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

United States Courts
Southern District of Texas
FILED
JUN 13 2003
Michael N. Milby, Clerk

IN RE ENRON CORPORATION SECURITIES LITIGATION	§ §	MDL NO. 1446
This Document Relates To:	§	
MARK NEWBY, et al.,	§	
Plaintiffs,	§	
v.	§	CIVIL ACTION NO. H-01-3624 AND CONSOLIDATED CASES
ENRON CORP., et al.,	§	
Defendants.	§	
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, et al.,	§	
Plaintiffs,	§	
v.	§	
KENNETH L. LAY, et al.,	§	
Defendants.	§	

ALLIANCE CAPITAL MANAGEMENT L.P.'S
ANSWER TO THE FIRST AMENDED CONSOLIDATED COMPLAINT

TO THE HONORABLE MELINDA HARMON, UNITED STATES DISTRICT JUDGE:

Defendant Alliance Capital Management L.P. ("Alliance Capital"), by its undersigned attorneys, respectfully submits this Answer to the First Amended Consolidated Complaint for Violation of the Securities Laws (the "Complaint") and states as follows:[1]

[1] The Preamble does not state averments of fact and, as such, no response is required.

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1-74. Paragraphs 1-74 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

75. Paragraph 75 states legal conclusions as to which no response is required.

76. Paragraph 76 states legal conclusions as to which no response is required.

77. Paragraph 77 states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 77 of the Complaint, except states that Enron was headquartered in Houston.

78. Paragraph 78 states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies the allegations in Paragraph 78 to the extent they refer or relate to Alliance Capital, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 78.

79. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 79 of the Complaint. Alliance Capital respectfully refers the Court to documents referenced in this paragraph for the exact contents and context thereof.

80. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 80 of the Complaint.

81(a)-(q). To the extent Paragraphs 81(a)-(q) state legal conclusions, no response is required. To the extent a response is required, only Paragraph 81(e) references a plaintiff with a claim against Alliance Capital, and with respect to that paragraph, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations. As to the remaining Paragraphs, which relate to plaintiffs who do not assert any claim against Alliance

Capital, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

82. Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegation in Paragraph 82 of the Complaint, except admits that Enron filed for bankruptcy pursuant to Chapter 11 of the U.S. Bankruptcy Code and is not named as a defendant in this action.

83(a)-(dd). Admits, on information and belief, that many if not all of the persons named in these Paragraphs were officers or directors of Enron or affiliated entities. Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 83(a)-(dd) of the Complaint, except respectfully refers the Court to Enron's public filings and press releases for the share transactions, remuneration and positions held by the persons named in these paragraphs.

83(ee). Denies the allegations in Paragraph 83(ee) of the Complaint, except admits on information and belief that Frank Savage ("Savage") was an outside director of Enron from October 1999 through 2001 and served on Enron's Finance Committee; admits that Savage was the Chairman of Alliance Capital Management International, a division of Alliance Capital; admits that Alliance purchased Enron common stock for several of its clients and mutual funds; and denies knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of the paragraph, except to the extent that it refers to Enron public filings and offering documents, as to which Alliance Capital respectfully refers the Court for the exact contents and context thereof.

83(ff). Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 83(ff) of the Complaint.

83(gg). Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 83(gg) of the Complaint, except respectfully refers the Court to Enron's public filings and press releases for the positions held by Lay, Mark-Jusbasche and Skilling.

83(hh). Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 83(hh) of the Complaint, except respectfully refers the Court to Enron's public filings and press releases for the positions held by Lay, Pai, Derrick and Causey.

83(ii). Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 83(ii) of the Complaint, except respectfully refers the Court to Enron's public filings and press releases for the positions held by Glisan, Fastow and Causey, and to the Complaint for the allegations asserted therein.

83(jj). Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 83(jj) of the Complaint, except respectfully refers the Court to Enron's public filings and press releases for the share transactions, remuneration and positions held by J. Clifford Baxter, and states on information and belief that Baxter is deceased.

84. To the extent that Paragraph 84 of the Complaint states legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 84 of the Complaint, except admits that Enron's stock traded on the New York Stock Exchange, and respectfully refers the Court to Enron's public filings for purchases and sales of Enron stock by Enron's officers and directors.

85(a)-(c). Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 85(a)-(c) of the Complaint.

86. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 86 of the Complaint, except admits on information and belief that Savage was an outside director of Enron from 1999 through 2001 and served on Enron's Finance Committee; states on information and belief that most if not all of the individuals noted were directors of Enron at various points in time, and respectfully refers the Court to Enron's public filings for information regarding Enron's directors.

87-100. Paragraphs 87-100 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

101(a)-(d). To the extent that Paragraphs 101(a)-(d) state legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 101(a)-(d) of the Complaint.

102. Paragraph 102 of the Complaint is not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

103(a)-(d). To the extent that Paragraphs 103(a)-(d) state legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 103(a)-(d) of the Complaint.

104(a)-(b). To the extent that Paragraphs 104(a)-(b) state legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or

information sufficient to form a belief as to the truth of the allegations in Paragraphs 104(a)-(b) of the Complaint.

105-107. Paragraphs 105-107 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

108(a)-(b) To the extent that Paragraphs 108(a)-(b) state legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 108(a)-(b) of the Complaint.

109-120. Paragraphs 109-120 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

121. Paragraph 121 of the Complaint references paragraphs of the Complaint that are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and are not directed against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate. To the extent that Paragraph 121 of the Complaint states legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 121 of the Complaint, except states that to the extent false and misleading statements were made, the true facts were concealed from Alliance Capital, and to the extent Paragraph 121 refers to Enron filings, press releases,

statements or other reports, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

122-123. Paragraphs 122-123 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

124. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 124 of the Complaint.

125. Paragraph 125 of the Complaint is not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

126. To the extent that Paragraph 126 of the Complaint states legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 126 of the Complaint, except to the extent that Paragraph 126 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

127-133. Paragraphs 127-133 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

134. To the extent that Paragraph 134 of the Complaint states legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or

information sufficient to form a belief as to the truth of the allegations in Paragraph 134 of the Complaint, except to the extent that Paragraph 134 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

135. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 135 of the Complaint, except to the extent that Paragraph 135 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

136-140. Paragraphs 136-140 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

141. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 141 of the Complaint, except to the extent that Paragraph 141 refers to Enron public filings, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

142-150. Paragraphs 142-150 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

151. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 151 of the Complaint, except to the extent that Paragraph 151 refers to

Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

152-163. Paragraphs 152-163 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

164. Paragraph 164 of the Complaint references paragraphs of the Complaint that are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and are not directed against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 164 of the Complaint, except to the extent that Paragraph 164 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

165. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 165 of the Complaint, except to the extent that Paragraph 165 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

166-235. Paragraphs 166-235 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

236. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 236 of the Complaint, except to the extent that Paragraph 236 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

237-335. Paragraphs 237-335 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

336. To the extent that Paragraph 336 of the Complaint states legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 336 of the Complaint, except to the extent that Paragraph 336 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

337-383. Paragraphs 337-383 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

384. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 384 of the Complaint, except admits on information and belief that Enron restated its results and respectfully refers the Court to Enron's public filings for the exact contents and context thereof.

385-418. Paragraphs 385-418 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

419. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 419 of the Complaint, except admits on information and belief that Enron restated its results and respectfully refers the Court to Enron's public filings for the exact contents and context thereof.

420. Paragraph 420 of the Complaint is not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

421. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 421 of the Complaint, except admits on information and belief that Enron restated its results and respectfully refers the Court to Enron's public filings for the exact contents and context thereof.

422-446. Paragraphs 422-446 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

447. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 447 of the Complaint, except admits on information and belief that Enron's restatement related to Chewco and JEDI and respectfully refers the Court to Enron's public filings for the exact contents and context thereof.

448. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 448 of the Complaint, except to the extent that Paragraph 448 refers to Enron entities, Alliance Capital respectfully refers the Court to Enron's public filings.

449. Paragraph 449 of the Complaint is not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

450. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 450 of the Complaint, except admits on information and belief that Enron restated results and respectfully refers the Court to Enron's public filings for exact contents and context thereof.

451-517. Paragraphs 451-517 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

518. Paragraph 518 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 518, except admits on information and belief that Enron restated results, and to the extent that Paragraph 518 refers to APB No. 20 and Enron's restatement, Alliance Capital respectfully refers the Court to those documents for the exact contents and context thereof.

519-609. Paragraphs 519-609 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore,

pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

610(a)-(h). Paragraphs 610(a)-(h) of the Complaint reference paragraphs of the Complaint that are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and are not directed against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate. To the extent Paragraphs 610(a)-(h) of the Complaint state legal conclusions, no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 610(a)-(h), except to the extent that Paragraphs 610(a)-(h) refer to APB No. 23 and FASB Statement of Concepts Nos. 1 and 2, Alliance Capital respectfully refers the Court to such principles for the exact contents and context thereof.

611. Paragraph 611 of the Complaint is not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

612. Paragraph 612 of the Complaint references seven alleged offerings of Enron securities, six of which are not alleged by plaintiff to involve Alliance Capital in any way and allegations relating to which are not directed against Alliance Capital. Accordingly, as to those six allege offerings, that is, those dated by plaintiff as 7/7/98, 11/24/98, 02/11/99, 05/19/99, 08/10/99 and 05/00 – pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate. As to the alleged offering dated by plaintiff as 07/18/01, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 612 of the Complaint, except to the extent Paragraph 612 refers to

Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

613. Paragraph 613 of the Complaint references paragraphs of the Complaint that are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and are not directed against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate. Paragraph 613 also states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 613, except admits on information and belief that Enron restated its results, and to the extent that Paragraph 613 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

614. Paragraph 614 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 614, except to the extent that Paragraph 614 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

615. Paragraph 615 of the Complaint references paragraphs of the Complaint that are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and are not directed against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate. Paragraph 615 also states legal conclusions as to which no response is required. To the extent a response is

required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 615, except to the extent that Paragraph 615 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

616. Paragraph 616 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 616, except to the extent that Paragraph 616 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

617. Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 617 of the Complaint.

618. Paragraph 618 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 618, except to the extent that Paragraph 618 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

619. Paragraph 619 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 619, except to the extent that Paragraph 619 refers to Enron public filings and offering documents, Alliance

Capital respectfully refers the Court to such documents for the exact contents and context thereof.

620. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 620 of the Complaint, except to the extent that Paragraph 620 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

621. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 621 of the Complaint.

622. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 622 of the Complaint.

623. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 623 of the Complaint, except admits on information and belief that Jeff Skilling discussed Enron with analysts in March, 2001.

624. Paragraph 624 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 624, except to the extent that Paragraph 624 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

625. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 625 of the Complaint, except to the extent that Paragraph 625 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

626. Paragraph 626 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 626, except to the extent that Paragraph 626 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

627. Paragraph 627 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 627, except to the extent that Paragraph 627 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

628. Paragraph 628 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 628, except to the extent that Paragraph 628 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

629. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 629 of the Complaint, except to the extent that Paragraph 629 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

630. Paragraph 630 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 630, except to the extent that Paragraph 630 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

631. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 631 of the Complaint, except to the extent that Paragraph 631 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

632. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 632 of the Complaint.

633. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 633 of the Complaint.

634. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 634 of the Complaint.

635. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 635 of the Complaint.

636. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 636 of the Complaint, except to the extent that Paragraph 636 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

637. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 637 of the Complaint.

638. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 638 of the Complaint.

639. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 639 of the Complaint.

640. Paragraph 640 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 640, except to the extent that Paragraph 640 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

641. Paragraph 641 of the Complaint references paragraphs of the Complaint that are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and are not directed against Alliance Capital and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate. Paragraph 641 also states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 641, except to the extent that Paragraph 641 refers to Enron public filings, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

641.1-985. Paragraphs 641.1-985 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore,

pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

986. Paragraph 986 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 986, except admits that plaintiff purports to bring this action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who acquired Enron's publicly traded securities during the purported Class Period, and purports to exclude certain persons from plaintiff's definition of the putative "Class."

987. Paragraph 987 of the Complaint states legal conclusions to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 987.

988. Paragraph 988 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 988, except denies that the claims of plaintiff Staro Asset Management are typical of claims of the putative Class with respect to the Third Claim for Relief, the only claim asserted against Alliance Capital.

989. Paragraph 989 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 989, except denies that plaintiff Staro Asset Management is an adequate plaintiff with respect to the Third Claim for Relief, the only claim asserted against Alliance Capital.

990. Paragraph 990 of the Complaint states legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 990.

991(a)-(g). Paragraphs 991(a)-(g) of the Complaint state legal conclusions as to which no response is required. To the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 991(a)-(g).

992-1004. Paragraphs 992-1004 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

1005. For its response to Paragraph 1005, Alliance Capital reincorporates its previous responses to the paragraphs listed as if set forth fully herein. As to the second sentence of Paragraph 1005, no response is required, and Alliance Capital respectfully refers the Court to the Complaint for the exact contents and context thereof.

1006. No response is required, and Alliance Capital respectfully refers the Court to the Complaint for the exact contents and context thereof.

1007. Paragraph 1007 of the Complaint states legal conclusions as to which no response is required. Further, Paragraph 1007 of the Complaint references four alleged Enron securities offerings, as to three of which Alliance Capital is not named as a defendant nor alleged to have been involved with in any way. As to those three alleged offerings – that is, those dated by plaintiffs as 5/19/99, 8/10/99, and 6/01/00 – pursuant to Fed. R. Civ. P. 8, no responsive pleading by Alliance Capital is necessary or appropriate. As to the alleged offering dated by plaintiffs as

7/18/01, to the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1007, except to the extent that Paragraph 1007 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

1008. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1008, except to the extent that Paragraph 1008 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

1008.1. Paragraph 1008.1 of the Complaint states legal conclusions as to which no response is required. Further, Paragraph 1008.1 of the Complaint references four alleged Enron securities offerings, as to three of which Alliance Capital is not named as a defendant nor alleged to have been involved with in any way. As to those three alleged offerings – that is, those dated by plaintiffs as 5/19/99, 8/10/99, and 6/01/00 – pursuant to Fed. R. Civ. P. 8, no responsive pleading by Alliance Capital is necessary or appropriate. As to the alleged offering dated by plaintiffs as 7/18/01, to the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1008.1, except to the extent that Paragraph 1008.1 refers to Code of Federal Regulations and Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

1009. Denies the allegations in Paragraph 1009 of the Complaint to the extent they refer or relate to Alliance Capital, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 1009, except to the extent that Paragraph

1009 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

1010. Denies the allegations in Paragraph 1010 of the Complaint to the extent they refer or relate to Alliance Capital, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 1010, except to the extent that Paragraph 1010 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

1011. Denies the allegations in Paragraph 1011 of the Complaint to the extent they refer or relate to Alliance Capital, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 1011, except to the extent that Paragraph 1011 refers to Enron public filings and offering documents, Alliance Capital respectfully refers the Court to such documents for the exact contents and context thereof.

1012. Denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1012.

1013. Paragraph 1013 of the Complaint states legal conclusions as to which no response is required. Further, Paragraph 1013 of the Complaint references four alleged Enron securities offerings, as to three of which Alliance Capital is not named as a defendant nor alleged to have been involved in any way. As to those three alleged offerings – that is, those dated by plaintiffs as 5/19/99, 8/10/99, and 6/01/00 – pursuant to Fed. R. Civ. P. 8, no responsive pleading by Alliance Capital is necessary or appropriate. As to the alleged offering dated by plaintiffs as 7/18/01, to the extent that a response is required, Alliance Capital denies the allegations in Paragraph 1013 to the extent they may refer or relate to Alliance Capital, and otherwise denies

knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1013.

1014. Paragraph 1014 of the Complaint states legal conclusions as to which no response is required. Further, Paragraph 1014 of the Complaint references four alleged Enron securities offerings, as to three of which Alliance Capital is not named as a defendant nor alleged to have been involved in any way. As to those three alleged offerings – that is, those dated by plaintiffs as 5/19/99, 8/10/99, and 6/01/00 – pursuant to Fed. R. Civ. P. 8, no responsive pleading by Alliance Capital is necessary or appropriate. As to the alleged offering dated by plaintiffs as 7/18/01, to the extent a response is required, Alliance Capital denies the allegations in Paragraph 1014 to the extent they refer or relate to Alliance Capital, and denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 1014.

1015. Paragraph 1015 of the Complaint states legal conclusions as to which no response is required. Further, Paragraph 1015 of the Complaint references four alleged Enron securities offerings, as to three of which Alliance Capital is not named as a defendant nor alleged to have been involved in any way. As to those three alleged offerings – that is, those dated by plaintiffs as 5/19/99, 8/10/99, and 6/01/00 – pursuant to Fed. R. Civ. P. 8, no responsive pleading by Alliance Capital is necessary or appropriate. As to the alleged offering dated by plaintiffs as 7/18/01, to the extent a response is required, Alliance Capital denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1015.

1016.1 -1016.28. Paragraphs 1016.1 – 1016.28 of the Complaint are not incorporated by reference in the Third Claim for Relief, the only claim asserted against Alliance Capital, and therefore, pursuant to Fed. R. Civ. P. 8, no responsive pleading from Alliance Capital is necessary or appropriate.

AFFIRMATIVE DEFENSES

As separate and distinct affirmative defenses to the causes of action asserted in the Complaint, Alliance Capital alleges as follows:

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim)

1. The causes of action alleged in the Complaint fail to state facts sufficient to constitute a valid cause of action against Alliance Capital. Among other things, the Complaint fails to adequately plead that Alliance Capital had the power to control the actions of Frank Savage, an outside director of Enron, in connection with his alleged signing of a registration statement issued by Enron.

SECOND AFFIRMATIVE DEFENSE

(Lack of Knowledge)

2. Alliance Capital may not be held liable under Section 15 of the Securities Act of 1933 because Alliance Capital had no knowledge of or reasonable grounds to believe in the existence of the facts by reason of which the liability of Savage, or any other defendant, is alleged to exist.

THIRD AFFIRMATIVE DEFENSE

(No Duty Of Care)

3. Alliance Capital may not be held liable under Section 15 of the Securities Act of 1933 because Alliance Capital had no statutory or other duty of care with respect to Savage's actions as an outside director of Enron.

FOURTH AFFIRMATIVE DEFENSE

(Lack of Particularity)

4. The lack of particularity in the Complaint makes it impossible for Alliance Capital to determine at this time which additional defenses it may have, and Alliance Capital reserves the right to assert all applicable defenses once the precise nature of the relevant circumstances or events is determined through discovery.

FIFTH AFFIRMATIVE DEFENSE

(Proportional Allocation of Fault)

5. Any damage, loss or liability sustained by Plaintiff must be reduced, diminished, and/or eliminated in proportion to the wrongful or negligent conduct of entities or individuals other than Alliance Capital under the principles of equitable allocation, recoupment, set-off, proportionate responsibility, and comparative fault.

SIXTH AFFIRMATIVE DEFENSE

(Contribution and Indemnification)

6. Under the principles of contribution and indemnity, persons or entities other than Alliance Capital are wholly or partially responsible for the purported damages, if any, Plaintiff may have sustained.

SEVENTH AFFIRMATIVE DEFENSE

(Intervening or Superseding Acts of Third Parties or other Defendants)

7. Plaintiff's damages, if any, resulted from the acts or omissions of third parties or other Defendants over whom Alliance Capital had no control. The acts of such third parties or Defendants constitute intervening or superseding cause of the harm, if any, suffered by Plaintiff.

EIGHTH AFFIRMATIVE DEFENSE

(Statute of Limitations)

8. Plaintiff's claim against Alliance Capital is barred, in whole or in part, by the applicable statutes of limitations.

NINTH AFFIRMATIVE DEFENSE

(Waiver)

9. Plaintiff, by act, omission and/or conduct, has waived, in whole or in part, its right to obtain the relief sought in the Complaint against Alliance Capital.

TENTH AFFIRMATIVE DEFENSE

(Unclean Hands)

10. Plaintiff's claim against Alliance Capital is barred, in whole or in part, by the doctrine of unclean hands.

ELEVENTH AFFIRMATIVE DEFENSE

(Estoppel)

11. Plaintiff, by act, omission, and/or conduct, is estopped, in whole or in part from obtaining the relief sought in the Complaint against Alliance Capital.

TWELFTH AFFIRMATIVE DEFENSE

(Adequate Remedy at Law)

12. Plaintiff's claim for injunctive relief against Alliance Capital is barred because Plaintiff has an adequate remedy at law.

THIRTEENTH AFFIRMATIVE DEFENSE

(Laches)

13. Plaintiff's claim against Alliance Capital is barred, in whole or in part, by the doctrine of laches.

FOURTEENTH AFFIRMATIVE DEFENSE

(Failure to Mitigate Damages)

14. Plaintiff has failed to fulfill its duty to mitigate, reduce, or otherwise avoid the alleged damages, and Plaintiff is therefore barred from recovering such damages, if any, from Alliance Capital.

FIFTEENTH AFFIRMATIVE DEFENSE

(Lack of Justifiable Reliance)

15. Plaintiff's claim against Alliance Capital is barred, in whole or in part, due to Plaintiff's lack of justifiable reliance, in that Plaintiff did not purchase or sell any securities in reasonable or justifiable reliance on any representation, act, or omission by Alliance Capital or any person allegedly controlled by Alliance Capital.

SIXTEENTH AFFIRMATIVE DEFENSE

(Lack of Causation)

16. Plaintiff's claim against Alliance Capital is barred because Alliance Capital did not directly or proximately cause or contribute to any damage, loss or injury sustained by Plaintiff.

SEVENTEENTH AFFIRMATIVE DEFENSE

(Lack of Control)

17. Alliance Capital may not be held liable under Section 15 of the Securities Act of 1933 because Alliance Capital did not control or influence Savage through an agreement, understanding, stock ownership, agency or otherwise.

EIGHTEENTH AFFIRMATIVE DEFENSE

(Failure to Join Necessary Parties)

18. Alliance Capital affirmatively alleges that Plaintiff has failed to join necessary and indispensable parties.

NINETEENTH AFFIRMATIVE DEFENSE

(Offset of Damages)

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

TWENTIETH AFFIRMATIVE DEFENSE

(Single Award of Damages)

20. Plaintiff can obtain only one award of damages under either the federal securities laws or pendant state claims.

TWENTY-FIRST AFFIRMATIVE DEFENSE

(Attorneys' Fees Not Recoverable)

21. Plaintiff is precluded from recovering attorneys' fees from Alliance Capital under applicable provisions of law.

TWENTY-SECOND AFFIRMATIVE DEFENSE

(Good Faith and Lack of Participation)

22. Alliance Capital may not be held liable as a controlling person because it acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.

TWENTY-THIRD AFFIRMATIVE DEFENSE

(No Primary Violation)

23. Alliance Capital cannot be held liable as a control person because there was no primary violation of the securities laws by any person allegedly controlled by Alliance Capital.

TWENTY-FOURTH AFFIRMATIVE DEFENSE

(Additional Defenses)

24. Alliance Capital hereby adopts and incorporates by reference any and all other defenses asserted, or that may hereafter be asserted, by any other defendant to the extent such defense may be applicable to Alliance Capital.

WHEREFORE, Alliance Capital seeks judgment:

A. dismissing with prejudice all claims asserted against Alliance Capital;

B. awarding the costs of defending this action, including reasonable attorneys' fees, costs and disbursements;

C. granting such other and further relief as this Court may deem just and proper.

ALLIANCE CAPITAL REQUESTS A TRIAL BY JURY

Respectfully submitted,

By: _____

Ronald E. Cook
State Bar No. 04744800
S.D. ID No. 4143
1111 Bagby Street, Suite 2650
Houston, Texas 77002
Telephone: (713)-652-2031
Facsimile: (713)-652-2029

Attorney-in-Charge for Defendant,
Alliance Capital Management L.P.

OF COUNSEL:

COOK & ROACH, L.L.P.
1111 Bagby Street, Suite 2650
Houston, Texas 77002
Telephone: (713) 652-2800
Facsimile: (713) 652-2029

CLIFFORD CHANCE US LLP
James N. Benedict
Mark A. Kirsch
James F. Moyle
200 Park Avenue
New York, New York 10166
Telephone: (212) 878-8000
Facsimile: (212) 878-8375

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the Defendant Alliance Capital Management L.P.'s Answer to the Consolidated Complaint has been served on all counsel pursuant to the Court's April 10, 2002 Order on this 13th day of June, 2003.

Ronald E. Cook