

Responding to Watkins: August 2001

... After the first two quarters, Enron had claimed more than \$100 billion in revenue, bringing the company in direct competition with ExxonMobile and General Electric for the world's largest corporation. What would happen to Enron's stock price if the public found out that the company had \$7 billion in losses?¹

Fortunately, it was still August. The third-quarter books wouldn't close until the end of September, and third-quarter earnings wouldn't have to be released publicly until the middle of October. Lay met frequently with Causey, Fastow, and other executives to discuss Enron's future.²

DECISION CHOICE. *If you were Ken Lay would you:*

- (1) restructure Enron,*
- (2) merge with another firm, and/or*
- (3) sell off Enron's crown jewels—the brick-and-mortar pipelines Skilling had long ignored—to pay for some of the debt? Why?*

¹ *USA v. Causey, Skilling, and Lay*, July 7, 2004, 4.

² *USA v. Causey, Skilling, and Lay*, July 7, 2004, p. 4.