ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 66 to admit or deny them, and on that basis denies them.

ALLEGATION:

67) Qwest's outside auditor also told Woodruff that Qwest should make disclosure of the IRU transactions.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 67 to admit or deny them, and on that basis denies them.

ALLEGATION:

68) Kozlowski and Noyes then drafted IRU disclosure [sic] for inclusion in the 10-K annual report. At Kozlowski's direction, Noyes inserted this draft IRU disclosure in the draft 10-K. Noyes circulated the draft 10-K with the disclosure to Woodruff and Szeliga for review.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 68 to admit or deny them, and on that basis denies them.

ALLEGATION:

69) Before filing the 1999 10-K annual report with the SEC on March 17, 2000, Woodruff told Kozlowski that he needed to discuss the IRU disclosure with Nacchio. Immediately before the 10-K was filed with the SEC, Woodruff told Kozlowski to remove the IRU disclosure language. As a result Kozlowski told Noyes to "take it out" and the IRU disclosure language was removed from Qwest's 1999 10-K filed with the SEC. Szeliga knew the IRU disclosure had been removed from the 10-K.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 69 to admit or deny them, and on that basis denies them.

ALLEGATION:

70) Nacchio, Woodruff, and Szeliga each signed false management representation letters to Qwest's outside auditors falsely stating, among other things, that the financial statements in the 1999 10-K were not materially misleading and complied with GAAP.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 70 to admit or deny them, and on that basis denies them.

ALLEGATION:

71) Qwest's outside auditor who had approved the filing of the 10-K with the IRU disclosure language was never consulted about the removal of that language from the filed annual report and had no knowledge that the 10-K was filed without the IRU disclosure language.

ANSWER:

Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 71 to admit or deny them, and on that basis denies them.

ALLEGATION:

72) By June 2000, Qwest stock was trading above $50 per share and Qwest was able to merge with US West by using Qwest's common stock, a currency that was significantly inflated by the fraudulent scheme.

ANSWER:

Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 72 to admit or deny them, and on that basis denies them.

ALLEGATION:

73) Following the merger, Qwest, along with other telecommunications companies, experienced declines in demand for Internet and other services. Nevertheless, despite pleas from senior Qwest executives to reduce public revenue and growth projections, Nacchio, Woodruff, and Szeliga continued to predict double-digit growth for the company without disclosing that the growth was fueled by one-time IRU and equipment sales.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 73. To the extent that a further response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 73 to admit or deny them, and on that basis denies them.

ALLEGATION:

74) Nacchio, Woodruff, and Szeliga publicly touted Qwest's state-of-the-art network and boasted that Qwest was different from stodgy, old-style telephone companies like US West. They continually emphasized the company's future revenue growth from recurring Internet and telecommunications services in public statements. These statements were materially false because, among other reasons, Nacchio, Woodruff, and Szeliga failed to disclose either the existence of, or significance of, one-time IRU and equipment sales to Qwest's reported data and Internet services revenue. For example:

a) In Qwest's July 19, 2000 earnings release for the second quarter 2000, Nacchio was quoted saying, Qwest would "generate compound annual growth rates of 15-17 percent revenue and 20 percent EBITDA through 2005."

b) Qwest's second quarter 2000 earnings release stated, "Internet and data services grew more than 150 percent over the second quarter of 1999 and now comprise more than 33 percent of total revenue."

c) In that same release, Woodruff was quoted saying, "Internet and data services continued to drive revenue growth."

d) Qwest's third quarter 2000 earnings release continued to tout future revenue growth including the growth of its recurring telecommunications services revenue.

e) Qwest's fourth quarter 2000 earnings release stated, "Internet and data services, a high-growth segment for Qwest, grew more than 60 percent in 2000."

f) In that same release, Nacchio was quoted saying, "With the initial integration of the merger successfully complete, we are on track to meet our expected growth rates."

g) The fourth quarter 2000 earnings release emphasized data and Internet services revenue growth, stating that such services had increased some 40 percent and represented 70 percent of Qwest's total revenue growth in the quarter.

h) In Qwest's first quarter 2001 earnings release, Nacchio was quoted stating, "We believe the industry will continue to provide solid growth opportunities in 2001, especially for our broadband Internet and data services."

i) In that same release Szeliga was quoted saying, "For the second quarter of 2001 we expect revenue to increase between 12 percent and 13 percent compared to pro forma second quarter 2000."

j) In the first quarter 2001 earnings call with analysts, Nacchio stated, "We have 12 percent revenue growth our first quarter [2001] over first quarter [2000] – it is 2 to 3 times the rate of anyone else in the industry."

k) In the same call, Nacchio continued, "Nothing you hear positively or negatively will change our view of [2001 revenue targets] which we have been holding steadfast now for the better part of a year since we announced it."

l) In that call, Nacchio, also claimed, in commenting on the economy, "[W]e believe that it may be a little harder, we may have to work a little harder, but we will meet our numbers. And I think that is what we get paid to do."

m) Szeliga stated in the same call, "Although this is my first opportunity to speak with you . . . it is in fact my 15th consecutive quarter of participation with this management team in achieving our quarterly objectives."

n) Qwest's second quarter 2001 earnings release stated, "Qwest has met or exceeded the consensus of analysts' estimates for the 17th consecutive quarter."

o) That same release also stated that, "Second quarter Internet, data and IP services revenues grew about 41 percent over the second quarter 2000. Internet and data revenues represent more than 27 percent of total revenue."

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 74. To the extent that a further response is required, Mohebbi respectfully refers the Court to the documents publicly filed by Qwest that are referenced in paragraph 74 for their contents. Except as expressly stated otherwise, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 74 to admit or deny them, and on that basis denies them.

ALLEGATION:

75) Even after merging with US West and increasing revenue five-fold, Qwest's dependence on non-recurring revenue to meet its public revenue and growth targets increased dramatically.

ANSWER:

Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 75 to admit or deny them, and on that basis denies them, except that Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 75.

ALLEGATION:

76) In January 2001, a senior Qwest executive warned Nacchio, Woodruff, and Szeliga that given the general downturn in the telecommunications industry, the investment community was growing concerned about how Qwest could continue to meet its aggressive public revenue projections.

ANSWER:

No response is required, as the allegations are directed at other defendants, except that Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 76. To the extent that a further response is required, except as stated otherwise, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 76 to admit or deny them, and on that basis denies them.

ALLEGATION:

77) Pressure by Nacchio and other senior executives on lower level executives and Qwest employees, to do whatever was necessary to meet public revenue projections continued after the merger with US West. For example:

a) At a January 2001 all-employee meeting, Nacchio stated, "[T]he most important thing we do is meet our numbers. It's more important than any individual product, it's more important than any individual philosophy, it's more important than any individual cultural change we're making. We stop everything else when we don't make the numbers."

b) A Qwest executive characterized the budget process in which Nacchio set revenue targets as one in which Nacchio "strong-armed" the business unit heads into "following his view of where the targets should be."

c) A Qwest executive noted that Qwest employees were afraid of the consequences of standing up to Nacchio and disputing revenue targets because the consequence was "potentially losing your job."

d) Nacchio told one executive concerning revenue targets, "you do this or I'll find someone who will."

e) In February 2001, Casey complained to Mohebbi about his target revenue, saying "Remember I had to sign in blood for my budget."

f) In July 2001, Casey complained to Mohebbi that Nacchio had overlooked in determining bonuses the "extraordinary effort" of his unit in the second quarter 2001, not only in exceeding their target number by $50 million but also in engineering an IRU deal that enabled another business unit to make its revenue targets. In response to Mohebbi's explanation of Nacchio's view that Casey's "margins were below business plan expectations", Casey said "So he was fully informed, he knows what we did, he made a conscious choice to compensate us this way . . . . You guys have just gotten used to us pulling it off."

ANSWER:

Paragraph 77 contains subparagraphs lettered (a) through (f). No response is required with respect to subparagraphs (a) through (d), as the allegations are directed at other defendants.

With respect to the introductory portion of paragraph 77 and subparagraphs (e) and (f), Mohebbi denies the allegations therein, except that he admits that the selectively quoted statements in subparagraphs (e) and (f) were made in certain e-mails sent to Mohebbi and respectfully refers the Court to those documents for their contents. To the extent that a further response is required, except as expressly admitted, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 77 to admit or deny them, and on that basis denies them, except that Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 77.

ALLEGATION:

78) By at least mid-January 2001, Nacchio, Woodruff, and Szeliga knew that Qwest was already significantly behind in meeting revenue targets and various business units were predicting target misses. They knew that to meet the revenue targets, Qwest would have to again increase its one-time sales of IRUs and equipment. Yet, Nacchio, Woodruff, and Szeliga continued to hide the existence and significance of the non-recurring revenue, even though analysts were beginning to question Qwest's purported data and Internet services growth. For example, in a late January 2001 earnings call Nacchio responded to a specific question about how revenues were derived with a lengthy answer that never once mentioned non-recurring IRU and equipment sales. A senior Qwest executive characterized Nacchio's skill at not answering such questions as dodging "the elephant in the room."

ANSWER:

No response is required, as the allegations are directed at other defendants, except that Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 78. To the extent that a further response is required, except as stated otherwise, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 78 to admit or deny them, and on that basis denies them.

ALLEGATION:

79) In early 2001, Qwest's auditor insisted to Woodruff that Qwest include in the 2000 10-K annual report disclosure about the significance of IRUs to the company. Woodruff caused the following materially false and misleading language to be included in the 2000 10-K annual report in the MD & A discussion: "To a lesser extent, the Company sells capacity under [IRU] contracts. Revenues from these contracts are included in commercial services and were not significant in either fiscal 2000 or 1999." Among other things, the statement was materially false and misleading because it grossly minimized Qwest's use of IRUs, and stated falsely that they were insignificant. Moreover, it was materially false and misleading because there was no disclosure concerning one-time equipment sales.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi respectfully refers the Court to the document publicly filed by Qwest that is referenced in paragraph 79 for its contents. To the extent that a further response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 79 to admit or deny them, and on that basis denies them.

ALLEGATION:

80) On April 5, 2001, a senior Qwest executive sent an e-mail to Szeliga proposing IRU disclosure for Qwest's first quarter 10-Q "given the materiality of IRUs to our results, and the SEC scrutiny on revenue recognition." The proposed disclosure included, among other things, the dollar amount of IRU transactions. The executive also told Szeliga that because IRU sales were significant to Qwest's financial results, the amount should be disclosed in the first quarter earnings release scheduled for late April 2001. Szeliga rejected the disclosure.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 80 to admit or deny them, and on that basis denies them.

ALLEGATION:

> 81) On April 24, 2001, Nacchio and Szeliga issued Qwest's first quarter 2001 earnings release and again highlighted the company's remarkable data and Internet services and overall growth without mentioning the one-time, non-recurring revenue from IRU and equipment sales. Nacchio and Szeliga also falsely claimed in the release that Qwest's growth stemmed from various recurring revenue products. As a result, the release was materially false and misleading.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi respectfully refers the Court to the document publicly filed by Qwest that is referenced in paragraph 81 for its contents. To the extent that a further response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 81 to admit or deny them, and on that basis denies them.

ALLEGATION:

> 82) Nacchio and Szeliga knew that Qwest could meet its growth targets only through continued dependence on non-recurring revenue. They fraudulently reconfirmed in the first quarter 2001 earnings release Qwest's financial targets for 2001 and predicted revenue growth of between 12 and 13 percent for the second quarter.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 82. In addition, Mohebbi respectfully refers the Court to the document publicly filed by Qwest referred to in paragraph 82 for its contents. To the extent that a further response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 82 to admit or deny them, and on that basis denies them.

ALLEGATION:

83) On April 29, 2001, Nacchio appeared on the Fox News Channel and, when questioned about Qwest achieving its projected targets in light of a weakening telecommunications economy, Nacchio stated fraudulently that, "[m]ost of our growth comes from development of new products and, quite frankly, the taking of market share from the larger incumbents on the long distance side."

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 83 to admit or deny them, and on that basis denies them.

ALLEGATION:

84) On May 15, 2001, Qwest filed its 10-Q for the first quarter. Szeliga wrote a materially false statement that minimized Qwest's use of IRU transactions and the significance of IRU revenue to meet Qwest's targets.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi respectfully refers the Court to the document publicly filed by Qwest that is referenced in paragraph 84 for its contents. To the extent that a further response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 84 to admit or deny them, and on that basis denies them.

ALLEGATION:

85) In mid-May 2001, Casey, who reported to Mohebbi and was responsible for reviewing IRU sales, advised Szeliga and Mohebbi that IRU sales were becoming increasingly difficult to generate and that as a result "the quarter is in significant jeopardy." Casey also stated that, "[p]ersonally, my advice would be to reset expectations and put the best face on to Wall Street that we can. You have an opportunity . . . to reposition this as a recurring revenue business and if you don't take it now and make it succinct, I think you run the risk of a feeding frenzy on the street." In a separate e-mail from Mohebbi to Casey, Mohebbi stated, "Business is in bad shape . . . need a ton of one-time items to make the quarter."

ANSWER:

Mohebbi denies the allegations in paragraph 85, except that Mohebbi admits that the selectively quoted statements were made in certain e-mails and respectfully refers the Court to those documents for their contents.

ALLEGATION:

86) At this time, most of the company's business units had reported to Nacchio and Szeliga that they anticipated target shortfalls that could only be made up with more IRU sales. Despite this, Nacchio and Szeliga continued publicly to paint a completely different picture of the company and its prospects.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 86 to admit or deny them, and on that basis denies them, except that Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 86.

ALLEGATION:

87) For example, on May 25, 2001, Nacchio told analysts he would not reduce public growth and revenue targets and that "our overall growth rate for the next several years is – we estimate to be between 15 and 17 percent for the company as a whole."

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 87 to admit or deny them, and on that basis denies them.

ALLEGATION:

88) In early June 2001, Qwest's outside auditor told Szeliga that the audit firm could no longer be associated with Qwest's financial statements without better disclosure of the IRU sales transactions. Szeliga told Qwest's auditor that she and Nacchio would inform investors that IRU disclosure would be forthcoming before Qwest filed its 10-Q for the second quarter.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 88 to admit or deny them, and on that basis denies them.

ALLEGATION:

89) In mid-July 2001, documents provided to Nacchio and Szeliga for Qwest's second quarter earnings call with analysts highlighted that Qwest was entirely dependent on IRU sales to meet its publicly announced revenue targets. One document stated, "Shortfalls to be offset by increased IRUs . . ." and, "Over two thirds of the $2.5B full year over year revenue growth is driven by data and Internet products. Over one-third of total growth and almost three-fourths of data growth is related to IRUs."

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 89 to admit or deny them, and on that basis denies them, except that Mohebbi refers to the facts set forth above in Part I.C. of this Answer and hereby incorporates them into his answer to paragraph 89.

ALLEGATION:

90) Nacchio and Szeliga, however, released earnings on July 24, 2001, without disclosing the amount of IRU and equipment sales and Qwest's dependence on those one-time sales to meet public revenue, earnings, and growth projections. Instead, the release stated that Qwest's second quarter revenue, as Qwest had predicted, increased 12.2 percent and its EBITDA increased 13.1 percent. Moreover, the release once again highlighted data and Internet services revenue, stating that data and Internet grew 41 percent and represented more than 27 percent of total revenue. Additionally, Nacchio and Szeliga reconfirmed Qwest's double-digit growth projections for the future. The release was materially false.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 90 to admit or deny them, and on that basis denies them, except that Mohebbi respectfully refers the Court to the document publicly filed by Qwest referred to in paragraph 90 for its contents.

ALLEGATION:

91) After the July earnings release, a senior Qwest executive was barraged with e-mails from stock analysts asking for disclosure of Qwest's revenue breakdown and questioning the credibility of Nacchio and Szeliga. One analyst stated that "the lack of transparency is going to hurt you because investors don't know how many cockroaches you still have in your bag." Another analyst wrote that "Joe [Nacchio] is developing a reputation for just not being candid with investors."

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 91 to admit or deny them, and on that basis denies them.

ALLEGATION:

92) On August 7, 2001, Nacchio told analysts at a conference that Qwest had generated $540 million of revenue from certain IRU swaps in the first two quarters of 2001 alone. This statement was materially false because, among other things, Nacchio failed to inform the analysts that, in total, Qwest had actually booked approximately $857 million of revenue from IRUs in the first half of 2001.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 92 to admit or deny them, and on that basis denies them.

ALLEGATION:

93) On August 7, 2001, Qwest filed an 8-K with the SEC that included the same false information Nacchio had told analysts that day.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 93 to admit or deny them, and on that basis denies them, except that Mohebbi respectfully refers the Court to the document publicly filed by Qwest that is referred to in paragraph 93 for its contents.

ALLEGATION:

94) In Qwest's 10-Q for the second quarter of 2001, filed in mid-August 2001, shortly after the August 7, 2001 discussion with analysts, Qwest for the first time disclosed IRU revenue amounts.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 94 to admit or deny them, and on that basis denies them, except that Mohebbi respectfully refers the Court to the document publicly filed by Qwest that is referred to in paragraph 94 for its contents.

ALLEGATION:

95) Qwest first disclosed revenue amounts from its one-time equipment sales in a conference with analysts in December 2001.

ANSWER:

No response is required, as the allegations are directed at Qwest. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 95 to admit or deny them, and on that basis denies them.

ALLEGATION:

96) The charade was over and Qwest's stock declined steeply.

ANSWER:

No response is required as there is no factual allegation; rather paragraph 96 contains merely hyperbole. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 96 to admit or deny them, and on that basis denies them.

ALLEGATION:

97) In a scheme to fraudulently record revenue to meet unrealistic revenue targets, Mohebbi, Casey, and Noyes entered into secret side agreements and falsified documents to hide from Qwest's internal accountants and outside auditors facts that would have prevented immediate revenue recognition for IRU swaps as a violation of GAAP requirements.

ANSWER:

Mohebbi denies the allegations in paragraph 97 to the extent they are directed at him. No response is required with respect to the allegations directed at other defendants. To the extent that a response is required to those allegations, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 97 to admit or deny them, and on that basis denies them.

ALLEGATION:

98) Mohebbi directed and managed the IRU sales unit which sold most of Qwest's lit fiber IRUs. Further, Mohebbi controlled Qwest's capital expenditure budget for IRU transactions, and was responsible for all purchases of lit fiber in swap transactions between 1999 and 2001.

ANSWER:

Mohebbi denies the allegations in paragraph 98.

ALLEGATION:

99) Casey negotiated and executed most of Qwest's lit fiber IRU transactions from 1999 through third quarter 2001, and with Mohebbi's approval, purchased lit fiber in IRU swap transactions.

ANSWER:

Mohebbi denies the allegations in paragraph 99 to the extent they are directed at him. No response is required with respect to the allegations directed at other defendants. To the extent that a response is required to those allegations, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 99 to admit or deny them, and on that basis denies them.

ALLEGATION:

100) Noyes directed that the IRU contract with Enron Broadband Services, Inc. be backdated to immediately recognize revenue.

ANSWER:

No response is required, as the allegations are directed at other defendants. To the extent that a response is required, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 100 to admit or deny them, and on that basis denies them.

ALLEGATION:

101) Casey complained to Mohebbi frequently about having to fill Qwest's revenue gap with IRU sales, including swaps.

ANSWER:

Mohebbi denies the allegations in paragraph 101 to the extent they are directed at him, except that Mohebbi alleges that, in May 2001, Casey informed Mohebbi that, among other things, IRU transactions were becoming more difficult to complete. No response is required with respect to the allegations directed at other defendants. To the extent that a response is required to those allegations, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 101 to admit or deny them, and on that basis denies them.

ALLEGATION:

102) Mohebbi, Casey, and Noyes knew the accounting rules for immediate revenue recognition from IRUs. Additionally, Mohebbi, Casey, and Noyes also knew that porting prohibited immediate revenue recognition on IRU sales. In June 2001, Szeliga reiterated the accounting rules for IRU transactions, including the effect of porting, in a voice-mail to Mohebbi and Casey which was forwarded to Noyes.

ANSWER:

Mohebbi denies the allegations in paragraph 102 to the extent they are directed at him. No response is required with respect to the allegations directed at other defendants. To the extent that a response is required to those allegations, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 102 to admit or deny them, and on that basis denies them.

ALLEGATION:

103) Mohebbi and Casey knew that many customers would only purchase IRUs if portability was part of the deal. They also knew that Qwest's internal accountants would deny immediate revenue recognition if Qwest provided for the buyer's ability to port. Further, Mohebbi and Casey knew that unless all aspects of each IRU agreement were fully communicated to Qwest's internal accountants they could not properly review the agreement.

ANSWER:

Mohebbi denies the allegations in paragraph 103 to the extent they are directed at him. No response is required with respect to the allegations directed at other defendants. To the extent that a response is required to those allegations, Mohebbi lacks sufficient knowledge or information of the allegations in paragraph 103 to admit or deny them, and on that basis denies them.

ALLEGATION:

104) Therefore, to recognize revenue immediately, Mohebbi and Casey granted secret portability to IRU purchasers which they concealed from Qwest's internal accountants and outside auditors.