

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

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Cr. No. H-04-192
)	
PAULA RIEKER,)	
)	
Defendant.)	

Exhibit A to Plea Agreement

The following factual statement by defendant Paula Rieker is submitted to provide a factual basis for her plea of guilty to one count of insider trading, in violation of 15 U.S.C. §§ 78j and 78ff, and 17 C.F.R. § 240.10b-5, as charged in the above-captioned Information:

1. Enron Corp. ("Enron") was an Oregon corporation with its headquarters in Houston, Texas. Among other businesses, Enron was engaged in the purchase and sale of natural gas, construction and ownership of pipelines and power facilities, provision of telecommunication services, and trading in contracts to buy and sell various commodities. Enron stock was publicly traded on the New York Stock Exchange ("NYSE").
2. Beginning in 1998 and continuing through January 2000, I was employed by Enron as the company's Vice President for Investor Relations. In January 2000, I became the Managing Director of Investor Relations. In both positions, I reported directly to the head of Enron's investor relations group. My responsibilities included the compilation and drafting of earnings releases and internal scripts for conference calls with analysts to review quarterly financial results. As part of my duties, I periodically worked with various units of Enron, including Enron Broadband Services ("EBS"), and assisted in the compilation of EBS and other business unit information for use with investors.
3. Enron's code of ethics prohibited directors, officers, and employees from trading in Enron securities based on material, nonpublic information. Specifically, the

code of ethics stated in part:

No director, officer, or employee of Enron Corp. . . . shall, directly or indirectly, trade in the securities of Enron Corp. . . . while in the possession of material non-public information relating to or affecting any such company, disclose such information to others who may trade, or recommend the purchase or sale of securities of a company to which such information relates.

4. In early 2001, Enron provided "guidance" to financial analysts and investors regarding the anticipated performance of certain business units, including anticipated losses in EBS. On or about January 25, 2001, Enron reported that it expected EBS to lose approximately \$65 million in income before interest and taxes ("IBIT") during 2001.

5. In its earnings release for the first fiscal quarter of 2001, Enron reported a \$35 million IBIT loss for EBS. Enron's second quarter earnings announcement was scheduled to be released on July 12, 2001.

6. During Enron's second fiscal quarter of 2001 (the quarter ending June 30, 2001), I became aware that EBS was experiencing significant financial problems and was experiencing losses greater than had been previously disclosed to analysts and investors. In addition, on or about July 2, 2001, I learned that during the second quarter of 2001 EBS had suffered losses in the first six months of 2001 that exceeded the \$65 million guidance figure for the entire year which had previously been projected by the company.

7. On or about July 5, 2001, I learned that Enron would report in its earnings release that EBS had lost \$102 million during the second quarter, an amount significantly greater than the total amount of EBS losses that had been forecast for the entire year.

8. On July 5, 2001, shortly after learning that Enron intended to announce these losses for EBS, I exercised options to purchase 18,380 shares of Enron stock at \$15.51 per share. Simultaneously, as part of the same transaction, I directed the sale of that stock on the open market. My broker subsequently sold the Enron stock on July 5 at \$49.77 per share. The information in my possession at the time I sold this stock was material and nonpublic. I made the decision to sell my Enron stock on the basis of the information I had learned regarding EBS.

9. On or about July 12, 2001, Enron issued its earnings release for the second quarter of 2001. Regarding EBS, the release stated in part:

Broadband Services: Enron Broadband Services reported a \$102 million IBIT loss for the second quarter compared to a loss of \$8 million in the same period a year ago. This quarter's loss reflects significantly lower revenues and comparable operating expenses from a year ago. Enron expects to significantly modify the cost structure of its broadband business in the near-term to reduce future losses associated with a lower revenue outlook. Priorities include focusing on the intermediation business and retaining the option value associated with the network and content services business in a cost effective manner.

On July 13, 2001, the day after the earnings release was issued, Enron's stock closed down at \$48.78 per share.

The preceding statement is a summary, made for purpose of providing the Court with a factual basis for the guilty plea to the sole count of the Information. It does not include all of the facts known to me concerning illegal activity related to Enron. I make this statement knowingly and voluntarily and because I am in fact guilty of the crime charged.


Paula Rieker

05/19/04
Date