

United States Courts  
Southern District of Texas  
FILED  
APR 08 2003  
Michael N. Milby, Clerk

IN THE UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In Re Enron Corporation  
Securities, Derivative &  
"ERISA" Litigation

MDL-1446

THIS DOCUMENT RELATES TO:

All Cases

MARK NEWBY, ET AL.,

*Plaintiffs,*

v.

CIVIL ACTION NO: H-01-3624  
AND CONSOLIDATED CASES

ENRON CORPORATION, ET AL.,

*Defendants.*

THE REGENTS OF THE UNIVERSITY  
OF CALIFORNIA, ET AL.,  
Individually and On Behalf of  
All Others Similarly Situated,

*Plaintiffs,*

v.

KENNETH L. LAY, ET AL.,

*Defendants.*

**DEFENDANT MARK A. FREVERT'S ANSWER TO  
PLAINTIFFS' CONSOLIDATED COMPLAINT**

# 1324

Defendant Mark A. Frevert (“Frevert”), by and through his undersigned counsel, files this Answer to Plaintiffs’ Consolidated Complaint.<sup>1</sup>

In this Answer, Mr. Frevert responds directly to the few allegations that pertain specifically to him. He has also endeavored to respond to group pleading allegations pertaining to “Enron insiders,” “Enron management,” and the like (even when not applicable to him) as well as to general allegations concerning Enron or one of its businesses. However, even though Mr. Frevert was a member of management of Enron or its subsidiaries, by no means did he have knowledge of, or even passing familiarity with, every business transaction or activity of the Company or every financial, accounting, or legal decision made on its behalf. To assist him in formulating answers as to matters beyond his personal knowledge or recollection, Mr. Frevert, through his attorneys, has referred back to “formal” or “official” statements of Enron (such as press releases, earnings releases, and SEC filings) issued during the alleged Class Period, so that many of his answers are based on the contents of such statements of Enron. In those instances, it should not be inferred that Mr. Frevert necessarily had personal, contemporaneous knowledge relating to the matter being admitted or denied.

Except for the specific allegations expressly admitted or responded to below, all other allegations or characterizations of facts in Plaintiffs’ Consolidated Complaint are denied.

---

<sup>1</sup>On March 24, 2003, this Court denied Mr. Frevert’s Motion to Dismiss the Consolidated Complaint, thereby, under relevant Rules, requiring Mr. Frevert to file his Answer to the Consolidated Complaint by April 8, 2003. On April 4, 2003, Mr. Frevert filed a Motion for Reconsideration of the Court’s March 24<sup>th</sup> Order denying his Motion to Dismiss, which the Court has not yet had an opportunity to address. If the Court were to Reconsider its March 24<sup>th</sup> Order and grant Mr. Frevert’s Motion to Dismiss to require plaintiffs to amend their Complaint against Mr. Frevert, it would not be necessary for Mr. Frevert to file an Answer to the presently pending Consolidated Complaint. Accordingly, this Answer is expressly conditioned on the Court’s ruling on the pending Motion for Consideration.

### SPECIFIC RESPONSES BY PARAGRAPH(S)

1. To the extent an answer is required, Frevert denies that this purported class action may properly be brought on behalf of the alleged class.

2. Frevert denies that he participated in, or had knowledge of, the scheme(s), false and misleading statements, or other conduct alleged in the first and last sentences. With regard to the second and third sentences, Frevert admits that in its public releases, Enron, in general, was positive and optimistic about the business prospects for WEOS, EES, and EBS, and Frevert admits that Enron maintained an investment grade credit rating; otherwise, because the second and third sentences contain terms (such as “extolled” and “very strong”) that, in this context, are too vague and/or subjective, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in those sentences. Fourth sentence: Frevert admits that Enron’s common stock reached a price as high as \$90-3/4 and that Enron had a market capitalization of over \$70 billion in August 2000, but Frevert otherwise denies the allegations contained in that sentence.

3. Frevert denies the allegations contained in this paragraph, except (a) Frevert does not have knowledge or information sufficient to admit or deny whatever “investors realized” (as asserted in the last sentence), and (b) Frevert admits that in the last quarter of 2001 Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders’ equity of approximately \$1.2 billion, it restated its financial statements, and, further, its stock price collapsed, its credit rating was downgraded to below investment grade, and it declared bankruptcy.

4. Frevert denies that he participated in or had knowledge of the “fraud” or “scheme” alleged in the first and sixth sentences. With regard to the second sentence, Frevert admits that many senior executives have left Enron, but, although he does not regard himself as a “top insider,” he

denies that he was “kicked out.” Third sentence: Frevert admits that the SEC and DOJ are conducting investigations relating to Enron. Fourth sentence: Frevert admits that Arthur Andersen has been indicted and convicted for obstruction of justice, but Frevert denies that Enron has admitted destroying incriminating evidence. Frevert admits that individuals associated with Enron or Andersen have invoked their constitutional rights under the Fifth Amendment. With regard to the last sentence and the chart of Enron’s stock price, Frevert admits that the broad pattern or profile of Enron’s historical stock price was as illustrated in the chart, but Frevert does not have knowledge or information sufficient to admit or deny the accuracy of the chart with absolute precision.

5. Frevert admits that Enron was formed when Houston Natural Gas and InterNorth merged in 1985, but Frevert does not have knowledge or information sufficient to admit or deny the other allegations contained in paragraph 5, in part because some of the terms (such as “stodgy,” “burdened,” “excessive,” “performed poorly,” and “little if any sales”) are, in this context, too vague and/or subjective.

6. First sentence: Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the first sentence regarding Lay’s decision or state of mind in 1990. Second sentence: Frevert admits that, speaking generally, Enron reported growth during the period 1990 to 1996, and Frevert refers to publicly available records concerning Enron’s stock price in late 1996.

7. Frevert has no information concerning transactions between Lay, Skilling, and Fastow and entities controlled by Enron so therefore Frevert denies the allegations contained in the first sentence. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the rest of the paragraph.

8. First sentence: Frevert does not have knowledge or information sufficient to admit or deny the allegations in the first sentence concerning analysts' assessments of Enron, although Frevert admits that in 1997 Enron recorded a non-recurring restructuring charge of \$675 million in connection with amended long-term gas contracts with producers in the J-Block (U.K.), and it recorded a \$100 million charge primarily to reflect depressed MTBE margins on committed production. Second sentence: With regard to the allegations concerning Enron's stock price, Frevert refers to publicly available records; Frevert does not have knowledge or information sufficient to admit or deny the allegations concerning Enron's executives' performance-based bonuses. Third and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations concerning the state of mind of Enron's top executives and Board members. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the fifth sentence.

9 - 10. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

11. Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph, other than that he denies participating in or having knowledge of the creation of "secretly controlled partnerships and entities," "phony profits," or improper concealment of debt.

12. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, in large part due to terms (such as "better-than-expected," "appeared," "enormously profitable high-growth enterprise," "very strong," and "higher-than-forecasted") that, in this context, are too vague and/or subjective, except that Frevert refers to

publicly available records regarding Enron's stock price, and Frevert admits that Enron's reported annual revenues in 2000 were approximately \$100 billion, with net income of \$979 million (as alleged by plaintiffs in paragraph 295), and Frevert denies that all the figures contained in the table at the end of the paragraph are accurate.

13. Frevert admits, except Frevert does not have knowledge or information sufficient to admit or deny that by 2001 Enron was accounting for 25% of all U.S. energy trades.

14. With regard to the allegations in the first sentence, Frevert admits that in the 1998-2000 time frame, Enron discussed "the success of [its] wholesale and retail energy operations, its international prospects and operations, its broadband content delivery and intermediation businesses, its \* \* \* financial condition and earnings, and its prospects for continued \* \* \* earnings growth," but Frevert does not have knowledge or information sufficient to admit or deny the allegations concerning Enron's bankers. With regard to the allegations asserted in subparagraphs (a) and (b), Frevert admits that Andersen certified Enron's financial reports in 1998 through 2000, but without references to the specific statements that plaintiffs presumably paraphrase, it is impracticable for Frevert to undertake the investigation necessary to admit or deny whether Enron made those statements as alleged, and Frevert does not have knowledge or information sufficient to admit or deny whether Enron's lawyers and banks made or participated in those statements.

15. Frevert denies that the first sentence lists all factors determinative of the prices at which Enron's common stock, debt, and preferred securities traded. Frevert admits the allegations contained in the second sentence. With regard to the third sentence, Frevert refers to publicly available records regarding Enron's historical stock prices, and Frevert does not have knowledge or information sufficient to admit or deny the information depicted in the chart.

16. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except that Frevert denies that he, “working together” with other defendants, raised billions of dollars for Enron.

17. Frevert denies that he participated in or had knowledge of any scheme such as is alleged in this paragraph; otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

18. Frevert denies the allegations contained in this paragraph, except that Frevert does not have sufficient knowledge or information concerning the terms of all transactions by Enron to admit or deny the allegations in the next-to-last sentence.

19. Frevert denies having the knowledge he is alleged to have had in the sixth sentence, and he admits the allegations contained in the seventh sentence. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

20. Frevert denies the allegations contained in this paragraph, except that Frevert does not have sufficient knowledge or information concerning the terms of various transactions to admit or deny the allegations in the second and third sentences concerning “trigger” prices.

21. With regard to the allegations made in the first and second sentences, Frevert denies that he participated in or had knowledge of any efforts to falsify Enron’s financial results. The third and fourth sentences assert matters of accounting and/or legal opinion to which no response is required.

22. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except that Frevert admits that Enron did not consolidate Chewco/JEDI into its financial statements until it restated earnings in November 2001.

( (

23. Frevert denies that he participated in creating the LJM partnerships or structuring, reviewing, or approving any transactions involving those partnerships, and he denies engaging in any transactions involving those partnerships. Frevert admits that transactions were conducted between Enron and LJM partnerships managed by Mr. Fastow, and that those transactions, to his understanding, were reviewed and approved by outside accountants and legal counsel. Otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

24. Frevert denies using LJM2 as alleged in the first sentence, and he denies having the knowledge alleged in the second sentence. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the third sentence of this paragraph.

25. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

26. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

27. Frevert denies participating in or having knowledge of the scheme alleged in the first sentence. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

28 - 30. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

31. Frevert denies participating in or having knowledge of either the alleged "Enron scheme to defraud" or the "Enron Ponzi scheme," and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

32. Frevert denies that he was “accommodate[d],” as alleged in the last sentence; he admits that Enron entered into several transactions (which, to his understanding, were reviewed and approved by outside accountants and legal counsel) with the LJM partnerships; but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

33. Frevert denies that he used “these contrivances and manipulative devices to inflate Enron’s reported financial results,” as alleged in the ninth sentence; he admits that one of the transactions between LJM and Enron involved Rhythms and others involved the “Raptor” vehicles; but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

34. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

35. Frevert denies that he participated in or had knowledge of the actions or the scheme alleged in the third sentence; otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

36. Frevert admits that Enron employed mark-to-market accounting for certain assets, but he denies participating in or knowing of misuse or abuse of mark-to-market accounting or of other “accounting tricks and manipulations to falsify its financial results.” Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

37. Frevert denies that he participated in or knew of “falsification of Enron’s financial statements,” or “accounting tricks and manipulations,” as alleged in the first and second sentences.

Frevert admits that Enron discussed with investors the prospects for growth of Enron's retail energy services business, which managed the energy needs of corporate consumers for multi-year periods. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, in part because many of the terms are too vague and/or subjective.

38. Frevert denies that he participated in or had knowledge of the conduct alleged in the second, fourth, and fifth sentences. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the paragraph.

39. Frevert admits that Enron had a broadband services business, which very generally is adequately described in this paragraph, and Frevert admits that for a period of time that broadband services business was presented by Enron as a growth area, but otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph because some of the terms are too vague and/or subjective.

40. Frevert admits that the Enron-Blockbuster joint venture was announced in July 2000 (as alleged in the first sentence). With regard to the second sentence, in the absence of any information as to the source(s) of the statements attributed to Enron it is impossible for Frevert to admit or deny whether Enron made those statements as alleged, although Frevert denies that Enron's press release of July 19, 2000 contained all of the alleged statements. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

41. Frevert admits that the Blockbuster joint venture was terminated in March 2001. Frevert denies participating in or having knowledge of the financial reporting on the Blockbuster

transaction, any “abuse and misuse” of mark-to-market accounting, or the scheme alleged in the second sentence. Frevert does not have knowledge or information sufficient to admit or deny the remaining allegations contained in this paragraph.

42. Frevert admits that Enron owned shares in The New Power Company (“TNPC”) when it was a private company, that the IPO for TNPC occurred in October 2000, and that after the IPO Enron continued to hold millions of shares of TNPC and warrants for millions of additional shares. Frevert also admits (with reference to the last sentence) that in October 2001 Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders’ equity of approximately \$1.2 billion. With regard to the thirteenth sentence and the chart, dealing with the stock price of TNPC between October 2000 and February 2002, Frevert refers to publicly available records. Frevert denies that he participated in, or had knowledge of, any efforts “to perpetuate the Ponzi scheme” or “create a huge phony profit,” as alleged in the fourth and seventh sentences. Frevert does not have knowledge or information sufficient to admit or deny the remaining allegations contained in this paragraph.

43. Frevert denies that he participated in, or had knowledge of any details concerning, the “Qwest/dark fiber swap” that is the subject of the allegations made in this paragraph, and otherwise Frevert does not have knowledge or information sufficient to admit or deny those allegations.

44. Frevert denies that he participated in or had knowledge of the scheme, the manipulative device, “false legal opinion,” or efforts to falsify Enron’s financial condition that are alleged in this paragraph, and otherwise Frevert does not have knowledge or information sufficient to admit or deny those allegations.

45. Frevert denies that he participated in or had knowledge of the efforts to present a misleading picture of Enron's liquidity, financial condition, and balance sheet that are alleged in this paragraph, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

46. Frevert denies that he participated in or had knowledge of the "financial chicanery," "phony commodity and swap transactions," or "manipulative subterfuge" that are alleged in the paragraph, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

47. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

48. Frevert admits that Enron had and needed access to capital markets; that investment grade credit rating and stock price were important to Enron and its shareholders; and that Enron raised funds through securities offerings between 1996 and 2001 (for the details of which Frevert refers to the relevant documents filed with the SEC). Frevert denies that he participated in or had knowledge of the "phony transactions," "secret understandings and illicit financing arrangements," or "illicit financial transactions" that are alleged in the paragraph. The dates, terms, size, and underwriters for Enron's debt or stock offerings are matters of public record with the SEC, and Frevert denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the paragraph.

49. Frevert admits that Azurix, Enron Oil & Gas, Osprey, The New Power Company, and Marlin raised funds through securities offerings. The dates, terms, size, and underwriters of those

offerings are matters of public record, and Frevert denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records.

50. Frevert denies that the allegations contained in this paragraph are accurate from his perspective, except that Frevert admits that television monitors at Enron's headquarters in Houston displayed stock prices.

51. Frevert denies that the allegations in the first sentence are accurate from his perspective. Frevert does not have knowledge or information sufficient to admit or deny the other allegations made in the paragraph or the accuracy of the purported quotes.

52. Frevert admits that Enron's stock price declined in late 2000 and early 2001. Second sentence: without further details about the alleged assurances (such as speaker, time, and actual statements), Frevert does not have knowledge or information sufficient to admit or deny the alleged assurances. Third sentence: Frevert denies that he participated in or had knowledge of efforts or pressure to do "anything" to halt the decline in the price of Enron's stock, and (although he does not regard himself as being one of Enron's "top executives") he further denies that he had the knowledge that Enron's top executives are alleged to have had. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

53. Frevert denies participating in or having knowledge of "the scheme" or "the Enron Ponzi scheme" alleged in this paragraph. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

54. Frevert admits that Andersen certified Enron's financial reports in early 2001, but without references to the specific statements that plaintiffs presumably paraphrase, it is impracticable for Frevert to undertake the investigation necessary to admit or deny whether Enron made those

statements as alleged, and Frevert does not have knowledge or information sufficient to admit or deny whether Enron's lawyers and bankers made or participated in those statements.

55. Frevert does not have knowledge or information sufficient to admit or deny what Enron's "top insiders" realized, and he denies that he had the knowledge alleged in this paragraph.

56. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

57. First sentence: Frevert does not have knowledge or information sufficient to admit or deny. Second sentence: Frevert denies that he participated in or had knowledge of the "concocting" of "a story" concerning Skilling's resignation. Third sentence: Frevert admits. Fourth through sixth sentences: Frevert denies that he participated in or had knowledge of any "lies" to investors as alleged. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

58. First sentence: Frevert does not have knowledge or information sufficient to admit or deny. Second and third sentences: Frevert does not have knowledge or information sufficient to admit or deny what Enron's top insiders and/or top executives realized, and he denies that he had the knowledge alleged. Fourth sentence: Frevert denies participating in or having knowledge of destruction of evidence of "prior illegal conduct" by Enron; Frevert does not have knowledge or information sufficient to admit or deny destruction of evidence by Andersen.

59 - 60. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

61. Frevert admits that (a) on October 16, 2001, Enron reported after-tax write-offs of \$1.01 billion and a writedown in shareholders' equity of approximately \$1.2 billion; (b) within the

next several weeks *The Wall Street Journal* published a series of articles about Enron, the SEC announced an investigation of Enron, and Fastow left; and (c) in November 2001, Enron filed a Form 8-K that restated its financial results for 1997 through 2000, to which Frevert refers concerning precise figures and other details. Frevert does not have knowledge or information sufficient to admit or deny other allegations made in this paragraph.

62. Frevert denies that he participated in the “use” of Chewco, LJM1 and LJM2 to enter into transactions as alleged in this paragraph. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

63. Frevert denies that he participated in or had knowledge of “prior falsification of Enron’s financial statements,” failure to eliminate “phony profits,” or efforts to cover-up fraud, as alleged in this paragraph.

64. Frevert admits that there were discussions between Enron and Dynegy regarding a possible merger. Frevert denies that he had the state of mind alleged in the first sentence, that he participated in or had knowledge of the “scheme” alleged in this paragraph, or that he worked “hand-in-hand” with JP Morgan and CitiGroup with the state of mind alleged in the second sentence.

65. Frevert denies that he participated in or had knowledge of the “Enron scheme” or the “Enron Ponzi scheme” alleged in this paragraph; otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

66. Frevert admits that (a) Dynegy refused to acquire Enron; (b) Enron’s publicly-traded debt was downgraded to below investment grade; (c) Enron declared bankruptcy on December 2, 2001; and (d) the market price for Enron’s stock and publicly traded debt securities declined significantly. Frevert denies that he participated in or had knowledge of efforts to conceal Enron’s

true financial condition from Dynegy or “wide-ranging falsification of [Enron’s] financial statements.” Frevert does not have knowledge or information sufficient to admit or deny other allegations contained in this paragraph.

67. With regard to the first through fifth sentences, Frevert admits that it is his understanding that Enron’s “related party” disclosures were reviewed and approved by Enron’s outside auditor and by outside legal counsel, but the allegations concerning the adequacy of those disclosures is a matter of legal opinion to which no response is required, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in those sentences. With regard to the sixth through ninth sentences, Frevert does not have knowledge or information sufficient to admit or deny the allegations concerning the rewards received by anyone involved in the LJM partnerships.

68. Frevert admits that Congress has investigated the failure of Enron and that some individuals associated with Enron or Andersen have invoked their constitutional rights under the Fifth Amendment, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

69. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

70. Frevert denies that he participated in or had knowledge of the fraudulent scheme, manipulative devices and contrivances, or misrepresentations alleged in this paragraph.

70(a). This sub-paragraph is directed to Arthur Andersen. Accordingly, it does not require a response from Frevert. In general, Frevert knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but

otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this sub-paragraph.

70(b). This sub-paragraph is largely directed to the law firms Vinson & Elkins and Kirkland & Ellis, and to that extent does not require a response from Frevert. In general, Frevert knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, including SEC filings, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations directed to the law firms. With regard to the allegations in the fifth sentence concerning a Vinson & Elkins “report,” Frevert denies that any such report was written to him.

70(c). This sub-paragraph is directed to “Enron’s banks.” Accordingly, it does not require a response from Frevert. In general, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this sub-paragraph.

71 - 72. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

73. Frevert denies that he participated in or had knowledge of the “frenzy of fraud” alleged in this paragraph and that he pocketed any “illegal insider trading proceeds” or bonuses based on phony financial results or artificially inflated stock prices. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

74. Frevert denies that he participated in or had knowledge of the alleged fraud. To the extent a response is required to the chart, Frevert incorporates by reference its responses to the various allegations in the Complaint that are referenced in the chart.

75 - 76. Paragraphs 75 and 76 assert matters of legal opinion to which no response is required.

77. The first sentence asserts matters of legal opinion to which no response is required. Frevert admits the second sentence.

78. Paragraph 78 asserts matters of legal opinion to which no response is required. With regard to his own conduct, Frevert admits that he used the means and instrumentalities of interstate commerce in connection with some of his work as an employee of Enron, but he denies that he did so in violation of any legal standard of conduct.

79 - 80. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

81(a) - 81(n). Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in paragraphs 81(a) - 81(n).

82. This paragraph does not require a response.

83(a). Frevert admits the first two sentences. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(a).

83(b). Frevert admits the first two sentences. Frevert does not have knowledge or information sufficient to admit or deny the truth of the remainder of paragraph 83(b).

83(c). First sentence: Frevert admits that Andrew S. Fastow was Chief Financial Officer of Enron until October 2001. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(c).

83(d). Frevert admits the first sentence. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(d).

83(e). First sentence: Frevert admits that James V. Derrick, Jr. was General Counsel of Enron. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(e).

83(f). First sentence: Frevert admits that he was Chairman and CEO of Enron Wholesale Services from October 2000 to August 2001, and that he was President and CEO of Enron Europe between March 1997 and June 2000. Second sentence: Frevert admits that during the Class Period he sold 986,898 shares of Enron stock for approximately \$54,831,220 in gross proceeds, but he denies that he did so in possession of adverse undisclosed information about the Company or that his sales generated “illegal insider trading proceeds.” Third sentence: Frevert denies. Fourth sentence: Frevert admits that he received total bonus payments of about \$5.3 million for the years 1997 through 2000. Fifth sentence: Frevert denies the information and representations concerning the number of Enron shares he sold before the Class Period.

83(g). First sentence: Frevert admits. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(g).

83(h). First and second sentences: Frevert admits that Kenneth D. Rice held senior management positions with Enron Capital & Trade – North America and with Enron Broadband Services at different times between 1997 and 2001. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(h).

83(i). First sentence: Frevert admits that Richard B. Buy was Chief Risk Officer of Enron in 2000 and 2001 and before that held a senior management position with Enron or Enron Capital & Trade. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(i).

83(j). First sentence: Frevert admits that Lou L. Pai was associated with Enron Accelerator and with EES. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(j).

83(k). First sentence: Frevert admits that Joseph M. Hirko held a senior management position with EBS. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(k).

83(l). First sentence: Frevert admits that Ken L. Harrison held a senior management position with Portland General Electric and was a director of Enron. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(l).

83(m). First sentence: Frevert admits that Steve Kean was Executive Vice-President and Chief of Staff of Enron since 1999. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(m).

83(n). First sentence: Frevert admits that Rebecca P. Mark-Jusbasche held senior management positions with Enron, Enron International, and Azurix. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(n).

83(o). First sentence: Frevert admits that Michael S. McConnell held a management position with Enron or one of its subsidiaries. Frevert does not have knowledge or information sufficient to admit or deny the remainder of 83(o).

83(p). First sentence: Frevert admits that Jeffrey McMahon held senior management positions with Enron or its subsidiaries. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(p).

83(q). First sentence: Frevert admits that Cindy K. Olson held management positions with Enron. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(q).

83(r). First sentence: Frevert admits that Joseph W. Sutton held senior management positions with Enron or its subsidiaries, including Vice-Chairman of Enron. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(r).

83(s). Frevert admits that Mark E. Koenig was head of Investor Relations for Enron from 1998 through the end of 2001. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(s).

83(t). First and second sentences: Frevert admits that Kevin P. Hannon held senior management positions with Enron Broadband Services and Enron Capital & Trade. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(t).

83(u). First and second sentences: Frevert admits that Lawrence Greg Whalley was named President and Chief Operating Officer of Enron in August 2001, and that before that he held senior management positions with Enron or its subsidiaries. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(u).

83(v) - 83(ee). Some of the sentences contained in these paragraphs do not require a response. Frevert admits that the following were for some period of time directors of Enron: Robert A. Belfer, Norman P. Blake, Jr., Ronnie C. Chan, John H. Duncan, Wendy L. Gramm, Robert K. Jaedicke, Charles A. LeMaistre, Joe H. Foy, John Mendelsohn, Jerome J. Meyer, Paulo V. Ferraz Pereira, John A. Urquhart, John Wakeham, Charles E. Walker, Herbert S. Winokur, Jr., and Frank

Savage. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraphs 83(v) - 83(ee).

83(ff). The first sentence does not require a response, although Frevert notes that many of the Complaint's sweeping allegations concerning the "Enron Defendants" do not apply to him. With regard to the second sentence, Frevert admits that during his tenure with Enron he had access to non-public information relating to the Company, but he denies that he had such access simply by virtue of his position with the Company and he denies that he had access to any and all *adverse* non-public information.

83(gg). Frevert admits that Lay, Mark-Jusbache, and Skilling served as officers and/or directors of Azurix, a company which Enron owned in whole or in part. To the extent that any further response is required of Frevert, he does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(gg).

83(hh). Frevert admits that Lay, Pai, Derrick, and Causey served as officers and/or directors of The New Power Company, a company in which Enron owned an interest. To the extent that any further response is required of Frevert, he does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(hh).

83(ii). Frevert denies that he in any way "utilized" the Marlin Water and Atlantic Water Trusts, along with Osprey and Egret, to facilitate any fraudulent scheme or course of business. To the extent any further response is required of Frevert, he does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(ii).

83(jj). With respect to the first three sentences, Frevert admits that J. Clifford Baxter held senior management positions with Enron or its subsidiaries during the years 1999, 2000, and 2001,

and that Mr. Baxter died in January 2002. Frevert does not have knowledge or information sufficient to admit or deny the remainder of paragraph 83(jj).

84. The first sentence asserts matters of legal opinion to which no response is required. With regard to the remainder of the paragraph, Frevert admits that during the Class Period he sold the number of Enron shares alleged for approximately the amount of gross proceeds alleged, but he denies that he engaged in illegal insider trading; Frevert does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

85. Frevert admits that the Enron Board of Directors had an Audit Committee, a Finance Committee, and an Executive Committee; and that the Audit and Finance Committees met periodically (about five times a year). Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations in paragraph 85.

86. Frevert admits that each of the individuals was, for some period of time (although not necessarily the periods indicated), a director of Enron, and that some of them served on one or more of the indicated Committees (although not necessarily during the periods indicated). Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in paragraph 86.

87. Frevert admits.

88. Frevert admits that from 1997 through 2001 there were periodic meetings of a “Management Committee” or “Executive Committee”; that he served on what was called the Management Committee or Executive Committee during the years 1997 through 2001; and that some of the individuals listed in paragraph 88 also served on those Committees. Frevert denies that the Management Committees or Executive Committees on which he served conducted the “day-to-day

business of Enron” or that they were “aware of and approved all significant business transactions of Enron, including each of the partnership/SPE deals.” Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in paragraph 88.

89. Paragraph 89 asserts matters of legal opinion to which no response is required. With regard to his own conduct, Frevert denies that he participated in all of the “business, operations, financial statements, and financial condition” of Enron that are alleged in the Consolidated Complaint; and he denies that he was responsible for the accuracy of all public reports and releases described in the Consolidated Complaint.

90. Frevert denies the allegations made in the first two sentences to the extent that they are directed towards him. The third sentence does not require a response.

91 - 97. These paragraphs are directed to Arthur Andersen. Accordingly, they do not require a response from Frevert. In general, Frevert knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

98 - 99. These paragraphs are directed to the law firms Vinson & Elkins and Kirkland & Ellis. Accordingly, they do not require a response from Frevert. In general, Frevert knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

100 - 108. These paragraphs are directed to the integrated financial services institutions J.P. Morgan Chase & Co., CitiGroup, Inc., Credit Suisse First Boston, Canadian Imperial Bank of Commerce, Bank of America Corp., Merrill Lynch & Co., Barclays PLC, Deutsche Bank AG, and Lehman Brothers Holding, Inc. Accordingly, they do not require a response from Frevert. In general, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in paragraphs 100 through 108.

109. Frevert admits, based on document filed with the SEC.

110. First, second, third, fifth, sixth, and seventh sentences: The filing dates, contents, and signatories of Enron's Offering Documents are a matter of public record at the SEC, and Frevert denies these allegations only to the extent they are inconsistent with the public records. Fourth sentence: Based on what was known to him at the time, Frevert denies. Eighth sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations.

111. Frevert admits the allegations contained in the first sentence, based on documents filed with the SEC. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

112. Frevert admits that the paragraph quotes excerpts from Enron's July 14, 1998 earnings release, or (in the last sentence) paraphrases statements from that release, and Frevert refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny the allegation that the 2<sup>nd</sup>Q 1998 results were "better-than-expected."

113. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

114. Frevert admits that the paragraph quotes excerpts from an Enron press release dated July 24, 1998, and Frevert refers the Court to the entire release for its complete meaning and import.

115. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

116. The date, terms, size, and underwriters for Enron's debt offering as listed in the Prospectus are matters of public record with the SEC, and Frevert denies the allegations in the first sentence only to the extent they are inconsistent with the public records. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

117. Frevert admits that the paragraph quotes excerpts from an Enron press release dated September 25, 1998, and Frevert refers the Court to the entire release for its complete meaning and import.

118. Frevert admits that the paragraph quotes excerpts from Enron's October 13, 1998 earnings release, and Frevert refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny the allegation that the 3rdQ 1998 results were "better-than-expected."

119. Frevert admits the allegations contained in the first sentence. Frevert denies that Skilling, Koenig, Causey, and Fastow collectively made the statements alleged in the second sentence.

120. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

121. Frevert denies the allegations made in the first sentence. Frevert cannot determine from the pleading precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 109 - 120 were false and misleading, Frevert cannot respond further to the second sentence.

121(a). Frevert denies, based on what was known to him at the time, and Frevert also incorporates by reference his answers to paragraphs 418 - 611.

121(b) - 121(c). Frevert denies, based on what was known to him at the time.

121(d). Frevert does not have knowledge or information sufficient to admit or deny these allegations, although he denies that at the time he knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

121(e). Frevert denies that the results of Enron's wholesale business were improperly manipulated and falsified as alleged. Last sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations.

121(f). Frevert admits that he knew generally about deferrals of capital expenditures by Enron International, but he denies that he knew or understood those deferrals to be improper, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

121(g). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse or improper manipulation of assumptions by Enron.

121(h). Frevert denies that the allegations in this paragraph are accurate from his perspective, except that Frevert admits that Enron later wrote down the value of its water-related assets.

121(i) - 121(k). Frevert denies, based on what was known to him at the time.

122. Frevert admits that the paragraph quotes excerpts from an Enron press release dated October 21, 1998, and Frevert refers the Court to the entire release for its complete meaning and import.

123. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

124. First sentence: The date, terms, size, and underwriter(s) for Enon's debt offering are matters of public record with the SEC, and Frevert denies the allegations only to the extent they are inconsistent with public records. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny.

125. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

126. First, second, and fourth sentences: Frevert admits, based on documents filed with the SEC, except that Frevert does not have knowledge or information sufficient to admit or deny the allegations concerning the authors of the Registration Statement, and he denies that he participated in writing it in any meaningful, nontrivial way. Third sentence: Frevert denies, based on what was known to him at the time.

127. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

128. Frevert admits that the paragraph quotes excerpts from Enron's January 19, 1999 earnings release, and Frevert refers the Court to the entire release for its complete meaning and

import. Frevert does not have knowledge or information sufficient to admit or deny that the 4<sup>th</sup>Q 1998 and 1998 results were “better-than-expected.”

129 - 133. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

134. First sentence: Frevert admits, based on documents filed with the SEC. Second sentence: Frevert denies, based on what was known to him at the time.

135. First sentence: The date, participating investment banks, size, price, and proceeds of the stock offering are matters of public record at the SEC, and Frevert denies the allegations only to the extent they are inconsistent with the public records. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny.

136. Frevert admits that in March 1999 Enron issued its 1998 Annual Report, but he does not have knowledge or information sufficient to admit or deny the allegations concerning those who reviewed and approved it. Frevert admits that the paragraph quotes extremely selective excerpts from the 1998 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

137 - 139. Frevert admits that these paragraphs quote very selective excerpts from the 1998 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

140. Frevert admits, with the qualification that the alleged earnings-per-share figure appears to have been adjusted to take into account a subsequent stock split.

141. First sentence: Frevert admits, based on documents filed with the SEC. Second sentence: Frevert admits that Vinson & Elkins provided legal services in connection with the Form

10-K report, but he does not have knowledge or information sufficient to admit or deny that Vinson & Elkins reviewed and collaborated in writing the Form 10-K report. Third sentence: Frevert admits.

144. Frevert admits that the paragraph quotes excerpts from Enron's April 13, 1999 earnings release, and he refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny that the 1stQ 1999 results were "better-than-expected."

145. Frevert admits the allegations made in the first sentence. Frevert denies that Lay, Skilling, Koenig, and Causey collectively made the statements alleged in the second sentence.

146 - 150. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

151. The date, terms, size, and underwriters for Enron's debt offering as listed on the Prospectus are matters of public record with the SEC, and Frevert denies the allegations in the first sentence only to the extent they are inconsistent with the public records. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the second sentence.

152 - 154. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

155. Frevert cannot determine precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 122 - 154 were false and misleading, Frevert cannot respond further to this paragraph.

155(a). Frevert denies, based on what was known to him at the time, and Frevert also incorporates by reference his answers to paragraphs 418 - 611.

155(b) - 156(c). Frevert denies, based on what was known to him at the time.

155(d). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

155(e). First through fourth sentences: Frevert denies that the results of Enron's wholesale business were improperly manipulated and falsified as alleged. Fifth through eleventh sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations.

155(f). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

155(g). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse or improper manipulation of assumptions by Enron.

155(h). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew that the the Dabhol power plant was a "financial disaster" or that the valuation of Dabhol on Enron's balance sheet was grossly inflated, as alleged.

155(i). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew that other Enron international operations

(including a Dominican Republic power plant project, Batangas, or Enron's Central American projects) were "financial disasters," as alleged.

155(j). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about falsification of Enron's financial condition, as alleged.

155(k). Frevert admits that he knew generally about deferrals of capital expenditures by Enron International, but he denies that he knew or understood those deferrals to be improper, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

155(l). First sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations because some of the terms are, in this context, too vague and/or subjective, and because plaintiffs provide no details about any specific representations concerning Enron's management team or its hedging and management of financial risk. Second, third, and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew what is alleged, including that he knew that Enron did not deserve its investment-grade credit rating, as is alleged.

155(m). Frevert denies, based on what was known to him at the time.

155(n). Frevert denies that the allegations in this paragraph are accurate from his perspective, except that Frevert admits that Enron later wrote down the value of its water-related assets.

155(o) - 155(p). Frevert denies, based on what was known to him at the time.

156. Frevert admits that the paragraph quotes excerpts from Enron's July 13, 1999 earnings release, and he refers the Court to the entire release for its complete meaning and import.

Frevert does not have knowledge or information sufficient to admit or deny that the 2ndQ 1999 results were “better-than-expected.”

157. First sentence: Frevert admits. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny. Third sentence: Frevert denies.

158 - 163. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

164. First and third sentences: Frevert admits, based on documents filed with the SEC. Second sentence: Frevert denies, based on what was known to him at the time.

165. First and second sentences: The date, terms, size, and underwriters for Enron’s debt offering as listed in the Prospectus are matters of public record with the SEC, and Frevert denies these allegations only to the extent they are inconsistent with the public records. Third sentence: Frevert denies, based on what was known to him at the time.

166 - 176. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

177. Frevert admits that the paragraph quotes excerpts from Enron’s October 12, 1999 earnings release, and he refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny that the 3rdQ 1999 results were “better-than-expected.”

178. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

179. First sentence: Frevert admits. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny. Third sentence: Frevert denies.

180 - 187. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

188. Frevert admits that Enron's stock price increased (in general) in 1999 and that it traded as high as \$43 per share in November 1999, but for the details of Enron's historic stock prices he refers to publicly available records. Frevert denies that the reasons for the increase in Enron's stock price were as alleged in this paragraph and that the increase constituted "artificial inflation." Frevert does not have knowledge or information sufficient to admit or deny the allegations in the last sentence concerning insider stock trades, except he denies that he pocketed any illegal insider trading proceeds.

189. First and third sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations, except that he denies that Enron's bankers issued a series of extremely positive reports on Enron at his behest. Second sentence: Frevert admits that Enron's stock traded as low as \$34-7/8 on 11/23/99, but he denies the allegations as to the cause or factors determinative of that price.

190 - 191. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

192. Frevert admits that the paragraph quotes excerpts from Enron's December 2, 1999 press release, and he refers the Court to the entire release for its complete meaning and import.

193 - 195. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

196. Frevert admits that the paragraph quotes excerpts from Enron's January 18, 2000 earnings release, and Frevert refers the Court to the entire release for its complete meaning and

import. Frevert does not have knowledge or information sufficient to admit or deny that the 4<sup>th</sup>Q 1999 and full year 1999 results were “better-than-expected.”

197. First sentence: Frevert admits. Second sentence: Frevert admits that Enron hosted an analyst conference in Houston on January 20, 2000, and he admits that Skilling and Koenig were present, but he does not have knowledge or information sufficient to admit or deny the allegations with regard to Causey and Fastow. Third sentence: Frevert denies.

198 - 213. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

214. Frevert cannot determine precisely which statements plaintiffs contend were false and misleading, and therefore, other than to deny that many of the statements contained in paragraphs 156 - 213 were false and misleading, Frevert cannot respond further to this paragraph.

214(a). Frevert denies, based on what was known to him at the time, and Frevert also incorporates by reference his answers to paragraphs 418 - 611.

214(b) - 214(c). Frevert denies, based on what was known to him at the time.

214(d). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any improprieties involving Enron’s accounting relating to SPEs and/or Chewco/JEDI.

214(e). With regard to the first through fourth sentences, Frevert denies that the results of Enron’s wholesale business were improperly manipulated and falsified as alleged. Frevert does not have knowledge or information sufficient to admit or deny the other allegations contained in this paragraph.

214(f). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

214(g). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except (a) he admits that EES changed its business model to focus on commercial/industrial business and that Enron entered into demand-side management contracts, and (b) he denies that at the time he knew about any use of unrealistic projections and mark-to-market accounting to mislead investors, as alleged.

214(h). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew that EBS was encountering problems as serious, persistent, or significant as plaintiffs allege, such that they could not be overcome, or that the prospects for success of EBS were “grossly overstated.”

214(i). Frevert admits that Enron acquired a company called Modulus and that a portion of Enron’s presentation to analysts in January 2000 related to EBS. Frevert denies that he knew at the time that EBS “was doomed to failure due to numerous intractable problems” or that the January 2000 presentation about EBS “was a study in how to lie with Power Point slides.” Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

214 (j). Frevert admits that Enron or EBS entered into “dark-fiber swaps,” but Frevert denies that he knew that those transactions were “artificial contrivances,” conducted to improperly inflate the revenues of EBS, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

214(k). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron's accounting of its dark fiber transactions was an accounting manipulation that improperly inflated current-period results.

214(l). Frevert denies that "the prospects for future revenue and profits from Enron's EBS operation and the purported value of that operation to Enron and to its stock price were completely false," and Frevert further denies that he knew what Enron is alleged to have known.

214(m). Frevert denies that he knew at the time that the Dabhol power plant was a "financial disaster" or that it would result in a huge loss for Enron.

214(n). First sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations because plaintiffs provide no details about any specific representations concerning Enron's hedging and management of financial risk. Second, third, and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew what is alleged, including that he knew that Enron did not deserve its investment-grade credit rating.

214(o). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about "snowballing" or other falsification of Enron's financial condition, as alleged.

214(p) - 214(r). Frevert denies, based on what was known to him at the time.

215. Frevert admits that in March 2000 Enron issued its 1999 Annual Report, but he does not have knowledge or information sufficient to admit or deny the allegations concerning those who reviewed and approved it. Frevert admits that the paragraph quotes very selective excerpts from the

letter to shareholders in the 1999 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

216-218. Frevert admits that these paragraphs quote very selective excerpts from the 1999 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

219. Frevert admits that Enron's 1999 Annual Report contained Enron's 1999 financial statements, as certified by Arthur Andersen. Frevert also admits that the financial data presented in the charts is contained in the 1999 Annual Report, although there it was presented in somewhat different form and with additional detail and qualifications.

220. Frevert admits that the paragraph quotes an excerpt from note 16 to Enron's 1999 financial statement.

221. First sentence: Frevert admits, based on documents filed with the SEC. Second sentence: Frevert admits that Vinson & Elkins rendered legal services in connection with the Form 10-K report, but he does not have knowledge or information sufficient to admit or deny that Vinson & Elkins reviewed and helped write the entire Form 10-K report. Third sentence: Frevert admits that the Form 10-K report contained Enron's 1998 and 1999 annual financial statements as certified by Arthur Andersen and an unqualified report thereon.

222. First sentence: Frevert admits that Enron hosted an Analyst Conference in Houston on January 20, 2000, and that the price of Enron stock reached \$73 per share in late January 2000 and \$78 per share in March 2000, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations in this sentence. Second and third sentences: Frevert denies that the reasons for the increase in Enron's stock price were as alleged and that the increase

constituted “artificial inflation”; Frevert does not have knowledge or information sufficient to admit or deny the allegations concerning stock sales by “Enron insiders,” except that Frevert denies that he pocketed any illegal insider trading proceeds.

223. Frevert admits that the paragraph quotes excerpts from Enron’s April 12, 2000 earnings release, and he refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny that the 1stQ 2000 results were “better-than-expected.”

224. First sentence: Frevert admits. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny. Third sentence: Frevert denies.

225 - 234. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

235. Frevert admits that Enron’s stock traded at \$78-7/8 on 5/17/00, and for further details concerning Enron’s stock price in April and May 2000, Frevert refers to publicly available records. Frevert denies that the reasons for any increases in the price of Enron’s stock were as alleged in this paragraph and that any increase constituted “artificial inflation.” Frevert does not have knowledge or information sufficient to admit or deny the allegations in the last sentence concerning insider stock trades, except he denies that he pocketed any illegal insider trading proceeds.

236. The date, terms, size, and underwriters for Enron’s debt offerings as listed on the Prospectus are matters of public record with the SEC, and Frevert denies the allegations in the first, second, and third sentences only to the extent they are inconsistent with the public record. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in the last sentence.

237. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

238. The date, terms, size, and underwriter(s) for Enron's debt offering are matters of public record with the SEC, and Frevert denies the allegations in this paragraph only to the extent they are inconsistent with the public record.

239. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

240. Frevert admits that the paragraph quotes excerpts from Enron's July 19, 2000 press release, and he refers the Court to the entire release for its complete meaning and import.

241 - 245. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

246. Frevert admits that the paragraph quotes excerpts from Enron's July 24, 2000 earnings release, and he refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny that the 2ndQ 2000 results were "better-than-expected."

247. First sentence: Frevert admits that on July 24, 2000 Enron held an earnings release conference call, but Frevert does not have knowledge or information sufficient to admit or deny that Skilling, Koenig, and Fastow participated. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny. Third sentence: Frevert denies.

248 - 260. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

261. First sentence: Frevert admits that the all-time high price for Enron's stock of \$90-3/4 per share was registered on August 23, 2000, and that this was five weeks after Enron had announced its VOD venture with Blockbuster and one month after Enron had reported its second quarter 2000 earnings; otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations in the first sentence. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny, except he denies that he pocketed any illegal insider trading proceeds.

262. Frevert admits that the paragraph quotes excerpts from Enron's October 17, 2000 earnings release, and he refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny that the 3<sup>rd</sup>Q 2000 results were "better-than-expected."

263. First sentence: Frevert admits. Second sentence: Frevert denies.

264 - 270. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

271. For precise prices of Enron's stock at any time in November 2000, Frevert refers to publicly available records. Frevert denies that Enron's stock price was "the result of defendants' false and misleading statements." Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except he denies that he had knowledge of or participated in feverish, behind-the-scene efforts with Andersen, Vinson & Elkins, Kirkland & Ellis and certain of Enron's banks to improperly avoid the recognition of hundreds of millions of dollars of losses.

272. Frevert admits that the paragraph quotes a portion of an Enron press release dated November 24, 2000, and he refers the Court to the entire release for its meaning and import.

273 - 274. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

275. First sentence: Frevert admits that on December 13, 2000 Enron issued a press release announcing that Skilling would succeed Lay as CEO of Enron. Second sentence: Frevert denies that that press release contained the quote attributed to Lay.

276. Frevert admits that the paragraph quotes excerpts from an Enron press release dated December 18, 2000, and he refers the Court to the entire release for its complete meaning and import.

277. Second sentence: Frevert denies that he knew about “prior falsification of Enron’s financial results” or the “disastrous results for all concerned” alleged in this sentence. Seventh sentence: Frevert admits that the stock price of The New Power Company declined from its IPO price, and he refers to publicly available records for the precise historical prices of TNPC stock. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

278. Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph, except he denies that he participated in or had knowledge of (a) any improper restructuring of the capitalization of several SPEs at year-end 2000, or (b) the “Enron Ponzi scheme.”

279. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

280. Frevert admits that Enron's stock traded as high as \$84-1/16 on January 2, 2001, and as low as \$66-1/16 on January 17, 2001, but Frevert denies that Enron's stock price throughout this period was caused or determined by the factors alleged by plaintiffs, and he denies that he participated in or knew about any efforts to misrepresent Enron's 2000 results in order to boost its stock price. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

281. Frevert admits that the paragraph quotes excerpts from Enron's January 22, 2001 earnings release, and he refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny that the 4thQ 2000 and full year 2000 results were "better-than-expected."

282. First sentence: Frevert admits. Second sentence: Frevert admits that Enron hosted an Analyst Conference in Houston on January 25, 2001, and he admits that Skilling and Koenig were present, but he does not have knowledge or information sufficient to admit or deny the allegations with regard to Causey, Kean, and Fastow. Third sentence: Frevert denies.

283 - 287. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

288. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except as follows: (a) Frevert admits that Enron's stock traded as low as \$66-1/16 on January 17, 2001, and as high as \$83-3/32 on February 5, 2001; (b) he denies that Enron's stock price throughout this period was caused or determined by the factors alleged by plaintiffs; (c) he admits that in February 2001 Enron sold about \$1.9 billion Zero Coupon Convertible Notes in a private placement to a group of financial institutions.

289 - 290. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

291. Frevert admits that the paragraph quotes one sentence from an Enron press release dated February 26, 2001, and Frevert refers the Court to the entire release for its complete meaning and import.

292. First sentence: Frevert admits, based on documents filed with the SEC. Second sentence: Frevert admits that Vinson & Elkins rendered legal services in connection with the Form 10-K report, but he does not have knowledge or information sufficient to admit or deny that Vinson & Elkins reviewed and participated in writing the entire report. Third sentence: Frevert admits that the Form 10-K report contained Enron's 1999 and 2000 annual financial statements as certified by Arthur Andersen and an unqualified report thereon.

293. Frevert admits that in March 2001 Enron issued its 2000 Annual Report, but he does not have knowledge or information sufficient to admit or deny the allegations concerning those who reviewed and approved it. Frevert admits that the paragraph quotes very selective excerpts from the letter to shareholders in the 2000 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

294. Frevert admits that the paragraph quotes very selective excerpts from the 2000 Annual Report, and he refers the Court to the entire Annual Report for its complete meaning and import.

295. Frevert admits that Enron's 2000 Annual Report contained Enron's 2000 financial statements, as audited and certified by Arthur Andersen. Frevert also admits that the financial data presented in the chart is contained in the 2000 Annual Report, although there it was presented in somewhat different form and with additional detail and qualifications.

296. With the exception of the number alleged to be “Total current assets” for 2000, which appears to be a typographical error, Frevert admits that the financial data set forth in this paragraph is contained in the 2000 Annual Report and financial statements, although there it was presented in somewhat different form and with additional detail and qualifications.

297. Frevert admits that the financial data is contained in the 2000 Annual Report, although there it was presented in somewhat different form and with additional detail and qualifications.

298. Frevert admits that the paragraph quotes a portion of note 16 to Enron’s 2000 financial statement.

299. Frevert admits that (a) on January 21, 2001, Enron issued an earnings release for 4<sup>th</sup>Q 2000 and 2000, (b) Enron hosted an Analyst Conference in Houston on January 25, 2001, and (c) Enron stock traded as high as \$82-3/4 on February 5, 2001; Frevert denies that he pocketed any illegal insider trading proceeds; otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

300. Frevert cannot determine precisely which statements plaintiffs contend were false and misleading, and, therefore, other than to deny that many of the statements contained in paragraphs 215 - 298 were false and misleading, Frevert cannot respond further to this paragraph.

300(a). Frevert denies, based on what was known to him at the time, and Frevert also incorporates by reference his answers to paragraphs 418 - 611.

300(b) - 300(c). Frevert denies, based on what was known to him at the time.

300(d). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

300(e). With regard to the first through fourth sentences, Frevert denies that the results of Enron's wholesale business were improperly manipulated and falsified as alleged. Frevert does not have knowledge or information sufficient to admit or deny the other allegations contained in this paragraph.

300(f). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

300(g). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except (a) he admits that EES changed its business model to focus on commercial/industrial business and that Enron entered into demand-side management contracts, and (b) he denies that at the time he knew about any use of unrealistic projections and mark-to-market accounting to mislead investors, as alleged.

300(h). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except (a) he denies that at the time he knew that EBS was encountering problems as serious, persistent, or significant as plaintiffs allege, such that they could not be overcome, or that the prospects for success of EBS were "grossly overstated," (b) he admits that Enron acquired a company called Modulus, and (c) he denies that at the time he knew that EIN "was doomed to failure due to numerous intractable problems."

300(i). Frevert admits that Enron or EBS entered into “dark-fiber swaps,” but Frevert denies that he knew that those transactions were “artificial contrivances,” conducted to improperly inflate the revenues of EBS, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

300(j). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron’s accounting of its dark fiber transactions was an accounting manipulation that improperly inflated current-period results.

300(k). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron lied about the number of its broadband customers.

300(l). Frevert denies that “the prospects for future revenue and profits from Enron’s EBS operation and the purported value of that operation to Enron and to its stock price [were] completely arbitrary,” and Frevert further denies that he knew what Enron is alleged to have known.

300(m). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron grossly overstated information relating to its broadband business, as alleged.

300(n). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron was abusing and misusing mark-to-market accounting with respect to its broadband intermediation, as alleged.

300(o). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron grossly misrepresented and overstated matters relating to its Blockbuster VOD joint venture or that the Blockbuster deal was a fraud, as alleged.

300(p). First sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations because plaintiffs provide no details about any specific representations concerning Enron's hedging and management of financial risk. Second, third, and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew what is alleged, including that he knew that Enron did not deserve its investment-grade credit rating.

300(q) - 300(s). Frevert denies, based on what was known to him at the time.

301. Frevert admits that on March 9, 2001, Enron announced that it had terminated its joint venture with Blockbuster, and that, in general, Enron's stock declined in the days after that announcement. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

302 - 304. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

305. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except Frevert admits that Enron's stock traded as low as \$51-33/64 on March 22, 2001, and Frevert denies (a) that he knew what Enron insiders are alleged to have known in the second sentence, (b) that Enron "flooded the markets with extremely positive and reassuring information," and (c) that he had knowledge of or participated in feverish, behind-the-scene efforts with Andersen, Vinson & Elkins, Kirkland & Ellis and certain of Enron's bankers to avoid any major Enron stock issuance and "exposure and unraveling of the scheme."

306 - 308. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

309. First sentence: Frevert admits. Second sentence: Frevert denies.

310 - 312. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

313. Frevert admits that Enron's stock traded as low as \$51-33/64 on March 22, 2001. Frevert denies that (a) he was under excruciating pressure to support Enron's stock price at the end of the first quarter 2001; (b) he knew what the third sentence alleges Enron knew; or (c) he had knowledge of or participated in the feverish work alleged in the fourth and fifth sentences. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

314. In the absence of any information as to the source(s) of the statements attributed to Enron and its bankers, and because some of the terms are, in this context, too vague and/or subjective, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

315. Frevert admits that the paragraph quotes one sentence from an Enron press release dated April 3, 2001, and Frevert refers the Court to the entire release for its complete meaning and import.

316. Frevert admits that the paragraph quotes excerpts from Enron's April 17, 2001 earnings release, and he refers the Court to the entire release for its complete meaning and import. Frevert does not have knowledge or information sufficient to admit or deny that the 1stQ 2001 results were "better-than-expected."

317. First sentence: Frevert admits. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny. Third sentence: Frevert denies.

318 - 323. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

324. Frevert admits that Enron's stock traded as high as \$64-3/4 on April 30, 2001, that it traded as high as \$57-13/16 on May 8, 2001, and that it traded as low as \$52 on May 17, 2001. Frevert denies that Enron's stock traded as low as \$48-7/16 at any time on May 8, 9, or 10, and he denies that Enron flooded the market with very positive statements or extremely bullish statements, as alleged. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

325 - 327. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

328. Frevert admits that the paragraph quotes excerpts from Enron's July 12, 2001 earnings release, and he refers the Court to the entire release for its complete meaning and import.

329. First sentence: Frevert admits. Second sentence: Frevert admits that Skilling and Koenig were present at Analyst Conferences in New York and Boston, but he does not have knowledge or information sufficient to admit or deny whether Causey, Kean, or Fastow were present. Third sentence: Frevert denies.

330 - 335. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

336. First, second, and fourth sentences: The filing date, content and signatories of Enron's registration statement are a matter of public record at the SEC, and Frevert denies the allegations only to the extent they are inconsistent with the public records. Third sentence: Based on what was known to him at the time, Frevert denies.

337 - 338. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

339. Frevert cannot determine precisely which statements plaintiffs contend were false and misleading, and, therefore, other than to deny that many of the statements contained in paragraphs 301 - 338 were false and misleading, Frevert cannot respond further to this paragraph.

339(a). Frevert denies, based on what was known to him at the time, and Frevert also incorporates by reference his answers to paragraphs 418 - 611.

339(b) - 339(c). Frevert denies, based on what was known to him at the time.

339(d). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any improprieties involving Enron's accounting relating to SPEs and/or Chewco/JEDI.

339(e). With regard to the first through fourth sentences, Frevert denies that the results of Enron's wholesale business were improperly manipulated and falsified as alleged. Frevert does not have knowledge or information sufficient to admit or deny the other allegations contained in this paragraph.

339(f). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that at the time he knew about any misuse and abuse of mark-to-market accounting, or any improperly inflated contract valuations or improperly boosted financial results.

339(g). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except (a) he admits that EES changed its business model to focus on commercial/industrial business and that Enron entered into demand-side management contracts, and

(b) he denies that at the time he knew about any use of unrealistic projections and mark-to-market accounting to mislead investors, as alleged.

339(h). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except (a) he denies that at the time he knew that EBS was encountering problems as serious, persistent, or significant as plaintiffs allege, such that they could not be overcome, or that the prospect for success of EBS were “grossly overstated,” (b) he admits that Enron acquired a company called Modulus, and (c) he denies that at the time he knew that EBS “was doomed to failure due to numerous intractable problems.”

339(i). Frevert admits that Enron or EBS entered into “dark-fiber swaps,” but Frevert denies that he knew that those transactions were “artificial contrivances,” conducted to improperly inflate the revenues of EBS, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

339(j). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron’s accounting of its dark fiber transactions was an accounting manipulation that improperly inflated current-period results.

339(k) Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron lied about the number of its broadband customers.

339(l). Frevert denies that “the prospects for future revenue and profits from Enron’s EBS operation and the purported value of that operation to Enron and to its stock price [were] completely arbitrary,” and Frevert further denies that he knew what Enron is alleged to have known.

339(m). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron grossly overstated information relating to its broadband business, as alleged.

339(n). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron was abusing and misusing mark-to-market accounting with respect to its broadband intermediation, as alleged.

339(o). Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew that Enron grossly misrepresented and overstated matters relating to its Blockbuster VOD joint venture or that the Blockbuster deal was a fraud, as alleged.

339(p). First sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations because plaintiffs provide no details about any specific representations concerning Enron's hedging and management of financial risk. Second, third, and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations, except he denies that he knew what is alleged, including that he knew that Enron did not deserve its investment-grade credit rating.

339(q) - 339(s). Frevert denies, based on what was known to him at the time.

340 - 341. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

342. Frevert denies that (a) he "knew the end was at hand"; (b) he knew that Skilling's resignation had the potential to cause some scheme to unravel; or (c) Enron created a false story that Skilling was resigning for personal reasons. Frevert admits that in general the price of Enron's stock declined during the period May 2001 through July 2001, and that its stock traded as low as \$42 on

July 24, 2001, as low as \$42 on August 9, 2001, and as low as \$37-17/64 on August 29, 2001. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

343. First sentence: Frevert admits. Second sentence: Frevert admits that Lay sent to Enron employees an e-mail containing, among other material, the quoted sentence, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations in this sentence. Third sentence: Frevert denies that Lay, Koenig, Causey, Fastow and Skilling collectively stated what is attributed to them, and he does not have knowledge or information sufficient to admit or deny whether Lay or Skilling stated what is attributed to them.

344 - 349. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

350. Frevert admits that Enron's stock traded at \$43-13/64 during the day of August 14, 2001, and that it traded at \$36-7/8 during the day of August 15, 2001. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny these allegations made in this paragraph.

351 - 358. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

359. Frevert denies that the allegations contained in this paragraph are accurate from his perspective.

360. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except as follows: (a) Frevert admits that Enron's stock price declined between the middle of August 2001 and the end of September 2001; (b) Frevert denies that what the second sentence alleges to have been apparent "inside Enron" was apparent to him; (c)

Frevert denies participating in or knowing about the fraudulent scheme referred to in the second and third sentences; and (d) Frevert denies, from his perspective, any destruction of documents by or within Enron as part of any effort to destroy evidence.

361. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except he admits that in late September 2001 he understood that it was probable that Enron would take some writedowns in connection with its 3rdQ 2001 results, and he denies having the understanding that Enron was desperate to generate apparently healthy operating earnings.

364. First sentence: Frevert admits. Second sentence: Frevert denies. Third and fourth sentences: Frevert admits that these sentences quote excerpts from Enron's earnings release dated October 16, 2001, and Frevert refers the Court to the entire release for its complete meaning and import.

365. Frevert admits that Enron discussed its earnings release (including the write-off and the reduction of shareholder equity) with the investment community, but in the absence of information about specific statements and their source(s), Frevert cannot otherwise admit or deny these allegations.

366. First sentence: Frevert admits. Second sentence: Frevert denies.

367 - 376. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

377. First sentence: Frevert admits. Second sentence: Frevert denies.

378 - 381. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

382. Frevert admits that the paragraph quotes excerpts from an Enron press release dated October 25, 2001, and he refers the Court to the entire release for its complete meaning and import.

384. On the assumption that the paragraph refers to the 8-K Enron filed on November 8, 2002, Frevert admits, except he denies that the figure contained in the box for "Shareholders Equity" for 2000 is consistent with the 8-K.

385. Frevert denies that he participated in structuring any transactions involving the Chewco or LJM partnerships, and otherwise he does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

386. Frevert denies that the allegations contained in this paragraph are accurate from his perspective, and he denies that he participated in concealing extensive fraud.

387. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except he denies that he worked hand-in-hand with JPMorgan and CitiGroup to desperately try to save Enron for the reasons alleged.

388. Frevert admits that Enron conducted a conference call for analysts on November 14, 2001, but he denies that Lay, Whalley, McMahon, and Causey collectively made the alleged statements.

389. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except he denies that he participated in or had knowledge of an "Enron Ponzi scheme."

390. First sentence: Frevert cannot determine which statements plaintiffs contend were false and misleading, and, therefore, other than to deny that many of the statements contained in paragraphs 364-388 were false and misleading, Frevert cannot respond further to this sentence.

Second, third, and fourth sentences: Frevert denies (a) that EPS forecasts were completely false with no basis whatsoever; (b) that he knew that Enron's statements about the LJM partnerships and transactions with LJM were falsehoods; and (c) that he knew that the LJM partnerships were manipulative contrivances or that they permitted him to self-deal with Enron's assets; otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences, in part because they contain terms that, in context, are too vague and/or subjective.

391. Frevert admits that (a) Dynegy refused to acquire Enron; (b) Enron's publicly-traded debt was downgraded to below investment grade; (c) Enron declared bankruptcy on December 2, 2001; and (d) the market price for Enron's stock and publicly traded debt securities declined significantly. Frevert denies that he participated in or had knowledge of efforts to conceal Enron's true financial condition from Dynegy or "wide-ranging falsification of [Enron's] financial statements." Frevert does not have knowledge or information sufficient to admit or deny other allegations contained in this paragraph.

392. Frevert admits that Congress has investigated the failure of Enron and that some individuals associated with Enron or Andersen have invoked their constitutional rights under the Fifth Amendment, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

393. Frevert denies that he participated in or had knowledge of the fraudulent scheme, manipulative devices and contrivances, or misrepresentations alleged in this paragraph.

394. First sentence: Frevert denies as to himself. Second and third sentences: Frevert denies that he participated in wrongful conduct or that he received illegal insider trading proceeds or illegal bonus payments.

395. First and second sentences: Frevert denies that these allegations are accurate from his perspective. Third and fourth sentences: Frevert denies that he reviewed and approved the transactions complained of by plaintiffs; further, he denies that he participated in, knew of, or acted in reckless disregard of, the falsification of Enron's financial reports or other false and misleading statements made about Enron's business operations.

396. Frevert denies as to himself.

397. Frevert denies as to himself.

398. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

399. Frevert admits that during his tenure with Enron he had access to non-public information relating to the Company, but he denies that he had such access simply by virtue of his position with the Company and he denies that he had access to any and all *adverse* non-public information.

400. Frevert denies as to himself; Frevert does not have knowledge or information sufficient to admit or deny allegations as to others.

401. First sentence: Frevert denies. Second sentence and table: Frevert admits the allegations pertaining to him, and he does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

402. Except as to those matters admitted in paragraphs 83(f) and 401, Frevert denies the allegations pertaining to him (including the percentage of Enron stock plus vested options sold during the Class Period), and he does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

403. Frevert denies as to himself; he does not have knowledge or information sufficient to admit or deny the allegations pertaining to others.

404 - 405. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

406 - 409. These paragraphs do not contain any allegations of fact that require a response.

410. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph 410.

411 - 415. These paragraphs do not contain any allegations of fact that require a response.

416. With regard to the information concerning “insider sales” set forth in Ex. C to Exhibit Appendix, Frevert admits that he sold the number of shares alleged on the dates alleged for the amount of gross proceeds listed, but he does not have knowledge or information sufficient to admit or deny the accuracy of the information pertaining to others.

417. This paragraph does not require a response.

418. Frevert denies that he caused Enron to violate GAAP and SEC rules in any of the alleged ways.

419. Frevert admits that Enron restated its financial results for the years 1997, 1998, 1999, and 2000. Frevert denies the accuracy of the charts purporting to depict the restatements as to

recurring net income, debt, and shareholders equity to the extent they are inconsistent with the information contained in the 8-K Enron filed on November 8, 2001.

420. Frevert admits that restatement of Enron's financial results for the years 1997, 1998, 1999, and 2000 affected its "debt-to-equity" ratio for those periods, but plaintiffs do not give any information concerning the source(s) of the percentage figures alleged in this paragraph, and therefore Frevert cannot admit or deny the accuracy of those allegations. Frevert also admits that the debt-to-equity ratio is one measure used by rating agencies to evaluate a corporation's credit rating. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

421. Frevert admits that restatement of Enron's financial results for the years 1997, 1998, 1999, and 2000 affected the ratios of debt-to-equity and earnings-to-fixed charges for those periods, but plaintiffs do not give any information concerning the source(s) of the percentage figures alleged in this paragraph, and therefore Frevert cannot admit or deny the accuracy of those allegations.

422. Frevert denies having engaged in, or knowing about, many other egregious manipulations of Enron's financial statements that were not included in the restatement, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

423. Frevert admits that the restatement contained no adjustments attributable to a different treatment for mark-to-market accounting or for forward sales contracts, but Frevert denies knowing that any such adjustments were required. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

424. First and second sentences: Except as to the matters covered by the 8-K filed November 8, 2001, Frevert denies, based on his perspective. Third sentence and table: Frevert cannot confirm that all of the alleged data is consistent with what Enron reported in its SEC filings, and Frevert denies the allegations only to the extent that they are, indeed, inconsistent with Enron's SEC filings that are a matter of public record.

425. First and second sentences: Frevert admits that Enron included financial results in various earnings releases, SEC filings, and Registration Statements and Prospectuses, but Frevert denies that those results were as alleged in paragraph 424 to the extent that those allegations are inconsistent with Enron's SEC filings that are a matter of public record. Third sentence: Frevert admits.

426. Based on what was known to him, Frevert denies the allegations made in this paragraph.

427 - 428. These paragraphs assert matters of legal and/or accounting opinion to which no response is required.

429. Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, except that Frevert denies that he participated in or knew about a scheme to keep loans off Enron's financial statements and at the same time inappropriately record income from transactions with SPEs.

430 - 432. These paragraphs assert matters of accounting opinion to which no response is required.

433. Much of this paragraph – for example, the first and fourth sentences, the first part of the fifth sentence, and the footnote – assert matters of accounting opinion to which no response is

required. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph, except he denies that he participated in, or knew about, efforts to improperly consolidate SPE's, as alleged, and he denies that the last sentence is accurate from his perspective.

434. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

435. Sentences one through four: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations. Fifth sentence: Frevert denies.

436. Frevert admits that in or around 1993 Joint Energy Development Investment ("JEDI") was formed, with Enron or a subsidiary as the general partner, and that Enron did not consolidate JEDI into its financial statements. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

437 - 440. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

441. First sentence: Frevert denies that the "problems" with the independent equity in Chewco were known to him or openly discussed around him. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny.

442. First and second sentences: Although these sentences assert matters of accounting opinion to which no response is required, Frevert notes that when Enron restated its financial results

in November 2001, it consolidated JEDI. Third sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations.

443 - 446. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

447. Frevert admits that in Enron's November 2001 restatement, it consolidated Chewco and JEDI beginning in November 1997, and that its restatement resulted in the recording of losses and debt in the amounts alleged.

448. First sentence: This sentence asserts matters of accounting and/or legal opinion to which no response is required. Third sentence: Frevert admits that for a period of time, Fastow was the managing member of the general partners of LJM1 and LJM2. Frevert does not have knowledge or information sufficient to admit or deny the other allegations made in this paragraph.

449. Frevert denies that, from his perspective, the LJM partnerships were controlled by Enron or were part of Enron. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

450. Frevert admits that in its November 2001 restatement, Enron reduced earnings by \$95 million and \$8 million for 1999 and 2000 respectively, and it reduced assets by \$222 million for 1999, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

451. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

452. Frevert admits.

453. Frevert refers to the publicly available records concerning the IPO price and historical stock prices thereafter of Rhythms, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

454. First, second, third, and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences. The fifth sentence states matters of accounting opinion to which no response is required.

455 - 459. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

460. First sentence: Frevert admits that LJM2 was formed in 1999, and that for a time Fastow was the managing member of the general partner of LJM2. Otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

461. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

462. This paragraph asserts matters of accounting opinion to which no response is required; or, to the extent it alleges matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

463. Frevert denies that he participated in the restructuring of the Raptor vehicles in the first quarter of 2001, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

464. First sentence: Frevert admits that in connection with the 3<sup>rd</sup>Q 2001, Enron reported a reduction to shareholders' equity of approximately \$1.2 billion and that it reported an after-tax charge of \$544 million (\$710 million pre-tax) as one component of the total charges to net income.

Second and third sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

465. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

466. Frevert admits that Enron and the LJM partnerships engaged in transactions, but he denies knowing that they were “manipulative” and he does not have knowledge or information sufficient to admit or deny allegations concerning the number of such transactions between September 1999 and July 2001.

467. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

468. This paragraph asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it alleges matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

469 - 477. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

478. First and second sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations. Third and fourth sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

479 - 480. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

481. The second sentence asserts matters of accounting opinion to which no response is required. Frevert does not have knowledge or information sufficient to admit or deny the allegations made in the other sentences in this paragraph.

482. First sentence: Frevert admits. Second and third sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

483 - 484. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

485. Frevert admits that there was a Raptor III and that the stock price of TNPC declined from its IPO price, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

486. Frevert refers to publicly available records concerning the historical stock prices of TNPC, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

487. First sentence: Frevert admits that New Power was a retail power company and that Enron owned a large stake in it before the IPO. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

488 - 490. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

491 - 493. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

494. First and second sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations. Third sentence: Frevert admits that the sentence quotes an excerpt from Enron's November 8, 2001 8-K or paraphrases a statement in the 8-K, and Frevert refers the Court to the entire 8-K filing for its complete meaning and import.

495. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

496. Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph and/or subparagraphs (a) and (b), except that Frevert denies that he participated in efforts to conceal billions of dollars of debt, as alleged.

497. Frevert admits that Osprey Trust was a limited partner in Whitewing Associates LP, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

498 - 500. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

501. This paragraph asserts matters of accounting opinion to which no response is required.

502 - 505. These paragraphs assert matters of accounting and/or legal opinion to which no response is required; or, to the extent they allege matters of fact, Frevert does not have knowledge or information sufficient to admit or deny those allegations.

506. Frevert denies that he participated in or knew about the scheme that is alleged, as well as efforts to cause Enron's financial statements to be materially false and misleading. Otherwise,

Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

507 - 509. These paragraphs assert matters of accounting and/or legal opinion to which no response is required.

510. First sentence: Frevert denies. Second sentence: Frevert admits that the Notes to the Consolidated Financial Statements in Enron's 10-Ks for 1997 and 1998 do not include a section on "Related Party Transactions." Third sentence: Frevert admits that plaintiffs have quoted from Enron's 10-K for 2000, and Frevert refers the Court to the entire 10-K for its complete meaning and import. Fourth and sixth sentences: These sentences assert matters of legal and/or accounting opinion to which no response is required. Fifth sentence: Frevert denies that prior to November 2001 there was no disclosure that Fastow was the managing member of the general partners of LJM1 and LJM2, and he admits that prior to November 2001 there was no disclosure that Fastow had received more than \$30 million relating to his LJM management and investment activities.

511. First and second sentences: These sentences assert matters of legal opinion to which no response is required. Third and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations.

512. First sentence: Frevert admits. Second sentence: Frevert admits that LJM1 and LJM2 were discussed in the proxy statement Enron filed in March (not May) of 2000. Third sentence: Frevert admits. Fourth sentence: Frevert does not have knowledge or information sufficient to admit or deny.

513. First and second sentences: Frevert admits. Third sentence: Frevert admits that the footnote entitled "Related Party Transactions" did not identify Fastow as the "senior officer of Enron," but Frevert denies the allegation as to all subsequent financial statements footnotes. Fourth sentence:

This sentence asserts, at least by implication, matters of legal and/or accounting opinion to which no response is required. Fifth sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations, because the allegations are too vague.

514. First sentence: Frevert admits. Second sentence: Frevert denies.

515. First and second sentences: Frevert denies, based on what was known to him at the time. Third and fourth sentences: Frevert admits that plaintiffs quote excerpts from Enron's Form 10-Qs for 2<sup>nd</sup>Q 1999, 3<sup>rd</sup>Q 1999, and 1<sup>st</sup>Q 2000, and Frevert refers the Court to the entire 10-Qs for their complete meaning and import.

516. Frevert denies, based on what was known to him at the time.

517. First, second, and third sentences: Frevert admits that Enron announced that the restatement included prior-year proposed audit adjustments and reclassifications where they had been determined to be immaterial in the year originally proposed, and that the proposed adjustment for 1997 was \$51 million. Fourth sentence: Frevert admits that \$51 million represented 48% of net income (but only *after* a significant contract restructuring charge of \$463 million) and 10% of recurring net income. Fifth sentence: Frevert does not have knowledge or information sufficient to admit or deny. Sixth sentence: This sentence asserts matters of accounting opinion to which no response is required.

518. First and sixth sentences: Frevert denies. Fifth sentence: Frevert does not have knowledge or information sufficient to admit or deny this sentence. Second, third, and fourth sentences: These sentences assert matters of accounting opinion to which no response is required.

519. Frevert denies having engaged in, or knowing about, many other egregious manipulations of Enron's financial statements, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

520. First sentence: Frevert admits that Enron entered the broadband business and that Enron laid fiber optic cable. Second sentence: Frevert denies. Third and fourth sentences: Frevert denies that he engaged in or knew about accounting manipulations with respect to broadband, including improper accounting for a deal with Blockbuster, improper use of mark-to-market accounting, or improper recognition of income from swaps of fiber optic capacity.

521. Frevert admits that in July 2000 Enron announced a joint venture with Blockbuster, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

522 - 524. Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

525. This paragraph asserts matters of accounting opinion to which no response is required; or, to the extent it alleges matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

526. First sentence: Frevert admits (as alleged in paragraph 301) that on March 9, 2001 Enron announced that *it* had terminated its joint venture with Blockbuster. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations.

527. Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, except that Frevert admits that the second sentence sets forth a rough but workable definition of “dark fiber” and that Enron engaged in transactions involving dark fiber capacity.

528. Frevert admits that Enron engaged in broadband trading and dark fiber transactions, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

529 - 532. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

533. Frevert denies that he participated in or had knowledge of gross abuse of mark-to-market accounting by Enron on its energy trading contracts and broadband transactions.

534. First, second, third, and fifth sentences: These sentences assert matters of accounting opinion to which no response is required. Fourth sentence: Frevert admits that Enron used mark-to-market accounting in some circumstances, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations. Sixth sentence: Frevert denies that he had the knowledge alleged of the Enron Defendants, and he does not have knowledge or information sufficient to admit or deny the allegations as to other defendants.

535. Second sentence: Frevert admits that the sentence sets forth a workable definition of demand-side management (“DSM”) contracts. First, third, fourth, fifth, and sixth sentences: These sentences assert matters of accounting opinion to which no response is required; or, to the extent they assert matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

536. First sentence: This asserts matters of accounting opinion to which no response is required; or, to the extent it asserts matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations. Second and third sentences: Frevert denies participating in the conduct that is alleged or having the state of mind that is alleged of the Enron Defendants.

Fourth, fifth, and sixth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

537. Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph, except he denies that in the trading areas of Enron with which he was familiar there was abuse of mark-to-market accounting or arbitrary or improper “moving the curve.”

538 - 539. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

540. Frevert admits that at one time Lay was on the Board of Eli Lilly and Company; Frevert denies that he participated in abuse of mark-to-market accounting or Enron’s accounting for a demand-side energy deal with Eli Lilly; and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

541. First sentence: Frevert admits. Second and third sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations.

542 - 543. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

544. Frevert admits that EES entered into long-term energy management contracts with J.C. Penney, IBM, and Owens Illinois, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

545 - 546. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they assert matters of fact, Frevert does not have knowledge or information sufficient to admit or deny those allegations.

547 - 548. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

549. Frevert denies participating in, or knowing about, the issuance of false and misleading financial statements that materially overstated the value of its Merchant Assets.

550. First sentence: Frevert admits that within Wholesale Services there was a business line called Assets and Investments, which, in general, covered the activities alleged. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this sentence.

551. First sentence: Frevert admits. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny these allegations.

552 - 553. These paragraphs assert matters of accounting opinion to which no response is required.

554. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

555. This paragraph asserts matters of accounting opinion to which no response is required.

556. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

557. Frevert admits that EES entered into a transaction with Quaker Oats, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

558. Frevert denies that he participated in deceptive transactions with certain banking defendants to disguise loans to Enron as hedging or derivative transactions.

559 - 561. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

562. This paragraph asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it alleges matters of fact, Frevert does not have knowledge or information sufficient to admit or deny the allegations.

563 - 567. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

568. Frevert denies that he participated in, or knew about, manipulation of debt-to-equity ratios and reducing amount of reported debt by mischaracterizing transactions with CitiGroup and CS First Boston.

569. Frevert denies that he participated in or knew about any “disguised loan” between Enron and Connecticut Resources Recovery Authority and Connecticut Light & Power Company.

570 - 572. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

573. This paragraph asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it asserts matters of fact, Frevert does not have knowledge or information sufficient to admit or deny those allegations.

574. This paragraph asserts matters of accounting opinion to which no response is required.

575. First sentence: Frevert admits that sometimes Enron used non-recourse debt to finance plant building projects. Second through fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations, in part because the allegations are too general

and overly vague. Fifth sentence: This sentence asserts matters of accounting opinion to which no response is required.

576 - 579. These paragraphs assert matters of accounting opinion to which no response is required; or, to the extent they assert matters of fact, Frevert does not have knowledge or information sufficient to admit or deny those allegations.

580. Frevert denies that he participated in, or knew about, improper capitalization of costs associated with unsuccessful bids for projects or cloaking the true nature of the writedown, as alleged; otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations in this paragraph.

581. First sentence: Frevert admits that he knew generally about deferrals of capital expenditures by Enron International, but he denies that he knew or understood those deferrals to be improper. Tenth sentence: Frevert admits that in 1<sup>st</sup>Q 1999, Enron recorded an after-tax charge of \$131 million to reflect the initial adopt of two new accounting pronouncements, one of which was AICPA Statement of Position 98-5. Eleventh sentence: Frevert denies, based on what was known to him at the time. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

582. Frevert denies, based on what was known to him at the time.

583. Frevert denies that he participated in, or knew about, falsification of Enron's financial statements by failing to record losses for the impairment of certain long-term assets and investments.

586. First sentence: This sentence asserts matters of accounting and/or legal opinion to which no response is required; or, to the extent it asserts matters of fact, Frevert does not have knowledge or

information sufficient to admit or deny. Second sentence: Frevert denies, based on what was known to him at the time.

587. Frevert denies having the knowledge alleged of the “Enron Defendants,” and he denies participating in, or knowing about, any failure to take required writedowns.

588. Frevert admits that the paragraph quotes excerpts from Enron’s earnings release dated October 16, 2001, and Frevert refers the Court to the entire release for its complete meaning and import.

589. Frevert denies, based on what was known to him at the time.

590. First through third sentences: Frevert admits. Fourth through eighth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences. Ninth sentence: Frevert admits. Tenth sentence: Frevert admits the Azurix’s stock price initially increased after the IPO, but later declined.

591. Frevert admits that (a) Mark-Jusbache left the Company in 2000, (b) in 2000 Enron recorded an after-tax charge of \$326 million to reflect impairment by Azurix, (c) Enron announced plans to take Azurix private in late 2000, and (d) Enron took Azurix private for about \$330 million in March 2001; Frevert denies that he knew Azurix was impaired from the time of acquisition, if not before; and Frevert does not have knowledge or information sufficient to admit or deny the other allegations made in this paragraph.

592. First and second sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences, in part because some of the terms are overly vague and/or subjective. Third sentence: Frevert denies participating in or knowing about a decision to overstate earnings by failing to take charges for the impairment, as alleged, and Frevert admits that

in the 3rdQ 2001 Enron recognized a loss of \$287 million related to asset impairments by Atlantic Water Trust (the parent of Azurix).

593. First and sixth sentences: These sentences assert matters of accounting and/or legal opinion to which no response is required. Second through fifth sentences: Frevert admits that Atlantic Water Trust was formed by Enron and institutional investors, investing through an entity named Marlin, for the purpose of acquiring and holding an interest in Azurix, and that Marlin was capitalized with approximately \$915 million in debt and \$125 million in equity; but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

594. First sentence: Frevert denies, based on what was known to him at the time. Second sentence: Frevert denies that he had any responsibility to make writedowns, as impliedly alleged, or that he participated in the alleged failure to make adequate and timely writedowns.

595. First, third, and fourth sentences: Frevert does not have sufficient knowledge or information to admit or deny these allegations. Second sentence: Frevert denies, based on what was known to him at the time. Fifth sentence: Frevert admits that in the 3rdQ 2001, Enron recorded a charge related in part to impairment of its broadband business, and otherwise the sentence asserts matters of accounting opinion to which no response is required.

596. Frevert admits that Enron was a partial owner of TGS, and that TGS owned a gas pipeline in Argentina, but otherwise Frevert does not have knowledge or information to admit or deny the allegations made in this paragraph.

597. Frevert denies that he participated in, or knew about, efforts to improperly keep the allegedly impaired New Power asset off of Enron's financial statements; he denies that Enron took a

writedown of \$544 million attributable to its investment in TNPC; and Frevert does not have knowledge or information sufficient to admit or deny any remaining allegations made in this paragraph.

598. Frevert admits that in the early 1990s Enron became involved in building a power plant in Dabhol, India, that the project encountered a series of problems or setbacks, and that as of the end of 2001 the project was not completed, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

599. Frevert admits that as of September 30, 2001, Enron's investment in and advances to Dabhol and related activities exceeded \$1 billion, and Frevert admits that Enron encountered regulatory/political problems in completing the project; otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

600. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

601. First sentence: Frevert admits that in its Form 10-K for 2000 Enron reported a \$693 million investment in Dabhol, representing a net 50% voting interest in the project. Second sentence: Frevert denies that he had any responsibility to make record an impairment charge, as impliedly alleged, or that he participated in the alleged failure to record an impairment charge.

602. First sentence: Frevert does not have knowledge or information sufficient to admit or deny. Second sentence: Frevert denies.

603. Frevert denies that he participated in or had knowledge of aggressive accounting to improperly keep debt, losses, and expenses off Enron's books and contingent liabilities out of its financial reporting, as alleged. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

604. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

605. First sentence: Frevert denies, based on what was known to him at the time. Second sentence: Frevert admits. Third, fourth, fifth, and sixth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences.

606. Frevert denies that he participated in, or had knowledge of, the alleged failure to make timely and adequate accruals for the impairment of Enron's investment in Elektro, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

607. Frevert admits that Enron had a 42% interest in PromiGas, which at one time was carried on Enron's books at \$80 million, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

608 - 609. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

610. Frevert denies that he caused Enron to violate GAAP as alleged, and otherwise the paragraph asserts matters of accounting opinion to which no response is required.

611. Frevert denies that he concealed adverse information which he knew was expected to be and must be disclosed and which was expected by investors and securities analysts to be disclosed.

612. Frevert admits that Enron's Offering Documents usually incorporated by reference specifically identified SEC filings or reports; the "10-K incorporation" for any particular offering is matter of public record with the SEC, and Frevert denies the information as set forth in the chart only to the extent any of it is inconsistent with the public records.

613. First sentence: Frevert denies, based on what was known to him at the time, that the referenced Offering Documents were false and misleading. Second sentence: Frevert denies, based on what was known to him at the time, and Frevert also incorporates by reference his answers to paragraphs 418 - 611. Third, fourth, fifth, sixth, and eighth sentences: These sentences assert matters of legal and/or accounting opinion to which no response is required; or, to the extent they allege matters of fact, Frevert denies, based on what was known to him at the time. Seventh sentence: Frevert admits.

614. First sentence: Frevert denies. Second sentence: Frevert denies knowing that any of Enron's statements concerning the Dabhol plant were false and misleading, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this sentence.

615. First, second, and third sentences: Frevert denies. Fourth sentence: Frevert admits. Fifth sentence: This sentence asserts matters of legal and/or accounting opinion to which no response is required; or, to the extent it alleges matters of fact, Frevert denies, based on what was known to him at the time.

616. Frevert denies, based on what was known to him at the time.

617. Frevert does not have knowledge or information sufficient to admit or deny these allegations relating to the "state of mind" of unspecified lawyers and banks.

618. First sentence: Frevert denies, based on what was known to him at the time. Second and third sentences: After a reasonable search, Frevert cannot find the allegedly incorporated disclosure(s), so Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

619. First, second, and third sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences, in part because Frevert, after a

reasonable search, cannot find the allegedly incorporated disclosure(s). Fourth and fifth sentences: Frevert does not have knowledge or information sufficient to admit or deny these allegations relating to the “state of mind” of unspecified lawyers and banks.

620. Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, in part because Frevert, after a reasonable search, cannot find the allegedly incorporated disclosure(s).

621. Frevert denies that he had the knowledge alleged in the last sentence of “those on the inside,” but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph, in part because Frevert, after a reasonable search, cannot find the allegedly incorporated disclosure(s).

622. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

623. Frevert denies that it is obvious that the alleged misstatements misled market sophisticates, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in this paragraph.

624. First, second, fourth sentences: Frevert denies, based on what was known to him at the time. Third sentence: Frevert admits that Enron stated, in general, what was alleged, but he does not have knowledge or information sufficient to admit or deny that the “defendants” stated it. Fifth and sixth sentences: Frevert denies, based on what was known to him at the time, that Enron had materially compromised its Financial Risk Management through bogus hedging transactions, and he does not have knowledge or information sufficient to admit or deny the allegations concerning what the banks and Vinson & Elkins knew.

625. Frevert admits that the paragraph quotes excerpts from Enron's 2000 10-K (and Frevert refers the Court to the entire 10-K for its complete meaning and import), and Frevert admits that the Offering Documents for zero coupon convertible senior notes (filed July 13, 2001) incorporated Enron's 2000 10-K.

626. First, second, and fifth sentences: Frevert denies, based on what was known to him at the time. Third, fourth, and sixth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

627. Frevert admits Enron's 2000 10-K contains information pertaining to "Non-Trading Market Risk," including \$7 million value at risk for the component "equity" for the year 2000. Frevert denies, based on what was known to him at the time, that any statements of "Non-Trading Market Risk" were materially understated or materially false and misleading. Otherwise, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

628. First, second, and third sentences: Frevert denies, based on what was known to him at the time. Fourth, fifth, and sixth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these sentences.

629. Frevert is not aware of Offering Documents filed July 18, 2001, but Frevert admits that the Offering Documents for zero coupon convertible senior notes filed July 13, 2001 incorporated Enron's 2000 10-K, which, in turn, contained the excerpts quoted in the paragraph (and Frevert refers the Court to the entire 10-K for its complete meaning and import), and Frevert admits that the 2000 10-K reflected credit reserves of \$452 million.

630. First sentence: Frevert denies, based on what was known to him at the time. Second, third, fourth, fifth, and sixth sentences: Frevert denies that he anticipated a material impact to Enron's

financial position due to its credit exposure and that he engaged and participated in constructing a “house of cards” so that he could protect hundreds of millions of dollars, and otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences.

631. First sentence: Frevert denies, based on what was known to him at the time. Second sentence: Frevert admits that the sentence quotes excerpts (not altogether accurately) from Enron’s 1999 10-K, and Frevert refers the Court to the entire 10-K for its complete meaning and import.

632. First sentence: Frevert denies, based on what was known to him at the time. Second and third sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences.

633. First sentence: Frevert denies, based on what was known to him at the time. Second, third, and fourth sentences: Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these sentences, in part because some of the terms are too vague and/or subjective.

634. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraph.

635. First sentence: Frevert does not have knowledge or information sufficient to admit or deny. Second sentence: Frevert denies, based on what was known to him at the time.

636. Frevert admits that the paragraph quotes excerpts from the Form 10-K Enron filed for 2000, and Frevert refers the Court to the entire 10-K for its complete meaning and import.

637. First sentence: Frevert denies, based on what was known to him at the time. Second sentence: Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this sentence.

638 - 639. Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in this paragraphs.

640. First sentence: Although Enron's Offering Documents typically incorporated by reference one or more 10-K's or 10-Q's, which, in turn, often contained statements about EES, Frevert cannot admit or deny this sentence due to its non-specificity. Second and third sentences: Frevert essentially admits (although he would not characterize the improvement as "dramatic" and there is a minor error in the quotation from the 10-Q). Fourth sentence: Frevert denies, based on what he knew at the time, that the numbers were materially false and misleading, and the remainder of the sentence asserts matters of legal and/or accounting opinion to which no response is required.

641. First sentence: Frevert admits the allegations concerning what Enron reported in its 2000 10-K concerning income for EES in 2000 and 1999, as well as increases in revenues and gross margin, but Frevert denies that the sentence accurately represents what Enron presented as the primary reasons for the increases in revenues and gross margins. Second sentence: Frevert admits. Third sentence: Frevert denies, based on what he knew at the time, that the numbers were materially false and misleading, and the remainder of the sentence asserts matters of legal and/or accounting opinion to which no response is required (and, in addition, Frevert incorporates by reference his answers to paragraphs 418 - 611).

642 - 799. These paragraphs are directed to the banks J.P. Morgan Chase & Co., CitiGroup, Inc., Credit Suisse First Boston, Canadian Imperial Bank of Commerce, Bank of America Corp., Merrill Lynch & Co., Barclays PLC, Deutsche Bank AG, and Lehman Brothers Holding, Inc. Accordingly, they do not require a response from Frevert. In general, Frevert does not have knowledge or information sufficient to admit or deny the allegations contained in these paragraphs.

800 - 896. These paragraphs are directed to the law firms Vinson & Elkins and Kirkland & Ellis. Accordingly, they do not require a response from Frevert. In general, Frevert knows and admits that Vinson & Elkins served as outside legal counsel for Enron on various matters, but otherwise Frevert does not have knowledge or information sufficient to admit or deny to allegations contained in these paragraphs.

897 - 982. These paragraphs are directed to Arthur Andersen. Accordingly, they do not require a response from Frevert. In general, Frevert knows and admits that Arthur Andersen LLP was the independent public accountant that audited Enron during the period 1998 through 2001, but otherwise Frevert does not have knowledge or information sufficient to admit or deny the allegations made in these paragraphs.

983. Frevert admits that Enron's securities were listed and actively traded on the NYSE and the Over-the-Counter markets; that Enron filed periodic public reports with the SEC; that Enron communicated with public investors via press releases and analyst conferences and conference calls; and that Enron was followed by several securities analysts who wrote reports; but Frevert does not have knowledge or information sufficient to admit or deny any other allegations.

984. First sentence: Frevert does not have knowledge or information sufficient to admit or deny. Second sentence: This sentence asserts matters of legal opinion to which no response is required.

985. Frevert denies that he is liable for each forward-looking statement pleaded.

986 - 991. To the extent an answer is required, Frevert denies that this purported class action may properly be brought on behalf of the alleged class.

992. Frevert incorporates by reference his answers to ¶¶ 1 - 991.

993. This paragraph does not require a response.

994 - 997. Frevert denies.

998. Frevert incorporates by reference his answers to ¶¶ 1 - 997.

999. This paragraph does not require a response.

1000. First sentence: This sentence does not require a response. Second sentence: Frevert does not presently have knowledge or information sufficient to admit or deny.

1001. Frevert denies.

1002. Frevert denies.

1003. Frevert denies.

1004. Frevert denies.

1005 - 1030. These paragraphs assert claims against defendants other than Frevert. Accordingly, they do not require a response from Frevert.

### **AFFIRMATIVE DEFENSES**

#### **First Defense: Failure to State a Claim**

1. The Complaint fails to state facts sufficient to constitute a valid cause of action against Frevert. Among other things, the Complaint fails to plead fraud with particularity as required by Rule 9(b) of the Federal Rules of Civil Procedure and the PSLRA. The Complaint further fails to plead facts sufficient to allege that Frevert was a control person for purposes of Section 20(a) of the Securities Exchange Act of 1934, as required by the PSLRA and the Federal Rules of Civil Procedure.

#### **Second Defense: Statute of Limitations**

2. Plaintiffs' claims against Frevert are barred, in whole or in part, by the applicable statutes of limitations.

**Third Defense: Waiver**

3. Plaintiffs, by acts, omissions and/or conduct, have waived, in whole or in part, their right to obtain the relief sought in the Complaint.

**Fourth Defense: Estoppel**

4. Plaintiffs, by acts, omissions and/or conduct, are estopped, in whole or in part, from obtaining the relief sought in the Complaint.

**Fifth Defense: Failure to Mitigate**

5. Plaintiffs have failed to fulfill their duty to mitigate, reduce, or otherwise avoid the alleged damages and are, therefore, barred from recovery.

**Sixth Defense: Lack of Standing**

6. Plaintiffs lack standing to bring the causes of action asserted in the Complaint.

**Seventh Defense: Injury Causation**

7. Plaintiffs' claims against Frevert are barred because Frevert did not directly or proximately cause or contribute to any damage, loss or injury sustained by plaintiffs.

**Eighth Defense: Transaction Causation**

8. Plaintiffs' claims against Frevert are barred because Frevert's actions or inactions were not the sole or partial cause of any decision by any plaintiffs to purchase or sell Enron securities.

**Ninth Defense: Proportionate Responsibility**

9. Any damage, loss or liability allegedly sustained by plaintiffs must be diminished, and/or eliminated in proportion to the wrongful or negligent conduct of entities or individuals other than Frevert under the principles of equitable allocation, recoupment, set-off, proportionate responsibility, and

comparative fault, including under the proportionate liability provisions of the Securities Exchange Act of 1934 and Chapter 33 of the Texas Civil Practice and Remedies Code.

**Tenth Defense: Intervening and Superseding Cause**

10. Plaintiffs' damages, if any, resulted from the acts or omissions of third parties or other defendants over whom Frevert had no control. The acts of such third parties or defendants constitute intervening or superseding causes of the harm, if any, suffered by plaintiffs.

**Eleventh Defense: Failure to Join Indispensable Parties**

11. The plaintiffs have failed to join necessary and indispensable parties.

**Twelfth Defense: Assumption of Risk**

12. Plaintiffs' claims against Frevert are barred, in whole or in part, because they assumed the risks disclosed in Enron's public disclosures and those risks caused plaintiffs' losses, if any.

**Thirteenth Defense: Actual or Constructive Knowledge**

13. Plaintiffs' claims against Frevert are barred because, at the time plaintiffs acquired shares of Enron stock, they had actual or constructive knowledge of the alleged omissions or misstatements.

**Fourteenth Defense: Reasonable Care and Diligence**

14. Plaintiffs claims against Frevert are barred because Frevert at all times acted with reasonable care and diligence with respect to the matters plaintiffs now contend were misrepresented by, or omitted from, Enron's public filings and public statements.

**Fifteenth Defense: Reliance on Professionals**

15. In his work for Enron, Frevert was entitled to and did reasonably rely on the work, conclusions and advice provided by agents of Arthur Andersen, Vinson & Elkins, and other professionals. As a result of that reasonable reliance, Frevert did not know, in the exercise of reasonable

diligence could not have known, and had no reasonable grounds to believe that Enron's public filings contained material misrepresentations or omissions.

**Sixteenth Defense: No Material Misrepresentations or Omissions**

16. Plaintiffs' claims against Frevert are barred, in whole or in part, because the relevant registration statements did not contain any misrepresentations or omissions or because the misrepresentations or omissions relied upon by plaintiffs were not material.

**Seventeenth Defense: Truth in the Market**

17. When plaintiffs purchased their Enron securities, the total mix of information in the market disclosed the truth about Enron such that the price of the securities plaintiffs purchased reflected the effect of the transactions and events plaintiffs contend were concealed or misrepresented.

**Eighteenth Defense: Tracing**

18. Plaintiffs' claims against Frevert are barred, in whole or in part, because plaintiffs cannot prove that they purchased securities traceable to a registration statement.

**Nineteenth Defense: Offset for Tax Benefit**

19. Any recovery for damages allegedly incurred by plaintiffs is subject to offset in the amount of any tax benefit actually received by plaintiffs through their investments.

**Twentieth Defense: Contemporaneous Trades**

20. Frevert is not liable under Section 20A of the 1934 Securities Act because plaintiffs have failed to plead and cannot prove contemporaneous trading by Frevert and plaintiffs.

**Twenty-First Defense: SLUSA**

21. Plaintiffs' state law claims against Frevert are barred under the Securities Litigation Uniform Standards Act.

**Twenty-Second Defense: PSLRA Safe Harbor**

22. Frevert is not liable for alleged untrue statements of material fact, omissions of material fact, misleading statements, or other challenged statements that fall within the Safe Harbor provisions of the PSLRA.

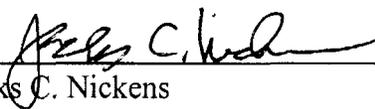
**Twenty-Third Defense**

23. Frevert hereby adopts and incorporates by reference any and all other defenses asserted by any of the other defendants to the extent that Frevert may share in such a defense.

**Reservation of Right to Amend**

24. The lack of particularity in the Complaint makes it impossible for Frevert to determine at this time which additional defenses he may have. Frevert reserves the right to assert all applicable defenses once the precise nature of the relevant circumstances or events is revealed through discovery.

Respectfully submitted,



---

Jacks C. Nickens  
State Bar No. 15013800  
NICKENS, KEETON, LAWLESS,  
FARRELL & FLACK, L.L.P.  
600 Travis, Suite 7500  
Houston, Texas 77002  
(713) 571-9191 (phone)  
(713) 571-9652 (fax)

**ATTORNEY-IN-CHARGE FOR DEFENDANT  
MARK A. FREVERT**

OF COUNSEL:

Paul D. Flack  
State Bar No. 00786930  
NICKENS, KEETON, LAWLESS,  
    FARRELL & FLACK, L.L.P.  
600 Travis, Suite 7500  
Houston, Texas 77002  
(713) 571-9191  
(713) 571-9652 (fax)

**CERTIFICATE OF SERVICE**

I certify that a true and correct copy of the pleading was served on all counsel of record on the Service List on April 8, 2003 via posting to [www.es13624.com](http://www.es13624.com) in compliance with the Court's Order Regarding Service of Papers and Notice of Hearings Via Independent Website.

  
\_\_\_\_\_  
Paul D. Flack