

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 05-cv-00480-MSK-CBS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JOSEPH P. NACCHIO,
ROBERT S. WOODRUFF,
ROBIN R. SZELIGA,
AFSHIN MOHEBBI,
JAMES J. KOZLOWSKI,
FRANK T. NOYES,

Defendants.

**DEFENDANT ROBERT S. WOODRUFF'S ANSWER
TO THE SECURITIES AND EXCHANGE COMMISSION'S
AMENDED COMPLAINT**

Defendant Robert Woodruff ("Woodruff") responds to the Securities and Exchange Commission's amended Complaint ("Amended Complaint") filed on April 12, 2006, by his undersigned attorneys as follows. Woodruff objects to the Complaint to the extent that it alleges purported facts and events that occurred after his March 2, 2001 departure from Qwest Communications International, Inc. ("Qwest" or "the Company"), or references documents prepared or filed by Qwest after that date. **Woodruff further objects to the Amended Complaint to the extent that it makes amendments not contemplated in this Court's March 29, 2006 Order and were therefore included without obtaining proper leave of court.** To the extent any response by Woodruff to such allegations is required, Woodruff states that he lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

In addition, the Amended Complaint references and quotes from numerous documents and nameless employees that constitute inadmissible hearsay and do not offer competent evidence of any of the purported statements of fact they may contain, and Woodruff objects to those allegations on that basis. Otherwise, Woodruff denies all of the allegations contained in the Complaint unless expressly admitted herein.

I. SUMMARY

- 1) To the extent the allegations in paragraph 1 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 2) To the extent the allegations in paragraph 2 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 3) To the extent the allegations in paragraph 3 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 4) To the extent the allegations in paragraph 4 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 5) To the extent the allegations in paragraph 5 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

- 6) The allegations in paragraph 6 are not directed at Woodruff and therefore do not require a response. To the extent a response is required, Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 6, and therefore denies them.
- 7) To the extent the allegations in paragraph 7 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 8) To the extent the allegations in paragraph 8 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 9) To the extent the allegations in paragraph 9 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 10) Woodruff admits Qwest stock had traded as high as \$64 per share in 2000. Woodruff lacks sufficient information and knowledge of the events occurring after March 2, 2001 and therefore denies them. Woodruff denies all other allegations in paragraph 10 to the extent they are directed at him. To the extent the allegations are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

II. DEFINITIONS

- 11) The definition in paragraph 11 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 11.
- 12) The definition in paragraph 12 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 12.

- 13) The definition in paragraph 13 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 13.
- 14) The definition in paragraph 14 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 14.
- 15) The definition in paragraph 15 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 15.
- 16) The definition in paragraph 16 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 16.
- 17) The definition in paragraph 17 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 17.
- 18) The definition in paragraph 18 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 18.
- 19) The definition in paragraph 19 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 19.
- 20) The definition in paragraph 20 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 20.
- 21) The definition in paragraph 21 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 21.
- 22) The definition in paragraph 22 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 22.

- 23) The definition in paragraph 23 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 23.
- 24) The definition in paragraph 24 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 24.
- 25) The definition in paragraph 25 does not require a response. To the extent that a response is required, Woodruff denies the allegation in paragraph 25.

III. JURISDICTION AND VENUE

- 26) Woodruff admits that the SEC has authority to bring actions generally under the statutes referenced in paragraph 26. Otherwise, the allegations in paragraph 26 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 26.
- 27) The allegations in paragraph 27 state legal conclusions as to which no response is required, to the extent that a response is required, Woodruff denies the allegations in paragraph 27.
- 28) Woodruff denies the allegations in paragraph 28.
- 29) Woodruff admits that he resides within the United States District for the District of Colorado. Woodruff denies the remaining allegations in paragraph 29.

IV. SUMMARY OF VIOLATIONS AND MATERIALLY FALSE STATEMENTS

- 30) The allegations in paragraph 30 are legal conclusions to which no response is required. To the extent the allegations in paragraph 30 are required and are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

- 31) The allegations in paragraph 31 are not directed at Woodruff and therefore do not require a response. To the extent a response is requested, Woodruff lacks sufficient information or knowledge to admit or deny the remaining allegations in paragraph 31, and therefore denies them.
- 32) The allegations in paragraph 32 are not directed at Woodruff and therefore do not require a response. To the extent a response is requested, Woodruff lacks sufficient information or knowledge to admit or deny the remaining allegations in paragraph 32, and therefore denies them.
- 33) To the extent the allegations in paragraph 33 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

V. DEFENDANTS

A. Senior Executives

- 34) Woodruff admits that Joseph P. Nacchio served as Qwest's President and Chief Executive Officer from January 1997 through the remaining time Woodruff was employed by Qwest. Woodruff admits that Nacchio signed Qwest's 1999 and 2000 10-K annual reports but denies that those reports were materially false and misleading. Woodruff lacks sufficient information and knowledge to admit or deny the remaining allegations in paragraph 34 and therefore denies them.
- 35) Woodruff admits that he was 56 years old at the time the complaint was filed and that he is a resident of Englewood, Colorado. Woodruff further admits that he served as Chief Financial Officer from August 1994 until March 2, 2001. Woodruff admits that he signed Qwest's 10-Q quarterly reports and Qwest's 1999 10-K annual report while he

was CFO, but denies that those reports were materially false. Woodruff denies the remaining allegations in paragraph 35.

- 36) Woodruff admits that Robin Szeliga was the Senior Vice President at Qwest from 1998 through the remaining time Woodruff was employed by Qwest. Woodruff lacks sufficient information and knowledge to admit or deny the remaining allegations in paragraph 36 and therefore denies them.

B. Accounting

- 37) Woodruff admits that James J. Kozlowski was Qwest's director of financial reporting from April 1998 through October 1999, and Qwest's senior director of financial reporting from November 1999 through September 2000. Woodruff lacks sufficient information and knowledge to admit or deny the remaining allegations in paragraph 37, and therefore denies them.

- 38) Woodruff admits that Frank T. Noyes was a senior manager and then director of financial reporting between April 1999 and September 2000. Woodruff lacks sufficient information and knowledge to admit or deny the remaining allegations in paragraph 38, and therefore denies them.

C. IRU Sales

- 39) Woodruff admits that Defendant Afshin Mohebbi became the President and Chief Operating Officer of Qwest in or about May 1999, a position that he continued to hold until in or about June 2000. Woodruff admits that Mr. Mohebbi served as Qwest's President of Worldwide Network Services and Operations from June 2000 through the remaining time that Woodruff was employed by Qwest. Woodruff lacks sufficient information or knowledge to admit or deny the remaining allegations in paragraph 39, and therefore denies them.

- 40) Woodruff admits that Defendant Gregory Casey served as Executive Vice President of Wholesale Markets from 1998 through the remaining time that Woodruff was employed by Qwest. Woodruff lacks sufficient information or knowledge to admit or deny the remaining allegations in paragraph 40, and therefore denies them.

VI. RELATED PARTY

- 41) Woodruff admits Qwest is based in Denver, Colorado. Woodruff denies that this is a complete or accurate description of Qwest's business, but admits that at certain times Qwest provided telephone and internet services in the United States. Woodruff admits that Qwest's common stock was registered with the SEC and Qwest was required to make filings with the SEC. Woodruff admits that Qwest's common stock trades on the New York Stock Exchange. Woodruff lacks sufficient information or knowledge regarding the remaining allegations in paragraph 41, and therefore denies them.

VII. COMPENSATION OF DEFENDANTS

- 42) Woodruff admits the SEC seeks an order requiring each defendant to disgorge all salary and other compensations. To the extent directed at him, Woodruff denies any violation occurred during his employment at Qwest. Woodruff lacks sufficient information or knowledge to admit or deny the remaining allegations in paragraph 42, and therefore denies them.
- 42a) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 42a, and therefore denies them.
- 42b) Woodruff denies the allegations in paragraph 42b.
- 42c) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 42c, and therefore denies them.

42d) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 42d, and therefore denies them.

42e) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 42e, and therefore denies them.

42f) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 42f, and therefore denies them.

42g) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 42g, and therefore denies them.

43) To the extent the allegations in paragraph 43 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

VIII. NACCHIO, WOODRUFF, AND SZELIGA HID THE TRUE SOURCE OF QWEST'S REVENUE AND EARNINGS GROWTH

A. Summary

44) To the extent the allegations in paragraph 44 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

45) To the extent the allegations in paragraph 45 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

45a) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 45a, and therefore denies them.

45b) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 45b, and therefore denies them.

45c) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 45c, and therefore denies them.

B. The Significance of Non-Recurring Revenue

46) Woodruff and lacks sufficient information or knowledge as to the allegations in paragraph 46, and therefore denies them.

47) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 47, and therefore denies them.

48) To the extent the allegations in paragraph 48 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

49) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 49, and therefore denies them.

49a) Woodruff admits there was a Qwest earnings release for the third quarter 1998. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.

49b) Woodruff admits there was a Qwest earnings release for year-end 1998. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

49c) Woodruff admits there was a Qwest earnings release for year-end 1998. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

49d) Woodruff admits there was a Qwest earnings release for the first quarter 1999. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

50) To the extent the allegations in paragraph 50 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

50a) Woodruff admits there was a Qwest earnings statement for the third quarter 1999. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

50b) Woodruff admits there was a Qwest earnings statement for the third quarter 1999. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

51) To the extent the allegations in paragraph 51 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

C. **Hiding Qwest's Non-Recurring Revenue**

52) To the extent the allegations in paragraph 52 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

53) Woodruff admits that he received financial information regarding the performance of Qwest's business units. Woodruff admits that he met with executives of Qwest's business units to review Qwest's financial performance. To the extent the remaining allegations in paragraph 53 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

53a) **Woodruff objects to paragraph 53a of the Amended Complaint to the extent that it makes allegations not contemplated in this Court's March 29, 2006 Order and has therefore been asserted without obtaining proper leave of court.** To the extent the allegations in paragraph 53a are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

54) Woodruff admits that during his employment at Qwest, Qwest released financial results in the form of 8-K and 10-Q filings with the SEC. Woodruff admits he participated in some calls with analysts covering telecommunications industry to discuss Qwest's financial performance during his tenure at Qwest. To the extent the remaining allegations in paragraph 54 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

55) To the extent the allegations in paragraph 55 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

D. Nacchio, Woodruff, and Szeliga Continued to Misrepresent Qwest's Revenue Sources to Merge With US West

- 56) Woodruff admits the allegations in paragraph 56.
- 57) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 57, and therefore denies them. The merger agreement speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.
- 58) To the extent the allegations in paragraph 58 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 59) To the extent the allegations in paragraph 59 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 59a) Woodruff admits there was a third quarter earnings release by Qwest in 1999. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.
- 59b) Woodruff admits there was a third quarter earnings release by Qwest in 1999. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.
- 59c) Woodruff admits there was a fourth quarter and year-end 1999 earnings release by Qwest. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

59d) Woodruff admits there was a first quarter 2000 earnings release by Qwest. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

59e) Woodruff admits there was a first quarter 2000 earnings release by Qwest. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

59f) Woodruff admits there was a first quarter 2000 earnings release by Qwest. That document speaks for itself, and Woodruff respectfully refers the Court to the full document for its contents and context.

E. Obsession With Meeting Earnings, Revenue, and Growth Targets

60) To the extent the allegations in paragraph 60 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

61) To the extent the allegations in paragraph 61 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

61a) To the extent the allegations in paragraph 61a are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

61b) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 61b, and therefore denies them.

- 61c) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 61c, and therefore denies them.
- 62) To the extent the allegations in paragraph 62 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 63) Woodruff denies the allegations in paragraph 63.
 - 63a) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 63a, and therefore denies them.
 - 63b) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 63b, and therefore denies them.
 - 63c) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 63c, and therefore denies them.
 - 63d) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 63d, and therefore denies them.
 - 63e) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 63e, and therefore denies them.

F. Nacchio, Woodruff, and Szeliga Removed Disclosure in Qwest's 1999 Annual Report

- 64) Woodruff denies the allegations in paragraph 64.
- 65) Woodruff denies the allegations in paragraph 65.
- 66) Woodruff denies the allegations in paragraph 66.

- 67) Woodruff denies the allegation in paragraph 67.
- 68) To the extent the allegations in paragraph 68 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 69) To the extent the allegations in paragraph 69 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 70) To the extent the allegations in paragraph 70 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 71) Woodruff denies the allegations in paragraph 71.

G. Qwest's Addiction to Non-recurring Revenue Grew After the June 2000 Merger With US West

- 72) Woodruff admits Qwest stock was trading above \$50 per share in June 2000. Woodruff denies all other allegations in paragraph 72.
- 73) To the extent the allegations in paragraph 73 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 74) To the extent the allegations in paragraph 74 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

- 74a) Woodruff admits there was a Qwest earnings release for the second quarter 2000 issued on July 19, 2000. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.
- 74b) Woodruff admits there was a Qwest earnings release for the second quarter 2000. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.
- 74c) Woodruff admits there was a Qwest earnings release for the second quarter 2000. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.
- 74d) Woodruff admits there was a Qwest earnings release for the third quarter 2000. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.
- 74e) Woodruff admits there was a Qwest earnings release for the fourth quarter 2000. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.
- 74f) Woodruff admits there was a Qwest earnings release for the fourth quarter 2000. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.
- 74g) Woodruff admits there was a Qwest earnings release for the fourth quarter 2000. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context.

- 74h) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74h because he retired from Qwest on March 2, 2001, and therefore denies them.
- 74i) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74i because he retired from Qwest on March 2, 2001, and therefore denies them.
- 74j) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74j because he retired from Qwest on March 2, 2001, and therefore denies them.
- 74k) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74k because he retired from Qwest on March 2, 2001, and therefore denies them.
- 74l) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74l because he retired from Qwest on March 2, 2001, and therefore denies them.
- 74m) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74m because he retired from Qwest on March 2, 2001, and therefore denies them.
- 74n) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74n because he retired from Qwest on March 2, 2001, and therefore denies them.

74o) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 74o because he retired from Qwest on March 2, 2001, and therefore denies them.

H. The Pressure To Do Whatever Was Necessary To Meet The Projections Continued

75) Woodruff denies the allegations in paragraph 75.

76) To the extent the allegations in paragraph 76 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

77) To the extent the allegations in paragraph 77 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

77a) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 77a, and therefore denies them.

77b) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 77b, and therefore denies them.

77c) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 77c, and therefore denies them.

77d) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 77d, and therefore denies them.

77e) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 77e, and therefore denies them.

- 77f) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 77f, and therefore denies them.
- 78) To the extent the allegations in paragraph 78 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 79) Woodruff admits Qwest filed a 2000 10-K report. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context. Woodruff denies all other allegations in paragraph 79.

I. The Fraud Unravels

- 80) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 80 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 81) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 81 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 82) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 82 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 83) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 83 because he retired from Qwest on March 2, 2001, and therefore denies them.

- 84) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 84 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 85) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 85 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 86) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 86 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 87) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 87 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 88) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 88 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 89) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 89 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 90) Woodruff lacks the information or knowledge to admit or deny the allegations in paragraph 90 because he retired from Qwest on March 2, 2001, and therefore denies them.

- 91) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 91 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 92) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 92 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 93) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 93 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 94) Woodruff lacks sufficient information or knowledge to admit or deny the allegation in paragraph 94 because he retired from Qwest on March 2, 2001, and therefore denies it.
- 95) Woodruff lacks sufficient information or knowledge to admit or deny the allegation in paragraph 95 because he retired from Qwest on March 2, 2001, and therefore denies it.
- 96) Woodruff lacks sufficient information or knowledge to admit or deny the allegation in paragraph 96 because he retired from Qwest on March 2, 2001, and therefore denies it.

IX. MOHEBBI, CASEY, AND NOYES MANIPULATED IRU TRANSACTIONS TO MEET REVENUE TARGETS

A. Summary

- 97) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 97, and therefore denies them.
- 98) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 98, and therefore denies them.

99) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 99, and therefore denies them.

100) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 100, and therefore denies them.

101) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 101, and therefore denies them.

102) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 102, and therefore denies them.

B. Mohebbi and Casey Concealed Secret Side Agreements For Portability of IRUs

103) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 103, and therefore denies them.

104) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 104, and therefore denies them.

105) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105, and therefore denies them.

105a) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105a, and therefore denies them.

105b) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105b, and therefore denies them.

105c) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105c, and therefore denies them.

105d) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105d, and therefore denies them.

105e) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105e, and therefore denies them.

105f) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105f because he retired from Qwest on March 2, 2001, and therefore denies them.

105g) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 105g because he retired from Qwest on March 2, 2001, and therefore denies them.

C. Mohebbi, Casey, and Noyes Backdated Contracts

106) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 106, and therefore denies them.

106a) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 106a, and therefore denies them.

106b) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 106b, and therefore denies them.

106c) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 106c, and therefore denies them.

D. Mohebbi, Casey, and Noyes Purchased Lit Fiber Owest Did Not Need To Close IRU, Swap Transactions,

107) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 107, and therefore denies them.

108) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 108, and therefore denies them.

108a) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 108a, and therefore denies them.

108b) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 108b because he retired from Qwest on March 2, 2001, and therefore denies them.

109) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 109 because he retired from Qwest on March 2, 2001, and therefore denies them.

X. NACCHIO, WOODRUFF, AND SZELIGA MANIPULATED DEX REVENUE TO MEET TARGETS

110) To the extent the allegations in paragraph 110 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

111) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 111, and therefore denies them.

112) Woodruff admits that Dex's Colorado Springs, Colorado directory was shipped in December 2000. To the extent the remaining allegations in paragraph 112 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

113) Woodruff denies the allegations in paragraph 113.

- 114) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 114, and therefore denies them.
- 115) Woodruff lacks sufficient information or knowledge to admit or deny the remaining allegations in paragraph 115, and therefore denies them.
- 116) Woodruff admits Qwest filed a 2000 10-K annual report with the SEC. That document speaks for itself and Woodruff respectfully refers the Court to the full document for its contents and context. Woodruff denies all remaining allegations in paragraph 116.
- 117) To the extent the allegations in paragraph 117 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 118) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 118 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 119) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 119 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 120) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 120 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 121) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 121 because he retired from Qwest on March 2, 2001, and therefore denies them.

XI. SZELIGA FRAUDULENTLY LOWERED VACATION LIABILITIES TO MEET EARNINGS TARGETS

- 122) Woodruff lacks sufficient evidence to admit or deny the allegations in paragraph 122 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 123) Woodruff lacks sufficient evidence to admit or deny the allegations in paragraph 123 because he retired from Qwest on March 2, 2001, and therefore denies them
- 124) Woodruff lacks sufficient evidence to admit or deny the allegations in paragraph 124 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 125) Woodruff lacks sufficient evidence to admit or deny the allegations in paragraph 125 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 126) Woodruff lacks sufficient evidence to admit or deny the allegations in paragraph 126 because he retired from Qwest on March 2, 2001, and therefore denies them.

XII. WOODRUFF, SZELIGA, KOZLOWSKI, AND NOYES WRONGLY RECOGNIZED \$3 BILLION OF REVENUE FROM IRU SALES

A. Summary

- 127) To the extent the allegations in paragraph 127 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 128) Woodruff denies the allegations in paragraph 128.
- 129) Woodruff lacks sufficient knowledge or information to admit or deny the allegations in paragraph 129, and therefore denies them.
- 130) Woodruff lacks sufficient knowledge or information to admit or deny the allegations in paragraph 130, and therefore denies them.

131) Woodruff lacks sufficient knowledge or information to admit or deny the allegations in paragraph 131, and therefore denies them.

132) Woodruff denies the allegations in paragraph 132.

132a) Woodruff denies the allegations in paragraph 132a.

132b) Woodruff denies the allegations in paragraph 132b.

132c) Woodruff denies the allegations in paragraph 132c.

132d) Woodruff denies the allegations in paragraph 132d.

B. Woodruff, Szeliea, Kozlowski, and Noyes Fraudulently Recognized Revenue Immediately From IRU Transactions

133) To the extent the allegations in paragraph 133 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

134) Woodruff denies the allegations in paragraph 134.

135) To the extent the allegations in paragraph 135 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

136) To the extent the allegations in paragraph 136 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

137) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 137 and therefore denies them.

- 137a) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 137a and therefore denies them.
- 137b) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 137b and therefore denies them.
- 137c) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 137c and therefore denies them.
- 138) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 138, because he retired from Qwest on March 2, 2001, and therefore denies them.
- 139) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 139 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 140) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 140 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 141) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 141 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 142) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 142 because he retired from Qwest on March 2, 2001, and therefore denies them.

- 143) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 143 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 144) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 144 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 145) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 145 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 146) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 146, and therefore denies them.
- 147) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 147 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 148) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 148 because he retired from Qwest on March 2, 2001, and therefore denies them.
- 149) To the extent the allegations in paragraph 149 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

C. **Woodruff, Szeliga, Kozlowski, and Noyes Fraudulently Recognized Revenue Immediately From IRU Swaps**

- 150) To the extent the allegations in paragraph 150 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 151) To the extent the allegations in paragraph 151 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 152) To the extent the allegations in paragraph 152 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 153) Woodruff denies the allegations in paragraph 153.
- 154) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 154, and therefore denies them.
- 155) Woodruff lacks sufficient information and knowledge to admit or deny the allegations in paragraph 155 because he retired from Qwest on March 2, 2001, and therefore denies them.

XIII. KOZLOWSKI AND NOYES REMOVED IRU DISCLOSURE FROM QWEST'S 1999 ANNUAL REPORT

- 156) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 156, and therefore denies them.

XIV. INSIDER TRADING BY NACCHIO, WOODRUFF, AND SZELIGA

- 157) To the extent the allegations in paragraph 157 are directed at him, Woodruff denies them. To the extent they are directed at others, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.
- 158) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 158 and therefore denies them.
- 159) Woodruff denies the allegations in paragraph 159.
- 160) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 160 and therefore denies them.

XV. QWEST'S STOCK PRICE

- 161) Woodruff lacks sufficient information or knowledge to admit or deny the allegations in paragraph 161 and therefore denies them.

FIRST CLAIM FOR RELIEF
Fraud – Violations of Securities Act Section 17(a)(1)
[15 U.S.C. § 77q(a)(1)]

- 162) Woodruff repeats his answers to paragraphs 1 through 161.
- 163) The allegations in paragraph 163 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 163.
- 164) The allegations in paragraph 164 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 164.

SECOND CLAIM FOR RELIEF
Fraud – Violations of Securities Act Sections 17(a)(2) and 17(a)(3)
[15 U.S.C. § 77q(a)(2) and (3)]

- 165) Woodruff repeats his answers to paragraphs 1 through 161.
- 166) The allegations in paragraph 166 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 166.
- 167) The allegations in paragraph 167 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 167.

THIRD CLAIM FOR RELIEF
Fraud – Violations of Exchange Act Section 10(b) and Rule 10b-5
[15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]

- 168) Woodruff repeats his answers to paragraphs 1 through 161.
- 169) The allegations in paragraph 169 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 169.
- 170) The allegations in paragraph 170 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 170.
- 171) The allegations in paragraph 171 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff lacks sufficient information or knowledge to admit or deny the allegations, and therefore denies them.

FOURTH CLAIM FOR RELIEF
Falsified Books and Records – Exchange Act Section 13(b)(5) and Rule 13b2-1
[15 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-11

- 172) Woodruff repeats his answers to paragraphs 1 through 161.
- 173) The allegations in paragraph 173 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 173.
- 174) The allegations in paragraph 174 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 174.

FIFTH CLAIM FOR RELIEF
Deceit of Auditors – Exchange Act Rule 13b2-2
[17 C.F.R. § 240.13b2-21

- 175) Woodruff repeats his answers to paragraphs 1 through 161 above.
- 176) Woodruff denies the allegations in paragraph 176.
- 177) The allegations in paragraph 177 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 177.

SIXTH CLAIM FOR RELIEF
False SEC Filings – Exchange Act Section 13(a) and Exchange Act
Rules 12b-20,13a-1,13a-11, and 13a-13 .
115 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20,
240.13a-1, 240.13a-11, and 240.13a-131

- 178) Woodruff repeats his answers to paragraphs 1 through 161.

179) The allegations in paragraph 179 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 179.

180) The allegations in paragraph 180 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 180.

SEVENTH CLAIM FOR RELIEF
False Books and Records – Exchange Act Section 13(b)(2)
115 U.S.C. § 78m(b)(2)]

181) Woodruff repeats his answers to paragraphs 1 through 161.

182) The allegations in paragraph 182 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 182.

183) The allegations in paragraph 183 state legal conclusions as to which no response is required. To the extent that a response is required, Woodruff denies the allegations in paragraph 183.

ADDITIONAL DEFENSES

1. The Complaint and each purported claim for relief fails to state a claim upon which relief can be granted.

2. Some or all of the alleged untrue statements of material fact, omissions of material fact, misleading statements, or other challenged statements made by Defendants consist only of non-actionable general statements of optimism and/or indefinite opinions or puffery, and are thus non-actionable.

3. Every act or omission alleged in the Complaint was done or omitted in good faith conformity with the rules and regulations of the Securities and Exchange Commission and, therefore, pursuant to Section 23(a) of the Securities Exchange Act of 1934, there is no liability for any act or omission so alleged.

4. The matters alleged to be the subject of misrepresentations or omissions were publicly and prominently disclosed and were available to investors and the securities market.

5. The acts and practices of persons or entities not associated with Qwest, and ongoing economic events, constitute intervening and superseding causes of the alleged harm, if any, and some or all of the decline in the value of Qwest securities was the result, not of any omission or misstatement on the part of Qwest, but rather of a general decline in the market, especially among securities in the telecommunications sector. Should plaintiffs recover damages, the amount of those damages should be abated, reduced, or eliminated accordingly. *See* 15 U.S.C. § 77k(e).

7. Plaintiff is barred from recovery, in whole or in part because Woodruff acted in good faith reliance on the advice of other persons.

8. Plaintiff is barred from recovery, in whole or in part, because with respect to all alleged untrue statements of material fact, omissions of material fact, misleading statements, or other challenged statements, Woodruff had, after reasonable investigation, reasonable grounds to believe and did in good faith believe, at the time those statements were made and all relevant times, that the statements were true and not misleading and that there were no omissions of material fact required to be stated necessary to make the statements not misleading.

9. Some or all of the alleged untrue statements of material fact, omissions of material fact, misleading statements, or other challenged statements contained sufficient cautionary language or risk disclosure to protect Woodruff against claims of securities fraud, and are thus rendered non-actionable by the “bespeaks caution” doctrine.

10. Any damages allegedly suffered were proximately caused by and contributed to by persons other than Woodruff. The liability of all defendants and any responsible parties, named or unnamed, should be apportioned according to the relative degrees of fault, and the liability of Woodruff should be reduced accordingly.

11. Without admitting that any Registration Statement identified in the Complaint contained an untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to every part of each Registration Statement not purporting to be made on the authority of an expert, and not purporting to be a copy of or extract from a report or valuation of an expert, and not purporting to be made on the authority of a public official document or statement, Woodruff had, after reasonable investigation, reasonable ground to believe and did believe, at the time such part of the Registration Statement became effective, that the statements therein were true and that there was no omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

12. Without admitting that any Registration Statement identified in the Complaint contained an untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to every part of each Registration Statement purporting to be made on the authority of an expert or purporting to be a copy of or extract from a report or valuation of an expert, Woodruff had no reasonable ground to believe and did not believe, at the time such part of the registration statement became effective, that the statements therein were untrue or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the Registration Statement did not fairly represent the statement of the expert or was not a fair copy of or extract from the report or valuation of the expert.

13. Without admitting that any Registration Statement identified in the Complaint contained an untrue statement of material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to every part of each Registration Statement purporting to be a statement made by an official person or purporting to be a copy of or extract from a public official document, Woodruff had no reasonable ground to believe and did not believe, at the time such part of the registration statement became effective, that the statements therein were untrue, or that there was an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that such part of the registration statement did not fairly represent the statement made by the official person or was not a fair copy of or extract from the public official document.

14. Without admitting that Qwest or any Individual Defendant is liable under the Securities Exchange Act of 1934 (“Securities Exchange Act”), and without admitting that Woodruff controls either Qwest or any Individual Defendant, Woodruff acted in good faith and did not directly or indirectly induce the act or acts constituting the violation of the Securities Exchange Act, or any rule or regulation thereunder, or the cause of action.

15. Woodruff did not act with scienter.

16. Woodruff did not act with an “extreme departure from reasonable accounting practices” necessary to constitute alleged securities law violations.

17. A reasonable accountant reviewing the facts, figures, and information known by Woodruff while employed by Qwest could determine that Qwest’s financial statements conformed with GAAP and would not mislead the public.

18. Qwest’s outside independent auditors repeatedly approved of Qwest’s financial statements prepared during the period of Woodruff’s employment at Qwest.

19. Woodruff did not intentionally withhold facts from the public in order to deceive, manipulate, or defraud.

20. Woodruff did not recklessly disregard the importance of facts to the public in order to deceive, manipulate, or defraud.

21. Woodruff did not possess a motive to deceive, manipulate, or defraud the public.

22. Qwest's outside independent auditors concluded that Qwest could treat IRU transactions as sales-type leases and account for the revenue therefrom up front.

23. Qwest's outside independent auditors reviewed Qwest's IRU transactions during the period of Woodruff's employment at Qwest and concluded that Qwest properly accounted for IRUs as sales-type leases and properly recognized revenue up front on those transactions.

24. Qwest's outside independent auditor also discussed the question of disclosure with the Audit Committee of Qwest's Board of Directors, during which he was told by the Audit committee that the Audit Committee agreed with Woodruff that a disclosure was not required; the auditor did not tell the Audit Committee that disclosure was required under GAAP.

25. Qwest's outside independent auditor specifically considered and determined that Qwest's 1999 financial statements were not misleading and complied with disclosure requirements.

26. Woodruff did not know of any alleged violation of securities law by Qwest or any employee thereof.

27. Woodruff did not provide substantial assistance to Qwest or any employee thereof in achieving any alleged violation of securities law.

28. Woodruff was unaware that any conduct on his part constituted an alleged violation of securities law.

29. Woodruff did not act with “extreme” or “severe recklessness” necessary to constitute alleged violations of securities law.

30. To Woodruff’s knowledge, fiber sold in IRU transactions was being held in a nondepreciating account. Thus, a reasonable accountant could conclude that it was appropriate to treat such IRU transactions as sales-type leases and to recognize the revenue associated therewith up front. Indeed, Qwest’s outside independent auditors so concluded during Woodruff’s employment at Qwest.

31. A reasonable accountant could conclude that the fact Qwest was required to maintain its network and that there was, as a result, an operations and maintenance component to IRU transactions did not prohibit treatment of IRUs as sales-type leases or the recognition of revenue therefrom up front. Indeed, Qwest’s outside independent auditors so concluded during Woodruff’s employment at Qwest.

32. A reasonable accountant could conclude that Qwest’s cost model appropriately allocated fair market value to the various IRU components. Indeed, Qwest’s outside independent auditors routinely audited the fair market value allocation to Qwest’s IRU components and so concluded during Woodruff’s employment at Qwest.

33. A reasonable accountant could conclude based on the information known to Woodruff during his employment at Qwest that the earnings process was complete in connection with Qwest’s IRU transactions, such that Qwest’s IRUs could be treated as sales-type leases and revenue therefrom could be recognized up front.

34. A reasonable accountant could conclude based on the information known to Woodruff during his employment at Qwest that contemporaneous IRU transactions (“swaps”) could be treated as sales-type leases and that revenue therefrom could be recognized up front. Indeed, Qwest’s outside independent auditors so concluded during Woodruff’s employment at Qwest.

35. Woodruff was not informed Qwest groomed IRUs.
36. Woodruff was not informed that Qwest permitted customers to port purchased capacity.
37. Woodruff was not informed of any alleged side or secret agreement with any IRU purchaser.
38. Claims for civil penalties that are premised on conduct that occurred prior to March 15, 2000 are barred by the statute of limitations.
39. The SEC is precluded from pursuing any action on the ground that the SEC conducted an unlawful and improper investigation.
40. The SEC is precluded from pursuing relief by the doctrines of unclean hands and/or ratification.

Woodruff reserves the right to amend these Affirmative and Other Defenses and to raise additional defenses that become known to him during this case.

Dated: April 27, 2006

Respectfully submitted,

CLIFFORD CHANCE US LLP

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CERTIFICATE OF SERVICE

I hereby certify on this 27th day of April, 2006, I caused a true and correct copy of Defendant Robert S. Woodruff's *ANSWER TO THE AMENDED COMPLAINT* to be filed electronically using the CM/ECF system, which will send notification of such filing to the following:

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