

Citation	Search Result	Rank 139 of 242	Database
11/01 FTCOM (No Page)			FTI
18/01 Fin. Times - FT.com (Pg. Unavail. Online)			
2001 WL 28471917			

Financial Times - FT.com
(c) 2001 Financial Times Limited . All Rights Reserved

Thursday, October 18, 2001

Analysts vent anger at 'hidden' Enron charge.
By JULIE EARLE.

Enron, the US energy trader which is under intense scrutiny by analysts who have demanded the company release more detailed financial information, on Wednesday gave details of a \$1.2bn charge against equity it skipped over in its third quarter results briefing on Tuesday.

On Wednesday, Enron outlined details of a \$1.01bn charge against earnings in its result, due to failed investments in its telecommunications, retail energy sales and water businesses.

Ken Lay, chairman, fleetingly mentioned a separate \$1.2bn charge against equity, or a dilution of equity on the company's balance sheet, in a conference call with analysts and the media, and said it would not affect the company's credit rating.

Many analysts apparently thought this was the \$1.01bn charge Mr Lay was willing to break down and to answer questions about.

Mr Lay met analysts on Wednesday in New York, but there was again no mention of the \$1.2bn charge. Mr Lay apparently initially refused to answer questions from frustrated analysts. In August, after the departure of Enron's chief financial officer, Jeff Skilling, Mr Lay promised to provide more earnings transparency.

"It was unbelievable. Questions were asked and he moved around it and then finally he [Mr Lay] gave a roundabout answer. The [\$1.2bn] charge was all related to the writing down of the se failed investments," one analyst said.

"They were trying to sneak it by. They already have a credibility problem and this did not help it," he said, adding that Enron never disclosed the charge's net effect and Moody's Investor's Services, the credit rating agency, placed Enron's \$13bn of debt on hold minutes later. "We told them we felt they should have been more honest in the presentation [yesterday]."

Enron rejected criticism of the failure to fully report and explain the \$1.2bn charge.

Copyright Financial Times Group.

Copr. © West 2002 No Claim to Orig. U.S. Govt. Works

**GOVERNMENT
EXHIBIT**
24379
Crim No. H 04-0025