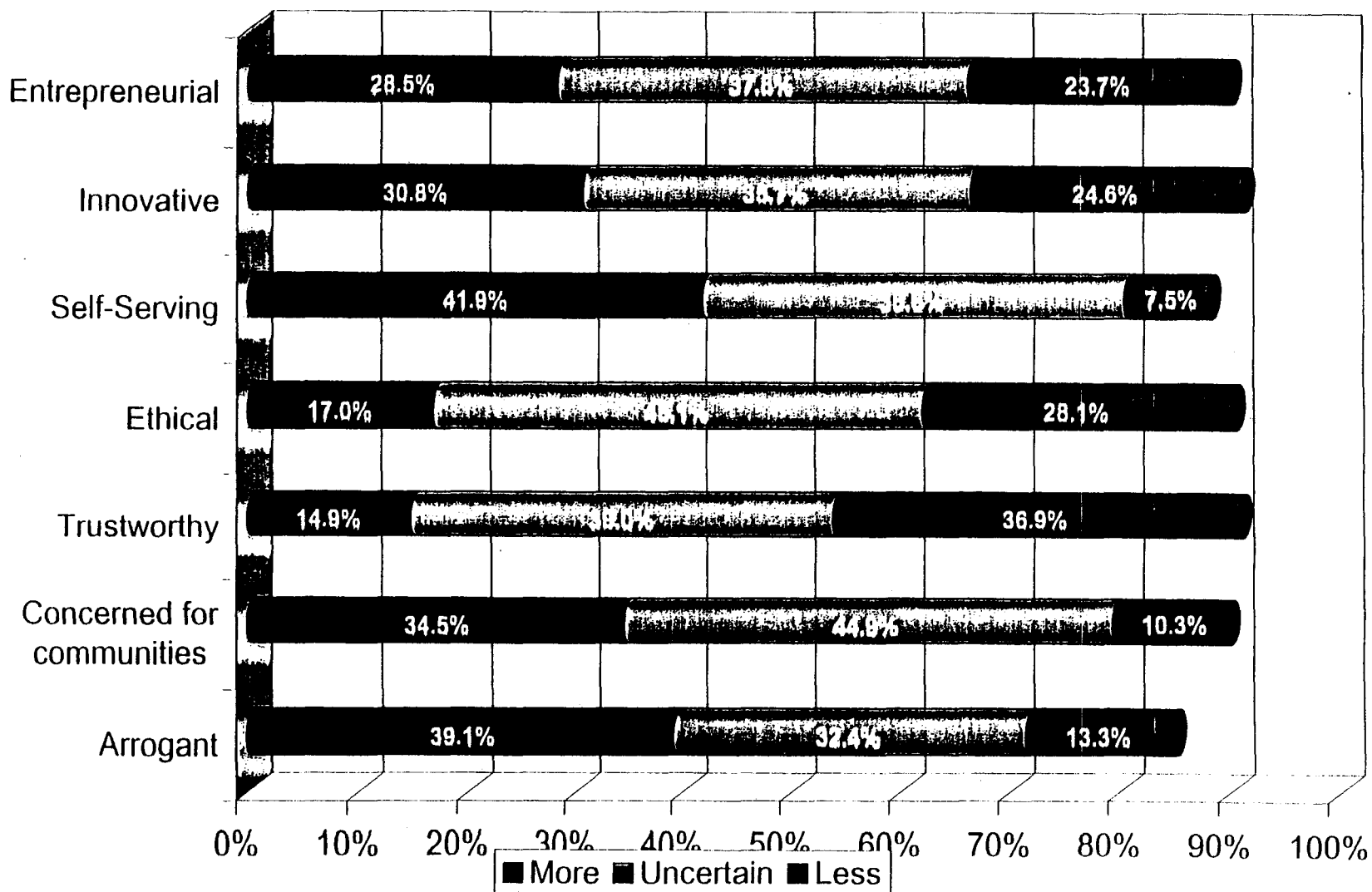
High Perf. Norm 2000

60.0%

0% 10% 20% 30% 40% 50% 60% 70% 80%

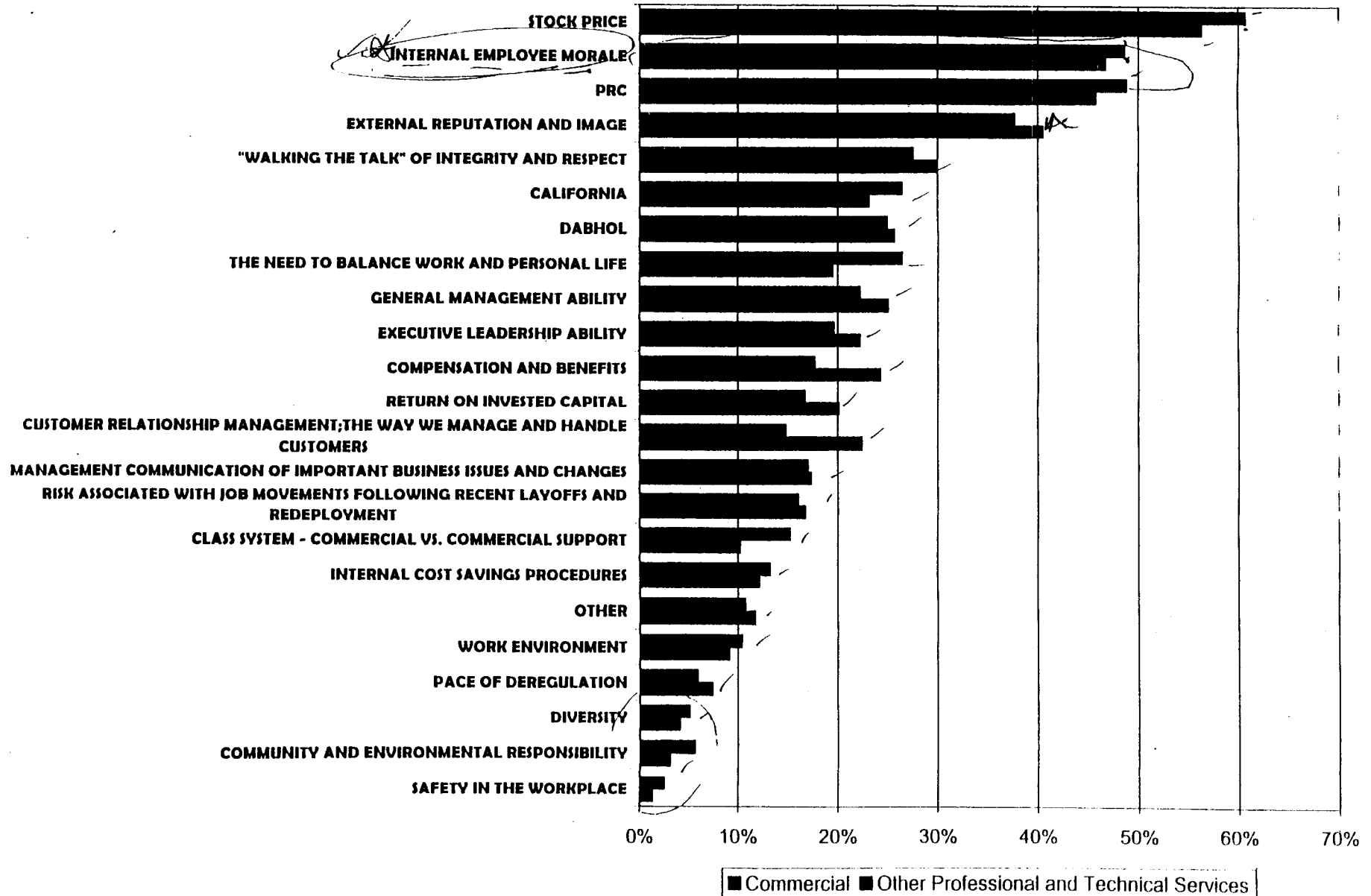
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Compared to 2001 to 2000, to what extent would you associate these attributes to Enron?



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From the list of issues facing Enron, please identify the top 5 that you think need to be addressed in the next 12 months.



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Priority of Top 5 Employee Concerns

ISSUES	IMMEDIATE ACTIONS NEXT WEEK	NEXT STEPS 30 TO 60 DAYS
STOCK PRICE PRC <ul style="list-style-type: none">- Forced ranking- Disclosure of rankings- Amount of time involved in process	<ul style="list-style-type: none">•Koenig•Communicate that we will:<ul style="list-style-type: none">- Eliminate forced rankings- Disclose all rankings- Eliminate mid year PRC; for feedback only- Rollout what "Excellence in performance" means•Handle any future restructurings/layoffs outside of the PRC process•Announce the "pilot" Sabbatical program•Form employee focus groups to identify additional causes of morale issues	<ul style="list-style-type: none">•Koenig•Look at Functional versus Business Unit reviews•Use employee committee to recommend changes to the non-commercial process•Review VP PRC committee to insure adequate representation
EMPLOYEE MORALE <ul style="list-style-type: none">- PRC- Stock Price- Integrity- Restructurings- WorkLife Issues	<ul style="list-style-type: none">•Koenig•Form employee focus groups to identify additional causes of morale issues	<ul style="list-style-type: none">•Gather info from Focus groups and implement actions to address issues such as:<ul style="list-style-type: none">•Teleworking•Flexible Work Arrangements•More vacation•Flexible Fridays
EXTERNAL REPUTATION INTEGRITY <ul style="list-style-type: none">- Layoffs- Language- Leadership- Aggressive Acctg	<ul style="list-style-type: none">•Kean•Communicate that we will provide upper management with individual coaching•Communicate that promotion to VP and above will be handled separately from PRC with emphasis on leadership skills	<ul style="list-style-type: none">•Kean•Identify List of Management Committee Must Do's•Identify incentives to encourage leadership skills in upper management•Share w/ employees how we make money•Determine what change in the incentives need to occur that encourage aggressive accounting

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Most Frequent Issues & Concerns From Written and Verbal Comments



PRC Process

**Alignment of
Rewards**

**Strategy &
Direction**

**Executive Leadership
Ability**

**People
Management**

**Internal Business
Processes**

Diversity

Tell the Bad News



Things People Like About Working @ Enron



Ken's Back

Energy Level

The Opportunities

The People

Excellence

Culture – Anything is Possible

Accountability

Being Empowered

Working for a Great Company

Compensation

Benefits

Freedom

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Next Steps

- **Send out employee communication next week regarding survey results**
Identify Top 5 issues and what we are doing immediately
- **Start working 30 – 60 Day Action Plan**
- **Form team to address all employee concerns**
Goal is to have these plans in place by December
- **Develop Employee Focus Groups to continue dialogue**
(Current Culture Committee to facilitate Focus Groups to get Employee Feedback)
- **Survey again in March**