

EXHIBIT I

GLISAN STATEMENT - COUNT FIVE

I was the Treasurer of Enron Corporation from the spring of 2000 until October 2001. Beginning in the spring of 2000, I and others at Enron engaged in a conspiracy to manipulate artificially Enron's financial statements. LJM enabled Enron to falsify its financial picture to the public; in return, LJM received a prearranged profit. Specifically, I and others caused the creation and use of a Special Purpose Entity (SPE) known as Talon to engage in illegal transactions, including the use of Talon as an off-balance-sheet vehicle that I knew in fact did not qualify for such treatment and should have been included on Enron's books.

Talon, which was created in April 2000, was designed by me and others to protect Enron's balance sheet from decreases in value of certain investments. Talon was funded mainly by Enron through a promissory note and Enron's own stock. The remainder of Talon's funding came from a \$30 million "investment" from LJM. This alleged third party funding served as the supposed 3% outside equity that I knew was required for Talon not to be reflected in Enron's financial statements, which I knew were publicly filed with the Securities and Exchange Commission and relied on by the public.

As I knew, this transaction violated existing accounting principles in that its form was misleading and was accounted in a manner inconsistent with its economic substance. As I also knew, Talon was not properly off-balance-sheet. I and others arranged for Enron to pay \$41 million to LJM before Talon would engage in the hedging transactions for which it was created. Enron and Talon entered into a "put", that is, a transaction that purportedly served to hedge Enron against a decline in its own stock value. Although there was no true business purpose, the "put" option was purchased by Enron for \$41 million. The put was designed by me and others as an ostensible reason to make a distribution of \$41 million to LJM, economically providing a return of and return on capital. Since the put failed to have a true business purpose, Talon failed to meet the minimum equity test as required by applicable accounting rules. As a result of this failure, LJM lacked substantive control of Talon. This failure, in turn, led to the substantive control of Talon by Enron.

As part of the scheme, I understood that the use of the interstate wires would be made in the form of, among other things, payments and filings by Enron with regulators of misleading financial statements.