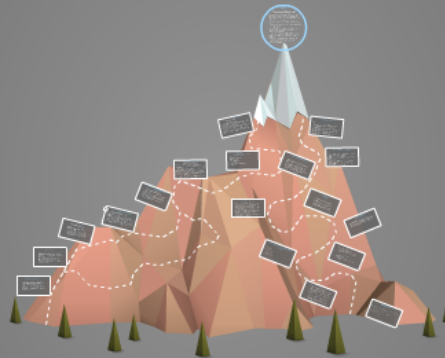


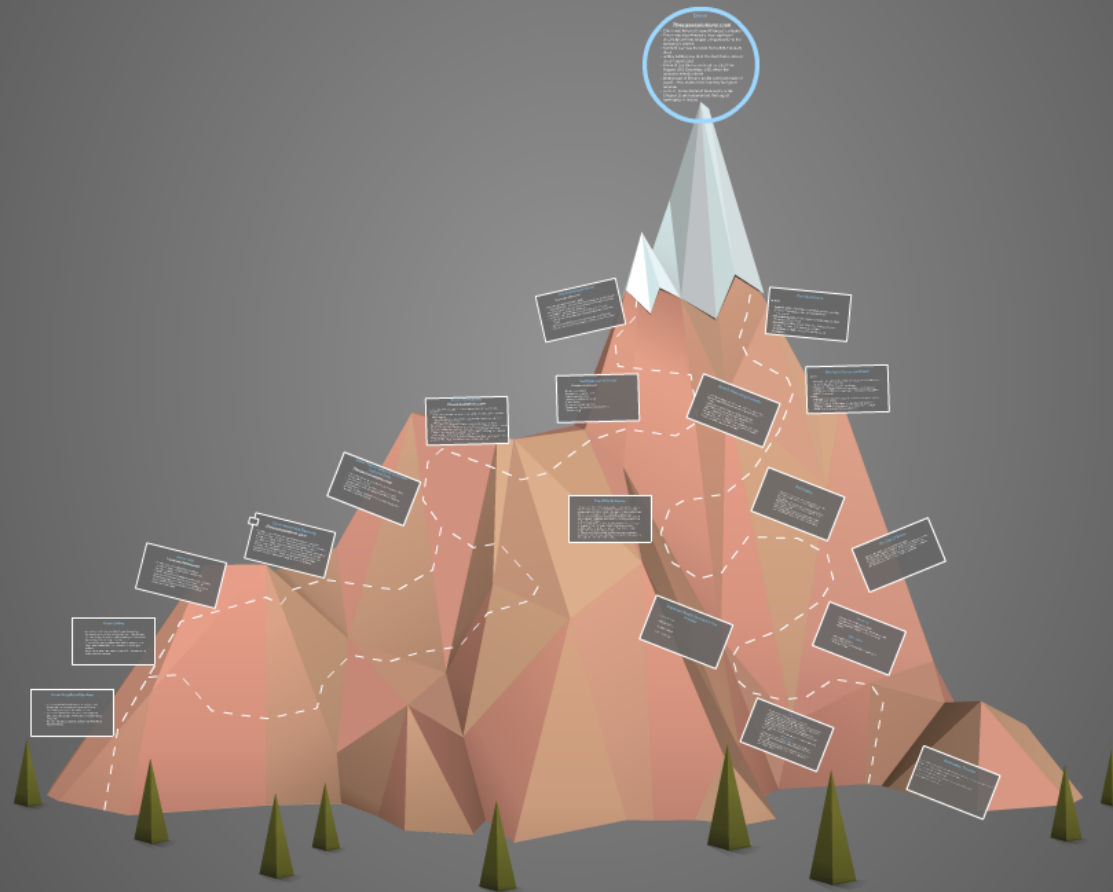
The Fall of Enron

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Enron

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- Enron was America's seventh largest company
- Enron was also America's most significant electricity and natural gas company prior to the company's decline
- Kenneth Lay was the CEO from 1989-February 2001
- Jeffrey Skilling was then the CEO from February 2001-August 2001
- Kenneth Lay then came back as CEO from August 2001-December 2001 when the company went bankrupt
- A large part of Enron's profits were just made of paper... This made it look like they had good revenue
- In 2001, Enron declared bankruptcy under Chapter 11 and experienced the largest bankruptcy in history

The Founding of Enron

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- The company was founded in 1985
 - Houston Natural Gas and InterNorth merged to create Enron
- Based in Houston, Texas, the Enron Corporation was an energy, commodities, and services company
- Around 20,000 staff members were employed with Enron
 - A lot of the employees were paid partially in the company's stocks
- Enron was named America's most innovative company by Fortune's Most Admired Companies survey six years in a row

The Expansion of Enron

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- Enron International
- Enron Finance Corporation
- Enron Capital & Trade
- Enron Residential Electricity
- Enron Online
- Enron Broadband Services
- Enron Gas Pipeline Operating Company
- Enron Energy

Enron International

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- In the 1990's Enron started to develop power plants and co generation overseas
- Enron's first opportunity overseas was a natural gas power plant in Teesside, United Kingdom
 - The natural gas power plant was so successful that it opened up more options overseas for Enron
- By 1994, Enron International included assets in Philippines, Australia, Guatemala, Germany, France, India, Argentina, the Caribbean, China, England, Colombia, Turkey, Bolivia, Brazil, Indonesia, Norway, Poland, and Japan.
- In 1998, Enron International acquired Wessex Water. Not long after, Wessex Water became a part of a company called Azurix.
- However, later on in 2000, the stock of Azurix was taking major losses in their stock. Assets of Azurix as well as Wessex Water were sold.

Enron Finance Corporation/Enron Capital & Trade

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- The Enron Finance Corporation was previously called the Gas Bank concept
- The Enron Finance Corporation was so successful, Jeffrey Skilling wanted to expand the Enron Capital & Trade division
- In 1990, Skilling expanded Enron Capital & Trade with the help of Andrew Fastow.

Enron Residential Electricity

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- In 1996, Enron moved into the residential electricity market
- The new division of Enron offered discounts to potential customers in California if they switched their electric supplier to Enron
- In addition to Oregon and California, Enron also began to sell natural gas to customers in Ohio, and wind power to customers in Iowa.
- In 1999, Enron ended its efforts in selling retail utilities as it was spending upwards of \$100 million each year; however, they continued to offer wholesale energy to those in California.

Enron Unit

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- In 1997, the Enron subsidiary First Point Communications, Incorporation, formed FTV Communications LLC.
- In 1998, the Enron Unit division constructed a building near the east Sahara desert in Las Vegas. This building was built over the fiber optic network so they would be able to provide services to technology companies nationwide.