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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

March 1, 2002

The Honorable Thomas E. White
Secretary of the Army
The Pentagon
Washington, D.C.

Dear Secretary White:

Last month, the General Counsel of the Department of the Army informed us that you had yet to fully divest your interests in the Enron Corporation in accordance with the terms of your May 4, 2001, Ethics Agreement. In a January 17, 2002, telephone call, the General Counsel informed the Committee staff that you had accepted an annuity payable in part by Enron. This was not previously known to the Committee. He also informed us at that time that you continued to hold certain options to purchase Enron common stock. Subsequent to that conversation, you forfeited your interest in these options.

A month later, we learned that you still held an additional Enron-related interest. In a series of telephone calls on February 20 and 21, 2002, the General Counsel's office informed the Committee staff for the first time that your contribution to the WSW 1996 Exchange Fund consisted of some 50,000 shares of Enron stock, and that this partnership agreement contained a provision under which the general partner could return these shares to you if they declined in value.

We appreciate your assurance that in your capacity as Secretary of the Army you have not participated personally and substantially in any particular matter that would have a direct and predictable effect on Enron, and we have no reason to believe that you have engaged in any improper activity in this regard.

As a general matter, the policy of the Committee with respect to senior civilian positions within the Department of Defense is to prefer divestiture to

recusal as a means of avoiding potential financial conflicts of interest. The reason for this approach is that excessive recusal may inhibit the official's ability to do the work of the position to which he or she has been appointed. For this reason, the Committee requires nominees for positions subject to Senate confirmation to divest all of their holdings in firms doing business with the Department of Defense and to purchase a surety or insurance policy to sever their reliance upon a firm's ability to pay pensions, deferred compensation, and other defined benefit interests that cannot be divested. These requirements are more stringent than those imposed by executive branch conflict of interest standards and, when implemented, result in the removal of all financial interest a nominee may have in companies doing business with the Department of Defense.

The Committee understands the difficulty of divesting the many and complex interests held by Senate-confirmed officials and grants extensions when they are necessary and appropriate. In fact, we granted a 90-day extension to you upon your request in August 2001.

It is important to the integrity of the Department of Defense and the Senate confirmation process that all Senate-confirmed officials comply fully and in a timely manner with the Ethics Agreements that they enter into as a condition of their confirmation. Moreover, we rely upon complete and accurate information from officials such as yourself to make extension decisions.

Based on the information we have received from you, from the General Counsel of the Department of the Army, and from the Office of Government Ethics, we do not believe that your actions satisfied the requirements of this Committee.

First, when you divested your Enron Corporation Cash Balance Retirement Account in order to sever all financial ties with Enron as promised in your Ethics Agreement, you elected to receive an annuity, part of which is a continuing obligation of the Enron Corporation. You failed to notify the Committee of this action until more than three months later. No provision was made in your Ethics Agreement for any annuity payable in part by Enron. On the contrary, your Ethics Agreement committed you to a complete divestiture of all defense-related interests, including your interests in Enron.

In a letter dated February 19, 2002, the Director of the Office of Government Ethics concluded: "It is our view that it was within the spirit of his Ethics Agreement for Secretary White to sever all ties with Enron. However, Secretary White should have consulted with this Office, and he should have amended his ethics agreement, before electing to take the annuity." Had you sought to amend your ethics agreement to provide for an annuity payable in part by Enron, the Committee would have insisted, consistent with a longstanding policy that is well-known to DOD ethics officials, that you obtain a surety to sever any financial reliance upon your former employer. However, you neither informed the Committee of your intent to receive the annuity nor obtained a surety to guarantee its payment.

Although the Director concluded in her February 19 letter that your recusal from matters affecting Enron does not create a conflict of interest and is an adequate substitute for a surety under executive branch ethics regulations, it does not meet the requirements of this Committee. We recognize that you have now agreed to obtain a surety should Enron ever honor its obligation to pay its portion of the annuity and that no insuror will issue a surety for Enron in its present state. However, this is an issue that should have been addressed before October 10, when you elected to receive the annuity.

Second, you did not affirmatively disclose that you still held Enron stock options when you requested an extension of your Ethics Agreement on October 23, 2001. As the Director of the Office of Government Ethics explained in a letter dated January 24, 2002:

> "When Secretary White first requested an extension, on August 9, 2001, he did disclose that he still held Enron stock options. In [a] memorandum enclosed with his request, he stated that once certain other assets had been evaluated and distributed, 'I intend to also divest my Enron Corporation stock options.' . . . With his subsequent request for an extension, on October 23, 2001, Secretary White again enclosed a memorandum in which he updated the actions he said he had completed to comply with his ethics agreement. Nowhere in that subsequent request or its accompanying memorandum did Secretary White state whether or not he still held the Enron stock options."

Third, you did not inform us of the nexus between the WSW 1996 Exchange Fund and Enron stock until the issue came up in response to specific inquiries on a related issue on February 20. Rather, you told the Office of Government Ethics in a February 7, 2002, letter that "All Enron stock held by me was sold by October 30, 2001" and you authorized your General Counsel to respond to our question as to whether either of your investment partnerships contained any Enron assets with the statement that "The WSW 1996 Exchange Fund contains 609 shares" of Enron stock.

Your February 27, 2002, letter to the Committee states that 34,742 of the Enron shares that you contributed to the Fund have been, or will soon be, returned to you to be sold. The letter also states that the WSW 1996 Exchange Fund actually held 147,230 shares of Enron stock – far more than the 609 shares disclosed in the General Counsel's letter. Those 609 shares were your pro rata share of a single distribution made to certain limited partners in October 2001. We recognize the difficulty of dealing with such extensive and complex holdings. Nevertheless, the statements that you previously made and caused to be made to the Committee on this issue provided an inaccurate representation of your current financial holdings in Enron.

We do not believe that the WSW 1996 Exchange Fund constituted an excepted investment fund during the period when it contained a substantial quantity of Enron stock that could be returned to you if it declined in value. This created a contingent interest in the Enron stock on your part. We accept your representation that the WSW 1996 Exchange Fund will become an excepted investment fund after the return and disposal of that stock. For this reason, once all Enron stock has been returned to you and sold, divestiture of the fund will no longer be required. We understand that you will immediately dispose of any additional defense contractor stock that may be distributed to you by the fund.

We are concerned by the manner in which you have handled the divestiture of your interests in the Enron Corporation. In the future, we expect you and other Senate-confirmed officials in the Department of Defense to fully carry out the commitments that they make in their Ethics Agreements and to inform this Committee fully and in a timely manner of any modifications that may be needed in such Agreements.

Thank you for your attention to this matter.

Sincerely,

John Warner
Ranking Member

Carl Levin
Chairman

cc: The Honorable Donald Rumsfeld
Secretary of Defense

SECRETARY OF THE ARMY
WASHINGTON

August 9, 2001

Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

Enclosed is my memorandum to the Designated Agency Ethics Official at the Department of the Army, describing the actions I have completed to comply with my Ethics Agreement, dated May 4, 2001.

Although several individuals assisting me have worked diligently to implement all of the divestiture actions specified in the Ethics Agreement, the actions are not yet complete. A number of my interests are held in the T. E. White Limited Partnership, including DLJ Private Equity Partners II and WSW 1996 Exchange Fund. The T. E. White Limited Partnership intends to distribute its assets to its various partners; however, I must await the valuation and subsequent distribution of the stated partnership assets held within the T. E. White Limited Partnership. I have been informed that this process will take a number of months. Once this is complete, the T. E. White Limited Partnership will make the appropriate asset distributions. At this time, I may make additional requests for certificates of divestiture, where applicable. Additionally, I have submitted requests for certificates of divestiture for holdings in Enron Corporation held in my name individually and to be held in The White Family Living Trust once the T. E. White Limited Partnership distribution has been completed. These requests are currently pending review by the Office of Government Ethics. Accordingly, I request an extension to continue work on the remaining actions specified in my Ethics Agreement until January 1, 2002.

Thank you for your assistance. I have forwarded a similar request to the Ranking Member of the Committee on Armed Services and the Director of the Office of Government Ethics.

Please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-9235, if you have questions.

Sincerely,

Thomas E White

Thomas E. White

Enclosure

Copy Furnished:
Honorable John W. Warner
Honorable Amy L. Comstock

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SECRETARY OF THE ARMY
WASHINGTON

August 9, 2001

MEMORANDUM FOR DESIGNATED AGENCY ETHICS OFFICIAL

SUBJECT: Actions to Avoid Potential Conflicts of Interest

I was appointed Secretary of the Army on May 24, 2001. As a condition of my confirmation, I was required to resign from positions held outside of the United States Government and divest my interest in companies that do business with the Department of Defense.

I have resigned from Catalytical Energy Systems, Incorporated and the Greater Houston Area American Red Cross.

On July 16, 2001, I submitted a request for a certificate of divestiture for shares of Enron Corporation stock that will eventually be owned by The White Family Living Trust. On July 19, 2001, I submitted a request for a certificate of divestiture for shares of Enron Common stock, held by me and excluded from my Keogh accounts. These requests were forwarded to the Office of Government Ethics, which is currently reviewing my requests.

At this time, I am awaiting the valuation and distribution of the assets held by the T. E. White Limited Partnership, which includes DLJ Private Equity Partners II and WSW 1996 Exchange Fund. Once these assets have been evaluated and distributed, I intend to also divest my Enron Corporation stock options in conjunction with Enron Corporation common stock.

Thomas E. White

Thomas E. White

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DAVID S. LYLES, STAFF DIRECTOR
LES BROWNLEE, REPUBLICAN STAFF DIRECTOR

United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510–6050

August 13, 2001

The Honorable Thomas E. White
Secretary of the Army
The Pentagon
Washington, D.C.

Dear Mr. Secretary:

We have received your letter dated August 9, 2001, in which you request an extension until January 1, 2002, of the period within which the divestiture actions required by your Ethics Agreement must be carried out. We understand that you are awaiting actions by others to complete the required actions. However, we do not believe that an extension of 125 days should be necessary to complete actions that were to have been accomplished within 90 days of your appointment.

Accordingly, an extension of 90 days is granted. We would appreciate if you would let us know when your divestiture has been completed in accordance with the terms of your Ethics Agreement.

Sincerely,

John Warner
Ranking Member

Carl Levin
Chairman

5936E

SECRETARY OF THE ARMY
WASHINGTON

23 OCT 2001

Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

Enclosed is my memorandum to the Designated Agency Ethics Official (DAEO) at the Department of the Army, describing the actions I have completed to comply with my Ethics Agreement, dated May 4, 2001. This memorandum supplements a previous memorandum submitted to the DAEO in August 2001. Pursuant to a previous request, a 90-day extension was granted, which I have also enclosed.

As my memorandum to the DAEO demonstrates, those individuals assisting me have worked diligently to implement all of the divestiture actions specified in the Ethics Agreement. Due to the complexity of the transactions and dealings with other parties, such as the General Partners of the WSW 1996 Exchange Fund and the Private Equity Partners Fund II, the actions will not be completed by the end of the extended period. Accordingly, I request an additional 90-day extension, to begin upon the completion date of the previous extension, to continue work on the remaining actions specified in my Ethics Agreement.

Thank you for your assistance. I have forwarded a similar request to the Ranking Member of the Senate Committee on Armed Services and the Director of the Office of Government Ethics.

Please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-5155, if you have questions.

Sincerely,

Thomas E. White

Enclosures

Copy Furnished:
Honorable John W. Warner
Honorable Amy L. Comstock

01 OCT 25 PM 4:18

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SECRETARY OF THE ARMY
WASHINGTON

23 OCT 2001

MEMORANDUM FOR DESIGNATED AGENCY ETHICS OFFICIAL

SUBJECT: Actions to Avoid Potential Conflicts of Interest

I was appointed Secretary of the Army on May 24, 2001. As a condition of my confirmation, I was required to resign from positions outside the United States Government and divest my interest in companies that do business with the Department of Defense. On August 9, 2001, I provided you a copy of the actions completed as of that date and was granted an extension by the Senate Committee on Armed Services and the Office of Government Ethics. Since that time, I have taken the following actions to satisfy my requirements for divestiture of my personal assets:

To date, I have sold 197,338 shares of Enron common stock.

Liquidation of the WSW 1996 Exchange Fund has begun, with the sale of 87 issues of common stock distributed by the fund.

The Office of Government Ethics issued two certificates of divestiture (CDs) for Enron common stock held in my personal account and for Enron common stock that will be held by The White Family Living Trust.

As mentioned above, the liquidation of the WSW private partnerships, which controls the liquidation schedule of the Family Limited Partnership, has begun. I have been informed, however, that the General Partners are unable to effect a change of ownership of the private equity portions of the WSW private partnerships until December 31, 2001. Subsequent to the change in ownership, an independent appraisal will be conducted of those assets in order to completely liquidate the Family Limited Partnership.

Additionally, you should note that another distribution of liquid assets from the WSW 1996 Exchange Fund is anticipated in the first quarter of 2002, which will either be distributed and sold under a CD or sold within the Family Limited Partnership.

Thomas E White

Thomas E. White

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SECRETARY OF THE ARMY
WASHINGTON

January 17, 2002

The Honorable Amy L. Comstock
Director
U.S. Office of Government Ethics
1201 New York Avenue, N. W., Suite 500
Washington, DC 20005-3917

Dear Ms. Comstock:

This is to inform you of the actions I have completed to comply with my Ethics Agreement, dated May 4, 2001. Enclosed is my letter to Enron Corporation forfeiting all rights and interest in my option to purchase Enron stock. Additionally, I wish to inform you that I have divested of the T.E. White Limited Partnership holdings in defense contractor stock, which I agreed to divest in my Ethics Agreement. With respect to the cash balance retirement account I have divested myself of my Enron Corporation Cash Balance Retirement Account as required by my Ethics Agreement and elected to receive an annuity, part of which is owed by the now bankrupt Enron Corporation.

Pursuant to the January 17, 2002 request by the Senate Armed Services Committee, I request an extension of time to complete all remaining actions with respect to my ethics agreement, in particular with respect to my holdings in the Investment Limited Partnerships. Attached from my financial advisors is an exposition of the Investment Limited Partnerships, comprised of the DLJ Private Equity Partners Fund and the WSW 1996 Exchange Fund. I believe based upon their advice, I can complete my divestitures by April 15, 2002.

Thank you for your assistance. Please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-5155, if you have questions.

Sincerely,

Thomas E White

Thomas E. White

Enclosures

Copy Furnished:
Honorable Carl Levin
Honorable John W. Warner

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SECRETARY OF THE ARMY
WASHINGTON

Mr. Rex Rogers, Esquire
Enron Corporation
1400 Smith Street
Houston, Texas 77002-7327

Dear Mr. Rogers:

I presently have the option to purchase 665,342 shares of Enron Corporation common stock. This letter is to inform you that I hereby irrevocably forfeit all rights and interest with respect to this option to purchase Enron stock.

Thank you for your assistance.

Sincerely,

Thomas E. White

Copy Furnished:
Director, Office of Government Ethics

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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

January 18, 2002

The Honorable Amy L. Comstock
Director
Office of Government Ethics
1201 New York Avenue, N.W., Suite 500
Washington, D.C. 20005-3917

re: Ethics Agreement of the Honorable Thomas E. White
Secretary of the Army

Dear Ms. Comstock:

As you know, Secretary of the Army Thomas E. White signed a May 4, 2001, Ethics Agreement in which he promised to take certain actions upon his confirmation by the Senate and appointment by the President.

I was surprised to learn from the General Counsel of the Army yesterday afternoon that when Secretary White divested his Enron Corporation Cash Balance Retirement Account, in order to sever all financial ties with Enron as promised in his Ethics Agreement, he elected to receive an annuity, part of which was paid by the Enron Corporation. I was also surprised to learn that the Secretary had not yet divested his options to purchase Enron Corporation common stock, as promised in the Ethics Agreement.

Yesterday afternoon, Secretary White wrote a letter in which he informed you that he was forfeiting all right and interest in his option to purchase Enron stock and requested an extension of time to divest himself of two limited investment partnerships. The Committee has been understanding of the difficulty of divesting investment partnerships and has no objection to the extension requested by the Secretary in this regard.

However, I have two issues I would like you to review. First, it appears that Secretary White did not disclose that he still held Enron stock options when he

first requested an extension of his Ethics Agreement on October 23, 2001. Second, it appears that the Secretary still has not renounced his interest in the annuity that is payable in part by Enron.

I ask that you review this matter and inform me of your conclusions and any actions you may decide to take.

Thank you for your attention to this matter.

Sincerely,

Carl Levin
Chairman

cc: The Honorable Steven Morello
General Counsel of the Army

SECRETARY OF THE ARMY
WASHINGTON

January 24, 2002

The Honorable Amy L. Comstock
Director
U.S. Office of Government Ethics
1201 New York Avenue, N. W., Suite 500
Washington, DC 20005-3917

Dear Ms. Comstock:

This is in regards to the two issues that Senator Levin asked you to review in his January 18, 2002 letter, concerning my Ethics Agreement.

First, as stated in my October 23, 2001 request for a second extension, I was supplementing my prior request of August 9, 2001. An attachment to my August request, entitled Memorandum for Designated Agency Ethics Official (DAEO) of even date, specifically mentioned my Enron stock options. A similar attachment to the October request outlined actions taken since the August memorandum. I did state in my second request for extension the need for additional time to work on the remaining actions specified in my Ethics Agreement. I did not perceive a necessity to provide detail beyond that.

Second, I divested my interest in my Enron Corporation Cash Balance Retirement Account, as required by my Ethics Agreement. This was accomplished on October 10, 2001. The method of divestiture was limited by my former employer, who required that I select the method of divestiture from choices that were offered to any other similarly situated employee of the company. I selected an annuity payment part of which is paid by a qualified trust wholly outside Enron's control ($372.51 per month). The remaining portion was to be paid by Enron ($688.99 per month) and has not been paid since December 2001 due to that company's bankruptcy filing. I believed that in making this selection of an annuity I had complied with my Ethics Agreement.

In the event that Enron resumes meeting its obligations to me, I am more than willing to obtain a surety as has been required of many others who had similar pensions from their former employers.

Thank you for your assistance. Please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-5155, if you have questions.

Sincerely,

Thomas E White

Thomas E. White

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44GE

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

January 24, 2002

02 JAN 28 AM 8:36

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Chairman Levin:

Thank you for your letter of January 18, 2002, regarding the ethics agreement of Secretary of the Army Thomas E. White. We, too, have been concerned about Secretary White's compliance with his ethics agreement, and we are pleased to provide the following information in response to your letter.

In his ethics agreement dated May 4, 2001, Secretary White promised that if the Senate confirmed his nomination to be the Secretary of the Army, he would undertake certain specific actions. With respect to Enron Energy Services Incorporated (Enron), he promised that within 90 days of his appointment, he would: divest his Enron stock options; divest his Enron Cash Balance Retirement Account (which held only Enron stock); divest his Enron Saving Plan (a retirement plan which held only Enron stock); divest his Enron stock held through the Enron Stock Ownership Plan; and divest all of his other Enron stock. In addition, Secretary White promised that until these divestitures were made, he would not participate personally and substantially in any particular matter that will have a direct and predictable effect on Enron.

On August 9, 2001, Secretary White asked the Office of Government Ethics (OGE) for an extension of time -- until January 1, 2002 -- to complete the actions he promised to take in his ethics agreement. Secretary White explained why he needed the extension and, in a memorandum of that same date enclosed with his request, described what he had done thus far to comply with his ethics agreement. Such extension requests are not uncommon, and typically are granted by OGE if the requester is making progress toward completing the terms of his ethics agreement, and provides a reasonable explanation for any delay. Accordingly, on August 23, 2001, OGE granted Secretary White's extension request, although not for the period he wanted. He was given a 90-day extension -- until

November 20, 2001 -- to complete his ethics agreement. On October 23, 2001, Secretary White asked OGE for an additional 90-day extension, to begin upon the completion date of the previously-granted extension. That further extension request has never been granted. Since receiving the request for a second extension, OGE has been working with Secretary White's representative and with ethics officials at the Department of the Army to ascertain exactly what holdings have been divested and why a further extension would be necessary.

In your letter of January 18, 2002, you ask OGE to review two issues. First, you state it appears that Secretary White did not disclose that he still held Enron stock options when he first requested an extension of his ethics agreement. Second, you state it appears that Secretary White still has not renounced his interest in an annuity that is payable in part by Enron.

When Secretary White first requested an extension, on August 9, 2001, he did disclose that he still held Enron stock options. In the above-described memorandum enclosed with his request, he stated that once certain other assets had been evaluated and distributed, "I intend to also divest my Enron Corporation stock options . . . ." A copy of that memorandum is enclosed. With his subsequent request for an extension, on October 23, 2001, Secretary White again enclosed a memorandum in which he updated the actions he said he had completed to comply with his ethics agreement. Nowhere in that subsequent request or its accompanying memorandum did Secretary White state whether or not he still held the Enron stock options. However, we have since been notified that he has forfeited his interest in the options.

Secretary White's divestiture of his interest in an annuity that is payable in part by Enron is among the matters about which OGE has been attempting to obtain information, as part of our monitoring of his compliance with his ethics agreement. Secretary White's original financial disclosure report did not indicate that he had any interest in an Enron-related annuity. To date, we have not received the information we are seeking about this annuity. We assure you that as soon as we do have more information about that matter, we will share it with you.

Thank you again for your letter. We hope to be able to address more fully your concerns regarding Secretary White's ethics agreement within the next few days. If you have any questions please feel free to contact me or a member of your staff may contact Stuart Rick, OGE's Deputy General Counsel. We can both be contacted at 202-208-8022.

Sincerely,

Amy L. Comstock
Director

Enclosure

45GE

GENERAL COUNSEL OF THE DEPARTMENT OF THE ARMY
WASHINGTON D.C. 20310-0104

January 28, 2002

Mr. David J. Lyles
Staff Director
Senate Services Committee
228 Russell Senate Office Building
Washington, DC 20510-6050

Dear Mr. Lyles:

In response to your two questions earlier today, the following information is provided.

Q: Do either of them contain any Enron assets?

A: The WSW1996 Exchange Fund contains 609 shares.

Q: What do they hold?

A: Enclosed are the most recent copies of information from Secretary White's financial advisor.

As you should be aware, Secretary White is a limited partner in both the WSW 1996 Exchange Fund, L.P., and the DLJ Private Equity Partners Fund II, L.P. Further, as you know the composition of the partnerships and the funds therein are controlled exclusively by the general partner.

Sincerely,

Steven J. Morello

Enclosure

SENATE SERVICES COMMITTEE
02 JAN 28 PM 4:30

RE RS

DLJ Private Equity Partners Fund II, L.P.

Investment Summary
September 30, 2001
(Unaudited)

($ in 000's)

Investments	Aggregate DLJ PEP II Commitment	Aggregate % of Fund	Per $1mm L.P. (1) Commitment (1)	Contributions (2)	Distributions (3)
Partnership Investments					
DLJ Merchant Banking Partners III, L.P.	$ 76,566	10.1%	$ 100	$ 20	$0
Francisco Partners, L.P.	28,916	3.8%	38	10	0
Madison Dearborn Capital Partners IV, L.P.	45,185	6.0%	59	1	0
Thomas H. Lee Equity Fund V, L.P.	76,566	10.1%	100	5	0
Vestar Capital Partners IV, L.P.	9,639	1.3%	13	3	0
Warburg Pincus Private Equity VIII, L.P.	31,628	4.2%	41	2	0
Willis Stein & Partners III, L.P.	21,664	2.9%	28	5	0
US LBO Funds	290,163	38.3%	379	46	0
Austin Ventures VIII, L.P.	22,591	3.0%	30	2	0
GRP II, L.P.	14,458	1.9%	19	4	0
Interwest Partners VIII, L.P.	13,568	1.8%	18	4	0
New Enterprise Associates X, L.P.	18,075	2.4%	24	4	0
Oak Investment Partners IX, L.P.	14,458	1.9%	19	12	1
Sprout Capital IX, L.P.	45,229	6.0%	59	16	0
TH Lee Putnam Ventures, L.P.	45,229	6.0%	59	33	0
Trinity Ventures VIII, L.P.	19,277	2.5%	25	2	0
Worldview Technology Partners IV, L.P.	18,075	2.4%	24	4	0
Venture Capital Funds	210,960	27.8%	277	81	1
Providence Equity Partners IV, L.P.	48,173	6.4%	63	2	0
Targeted Industry Fund	48,173	6.4%	63	2	0
Warburg Pincus International Partners, L.P.	24,097	3.2%	32	7	0
International LBO Fund	24,097	3.2%	32	7	0
Total Partnership Investments	573,394	75.7%	751	136	1
Direct Investments					
Broadband2Wireless	1,445	0.2%	2	2	0
Censio AG	1,642	0.2%	2	2	0
FluidSense Corporation	2,409	0.3%	3	3	0
iMotors.com	2,973	0.4%	4	4	0
Total Direct Investments	8,469	1.1%	11	11	0
Uncommitted Capital	175,668	23.2%	230	0	0
Total Fund	$ 757,531	100.00%	$ 992	$ 147	$ 1

Notes:

(1) Figures represent the investment amounts of a representative $1 million limited partner commitment to the Fund.

(2) Includes contributions for investments and expenses that reduce commitments.

(3) Distribution of all proceeds received from fund manager realizations.

Note: In certain instances, a zero value may represent that your allocation is less than $1,000, not zero.

Annex A
WSW 1996 Exchange Fund, L.P.
October 1, 2001 Distribution

Limited Partner:
T.E. White Family Limited Partnership

Company	Ticker	09/30/01 Price/Share	Shares
AES CORP	AES	$12.82	1,218
AFFILIATED COMPUTER SVCS INC CL A	ACS	81.41	53
AIRGAS INC	ARG	13.27	259
AMERISOURCEBERGEN CORP	ABC	70.95	186
ANALOG DEVICES INC	ADI	32.70	818
ANHEUSER BUSCH COS INC	BUD	41.88	337
ARBITRON INC	ARB	26.16	24
AT & T CORP	T	19.30	635
AT&T WIRELESS SVCS INC COM	AWE	14.94	204
AUTONATION INC	AN	8.79	207
AVALONBAY CMNTYS INC	AVB	47.75	107
AVAYA INC	AV	9.90	36
BAKER HUGHES INC	BHI	28.95	148
BANC ONE CORP COM	ONE	31.47	103
BANK OF AMERICA CORP	BAC	58.40	150
BARD (C.R.) INC	BCR	51.41	202
BLYTH, INC	BTH	19.89	571
BOSTON BEER COMPANY INC. A	SAM	11.75	543
BOSTON SCIENTIFIC CORP COM	BSX	20.50	182
BP AMOCO P L C SPONS ADR	BP	49.17	597
CAMPBELL SOUP CO	CPB	28.00	182
CARAUSTAR INDUSTRIES INC	CSAR	9.24	304
CERIDIAN CORP NEW	CEN	14.50	121
CHUBB CORP	CB	71.41	67
CITIGROUP INC	C	40.50	212
COCA-COLA CO	KO	46.85	142
CORNING INC	GLW	8.82	548
COVANCE INC	CVD	17.91	45
CSS INDS INC	CSS	25.30	126
D. R. HORTON INC	DHI	20.86	1,106
DENDRITE INTERNATIONAL	DRTE	7.94	639
DEUTSCHE TELEKOM AG SPON ADR	DT	15.50	1,535
DISNEY (WALT) CO	DIS	18.62	54
EMMIS BROADCASTING CORP CL A	EMMS	14.42	18
ENRON CORP	ENE	27.23	609
FIFTH 3RD BANCORP	FITB	61.48	257
FRESENIUS MEDICAL CARE ADR	FMS	25.50	159
FRESENIUS NATL MEDICAL CARE PFD SER D	FSMEP	0.03	152
GABLES RESIDENTIAL TRUST	GBP	30.66	135
GEMSTAR-TV GUIDE INTL GROUP	GMST	19.71	801
GLENAYRE TECHNOLOGIES INC NEW	GEMS	0.61	365
GLOBAL CROSSING LTD	GX	1.80	409
HARRAH'S ENTERTAINMENT	HET	27.01	152
HEALTH MGMT ASSOS INC	HMA	20.76	685
HEALTHSOUTH CORP	HRC	$16.26	457

Company	Ticker	09/30/01 Price/Share	Shares
IDT CORP CL B	IDT B	$9.68	533
IDT CORP.	IDT	11.50	533
JDS UNIPHASE CORP	JDSU	6.32	1,852
KADANT INC	KAI	12.90	4
KIMBERLY-CLARK CORP	KMB	62.00	4
LIBERTY MEDIA CORP NEW COM SER A	LMC A	12.70	1,798
LIBERTY SATELLITE & TECHNOLOGY, INC	LSATA	1.24	45
LUCENT TECHNOLOGIES INC	LU	5.73	438
MICROSOFT CORP	MSFT	51.17	82
NABORS INDS INC	NBR	20.97	179
NCR CORP	NCR	28.65	12
NORTHROP GRUMMAN COR	NOC	101.00	65
PETSMART INC	PETM	7.04	91
PLACER DOME INC CANADA	PDG	12.79	582
PROCTER & GAMBLE CO	PG	72.79	74
QUEST DIAGNOSTICS INC	DGX	51.70	45
RARE HOSPITALITY INTERNATIONAL INC	RARE	15.54	228
RESPIRONICS INC	RESP	35.56	519
RIVIANA FOODS INC DEL	RVFD	17.33	380
SBC COMMUNICATIONS INC	SBC	47.12	121
SEALED AIR CORP NEW	SEE	36.49	81
SEALED AIR CORP PFD CONV A $2	SEE A	39.50	72
SLI INC	SLI	2.59	342
SMART & FINAL INC	SMF	10.18	121
SPSS INC	SPSS	17.21	198
TELEPHONE & DATA SYS INC	TDS	94.30	75
THERMO ELECTRON CORP	TMO	18.05	76
TRANSOCEAN SEDCO FOREX INC	RIG	26.40	746
UBS	UBS	46.15	91
UNIVERSAL HLTH SVCS	UHS	45.80	609
UNOVA INC	UNA	4.45	54
US BANCORP	USB	22.18	1,044
VIACOM INC CL B NON VTG	VIA B	34.50	1,264
VIACOM INC CL B NON VTG	VIA B	34.50	182
WACHOVIA CORP	WB	31.00	251
WAL-MART STORES INC	WMT	49.50	304
WELLS FARGO & CO NEW	WFC	44.45	201
WESTERN RESOURCES IN	WR	16.55	106
WHITNEY HLDG CORP	WTNY	$43.00	45

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JUDITH A. ANSLEY, REPUBLICAN STAFF DIRECTOR

United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510-6050

January 29, 2002

The Honorable Thomas E. White
Secretary of the Army
The Pentagon
Washington, D.C. 20310

Dear Secretary White:

Your May 4, 2001, Ethics Agreement provided that you would not participate personally and substantially in any particular matter that would have a direct and predictable effect on Enron Corporation until after you completely divested your interest in that company.

On January 17, 2002, the General Counsel of the Army informed my staff that you continued to hold both Enron Corporation stock options and an annuity payable in part by Enron. I understand that you have subsequently renounced the stock options.

To assist me in understanding this issue, I would appreciate if you would inform me whether, in your tenure as Secretary of the Army, you have participated in any action or decision of the Department of the Army (whether as a decision-making official, through providing advice, or otherwise) that would affect the financial interests of Enron. If you have participated in any such action or decision, please describe the issue and the nature and extent of your participation.

Thank you for your assistance in this matter.

Sincerely,

Carl Levin
Chairman

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

Director

January 29, 2002

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

This is in further response to your letter of January 18, 2002, regarding the ethics agreement of Secretary of the Army Thomas E. White. Enclosed is a copy of a letter dated January 24, 2002, from Secretary White to this Office, regarding the issues that in your letter you asked this Office to review. Also enclosed is a copy of follow-up correspondence to The Honorable Steven Morello, General Counsel and Designated Agency Ethics Official at the Department of the Army, regarding Secretary White's January 24, 2002 letter.

Please feel free to contact me at 202-208-8022 or have a member of your staff contact Stuart Rick or Judy Kim of OGE's Office of General Counsel, at the same number, if you have any questions about this matter.

Sincerely,

Amy L. Comstock

Enclosures

SECRETARY OF THE ARMY
WASHINGTON

January 24, 2002

The Honorable Amy L. Comstock
Director
U.S. Office of Government Ethics
1201 New York Avenue, N. W., Suite 500
Washington, DC 20005-3917

Dear Ms. Comstock:

This is in regards to the two issues that Senator Levin asked you to review in his January 18, 2002 letter, concerning my Ethics Agreement.

First, as stated in my October 23, 2001 request for a second extension, I was supplementing my prior request of August 9, 2001. An attachment to my August request, entitled Memorandum for Designated Agency Ethics Official (DAEO) of even date, specifically mentioned my Enron stock options. A similar attachment to the October request outlined actions taken since the August memorandum. I did state in my second request for extension the need for additional time to work on the remaining actions specified in my Ethics Agreement. I did not perceive a necessity to provide detail beyond that.

Second, I divested my interest in my Enron Corporation Cash Balance Retirement Account, as required by my Ethics Agreement. This was accomplished on October 10, 2001. The method of divestiture was limited by my former employer, who required that I select the method of divestiture from choices that were offered to any other similarly situated employee of the company. I selected an annuity payment part of which is paid by a qualified trust wholly outside Enron's control ($372.51 per month). The remaining portion was to be paid by Enron ($688.99 per month) and has not been paid since December 2001 due to that company's bankruptcy filing. I believed that in making this selection of an annuity I had complied with my Ethics Agreement.

In the event that Enron resumes meeting its obligations to me, I am more than willing to obtain a surety as has been required of many others who had similar pensions from their former employers.

Thank you for your assistance. Please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-5155, if you have questions.

Sincerely,

Thomas E White

Thomas E. White

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United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

Director

January 29, 2002

The Honorable Steven J. Morello
General Counsel and Designated
Agency Ethics Official
Department of the Army
Washington, DC 20310

Dear Mr. Morello:

This is in reference to the letter of January 24, 2002, from Secretary of the Army Thomas E. White, regarding the issues that Chairman Carl Levin of the Senate Armed Services Committee, in his letter of January 18, 2002, asked the Office of Government Ethics (OGE) to review. A copy of our initial response to Chairman Levin is enclosed for your information.

With respect to his interest in the Enron Corporation Cash Balance Account (which held only Enron stock), Secretary White states in his letter that he divested this interest on October 10, 2001, by taking "an annuity payment part of which is paid by a qualified trust wholly outside Enron's control . . ." with "[t]he remaining portion . . . to be paid by Enron . . . ." Secretary White states that he believes that in making the selection of an annuity, he had complied with his ethics agreement. However, an annuity is a financial interest for purposes of 18 U.S.C. § 208, and Secretary White continues to have an interest in Enron. Accordingly, he should be advised that he may not participate personally and substantially in a particular matter that will have a direct and predictable effect on the ability or willingness of Enron to pay its share of the annuity. Such a recusal will fulfill the executive branch requirement, but please note that this is independent of any requirement the Senate Armed Services Committee may require.

Secretary White also states with respect to the Enron Corporation Cash Balance Account that the method of its divestiture was limited by Enron, which required that he select the method of divestiture from choices that were offered to any other similarly situated employee of the company. As indicated on

Secretary White's financial disclosure report, he had already made the election that his interest in the account be Enron stock. How is it that on October 10, 2001, he was allowed to change that election? Are all employees and former employees of the company allowed to switch their options within the plan? It is not clear to us how this transaction was permitted. Accordingly, please provide a complete description of the plan for our review.

Finally, we have asked your office to provide us an item by item account of Secretary White's compliance with each commitment set forth in his ethics agreement. This would include confirmation that specific interests have been divested as well as descriptions of assets not yet divested and an explanation as to why divestiture has not occurred. We hope to receive this information soon.

Please contact Stuart Rick or Judy Kim of OGE's Office of General Counsel if you have any questions about this matter. They both can be reached at 202-208-8022.

Sincerely,

Amy L. Comstock

Enclosure

cc: Senator Levin

596E

SECRETARY OF THE ARMY
WASHINGTON

January 31, 2002

The Honorable Carl Levin
Chairman
Senate Armed Services Committee
Washington, DC 20510

Dear Mr. Chairman:

Thank you for your letter of January 29, 2002 requesting that I clarify my activities since I became Secretary of the Army relating to my promise that, "Until these divestitures are made, and pursuant to 18 U.S.C. §208, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on Enron Corporation."

I can unequivocally assure you that I have consistently adhered to this promise and have refrained from acting in any manner that would cause me to fail to adhere to this promise. I want also to make clear that even though my Enron divestiture is complete (aside from the matter of the annuity), I can foresee no situation going forward where the exercise of any duties will require me to engage in any matter that will impact in any way on the Enron Corporation.

Respectfully,

Thomas E White

Thomas E. White

Rcvd 2/1/02 11:02 am
(Faxcopy preceded)

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766E

SECRETARY OF THE ARMY
WASHINGTON

February 7, 2002

02 FEB -7 PM 5:06

The Honorable Amy L. Comstock
Director, U.S. Office of Government Ethics
1201 New York Avenue, N. W., Suite 500
Washington, D.C. 20005-3917

Dear Ms. Comstock:

In response to your letter of January 29, 2002, concerning my former interest in Enron Corporation Cash Balance Account, the following describes those actions I have taken to comply with my Ethics Agreement, dated May 4, 2001:

Stock Options: I disavowed my Enron stock options on January 17, 2002.

Cash Balance Retirement Account: I elected an annuity payment in the sum of $1061.50 per month. Of this sum, $372.51 is in a qualified trust outside the view of Enron Corporation. The remaining sum of $688.99 is an obligation of Enron and has been discontinued since Enron's bankruptcy filing. I believed that in making this election and divesting of this Cash Balance Retirement Account, I had complied with the provision of my ethics agreement. I have since learned that the Senate Armed Services Committee requires me to obtain a surety for this type of annuity. It is my present understanding that under current circumstances, no company will issue surety coverage for Enron's portion of this annuity. If Enron begins meeting this obligation, I will obtain surety coverage.

You state in your letter it was "indicated on [my] financial disclosure report that [I] had already made the election that [my] interest in the account be Enron stock." You further asked how I was "allowed to change" this election. That statement is inaccurate and subsequent questions appear to be premised on this inaccuracy.

My financial disclosure report, dated May 4, 2001, contains no information concerning any election as to the disposition of my former cash balance retirement account. No transactions are listed at Schedule B, as nominees are relieved of the requirement to complete this portion of the report. My report reveals at Schedule A, Item 3 that I held as an asset "Enron Corp Cash Balance Retirement Acct (Enron Stock – will rollover into permissible property)." My report further indicates at Schedule C, Part II, Item 4 "Enron Cash Balance Retirement Account Invested in Enron stock." These entries indicate that, on May 4, 2001, this account was invested in Enron Stock. Accordingly, I had made no election concerning the account's disposition. My subsequent (and only) election was made under the terms of the account, which were applicable to all employees participating in that program. I will gladly provide additional information on this account if you consider this matter unresolved.

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I have not, and will not, participate personally and substantially in any matter that will have a direct and predictable effect on Enron Corporation.

Enron Savings Plan (Retirement Plan): I have declined to participate in the Enron savings plan.

Enron Stock Ownership Plan: I sold all stock from this plan on October 24, 2001.

Enron Common Stock: Enron common stock held by me personally and in the White Family Ltd. Partnership (WFLP) was sold as follows:

Personal Stock

# Shares	Price	Date Sold
92,000	50.347	06/13/01
42,338	47.597	06/15/01
10,000	44.699	06/19/01
25,000	44.036	06/22/01
23,000	31.000	09/07/01
5,000	27.100	09/24/01
43,000	16.100	10/24/01

WFLP

# Shares	Price	Date Sold
60,000	16.150	10/24/01
86,709	12.855	10/30/01

All Enron common stock held by me was sold by October 30, 2001.

Defense Contractor Common Stock: The following stocks, which I was obligated to divest, were sold on the dates indicated:

Name of holding	Date Sold
AOL Time Warner	01/16/02
Antec	01/16/02
Analog Devices, Inc.	01/17/02
Applied Materials	01/16/02
Cisco Systems, Inc.	01/16/02
Cognos, Inc.	01/16/02
Computer Associates	01/16/02
Corning, Inc.	01/17/02
EMC Corp.	01/16/02
Electronic Data Systems	01/16/02
Exodus	06/22/01
Globix Corp.	04/09/01 and 04/10/01

Network Appliance	01/16/02
Oracle Corp.	01/16/02
Peregrine Systems, Inc.	01/16/02
Progress Software	01/16/02
Real Networks, Inc.	01/16/02
Siebel Systems, Inc.	01/16/02
Solectron Corp.	01/16/02
Sun Microsystems	01/16/02
TellLabs, Inc.	01/16/02
Texas Instruments	01/16/02
Tycom	10/22/01
3Com Corp.	10/22/01
Veritas	01/16/02

DLJ Private Equity Partners II (DLJ II): On January 15, 2002, DLJ Strategic Partners executed a letter of intent to purchase my interest in DLJ II. I have accepted this offer and am advised that the transaction will close prior to April 15, 2002.

WSW Exchange Fund: In October, 2001, the earliest date allowable, I requested a distribution of the assets due me in the fund. These were distributed and divested. I expect to receive an additional distribution shortly after the first quarter of 2002. All distributions from this fund are subject to the discretion of the general partner and are governed by the performance of the illiquid investment funds and the amount of collateral that must be maintained to support the debt on these assets. In order for the fund to maintain its tax-advantaged status, it is required to invest 20% of its portfolio in illiquid assets. I have learned that it is virtually impossible for me to say when the final distribution of my interest in the fund will be made. Another factor bearing on this matter is that there is no public market for the units of this fund. My financial advisor has been in contact with Messrs. Rick and Zorn of your office to determine whether this fund qualifies as an excepted investment fund.

Please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-5155, if you have questions.

Sincerely,

Thomas E. White

cc:
Honorable Carl Levin
Honorable John W. Warner

766E

SECRETARY OF THE ARMY
WASHINGTON

February 7, 2002

02 FEB -7 PM 5:06

The Honorable Amy L. Comstock
Director, U.S. Office of Government Ethics
1201 New York Avenue, N. W., Suite 500
Washington, D.C. 20005-3917

Dear Ms. Comstock:

In response to your letter of January 29, 2002, concerning my former interest in Enron Corporation Cash Balance Account, the following describes those actions I have taken to comply with my Ethics Agreement, dated May 4, 2001:

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I have not, and will not, participate personally and substantially in any matter that will have a direct and predictable effect on Enron Corporation.

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5,000	27.100	09/24/01
43,000	16.100	10/24/01

WFLP

# Shares	Price	Date Sold
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Cognos, Inc.	01/16/02
Computer Associates	01/16/02
Corning, Inc.	01/17/02
EMC Corp.	01/16/02
Electronic Data Systems	01/16/02
Exodus	06/22/01
Globix Corp.	04/09/01 and 04/10/01

Network Appliance	01/16/02
Oracle Corp.	01/16/02
Peregrine Systems, Inc.	01/16/02
Progress Software	01/16/02
Real Networks, Inc.	01/16/02
Siebel Systems, Inc.	01/16/02
Solectron Corp.	01/16/02
Sun Microsystems	01/16/02
TellLabs, Inc.	01/16/02
Texas Instruments	01/16/02
Tycom	10/22/01
3Com Corp.	10/22/01
Veritas	01/16/02

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Please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-5155, if you have questions.

Sincerely,

Thomas E. White

Thomas E. White

cc:
Honorable Carl Levin
Honorable John W. Warner

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

Director

February 11, 2002

The Honorable Steven J. Morello
General Counsel and Designated
Agency Ethics Official
Department of the Army
Washington, DC 20310

Dear Mr. Morello:

This is in response to the letter of February 7, 2002, from Secretary of the Army Thomas E. White to this Office, which sets forth the status of Secretary White's commitments under his ethics agreement. As discussed in detail below, we have a few follow-up questions based on that letter.

1. Under the topic of "Cash Balance Retirement Account," Secretary White states in the third paragraph that his only election under this account "was made under the terms of the account, which were applicable to all employees participating in that program." (emphasis added) When Secretary White made the election on October 10, 2001, he was not then an "employee" of Enron. He had in fact left Enron several months prior. Was the option to elect a change available to all former employee participants of the plan?

2. Under the topic of "Enron Savings Plan (Retirement Plan)," Secretary White states "I have declined to participate in the Enron savings plan." According to his ethics agreement, he has committed to divest himself of the Plan. What does he mean by "decline to participate?"

3. Under the topic of "Enron Common Stock," Secretary White provides a schedule of the sales of Enron stock held by himself and held by the White Family Ltd. Partnership. He states that "All Enron common stock held by me was sold by October 30, 2001." Was all Enron stock held in the White Family Ltd. Partnership or held by his spouse, if applicable, also sold?

4. Secretary White's letter states that his financial advisor has been in contact with members of my staff to determine whether the WSW Exchange Fund qualifies as an excepted investment fund (EIF). An EIF is a fund for which the underlying assets do not have to be disclosed on a financial disclosure report. See 5 C.F.R. § 2634.310. Secretary White has marked the WSW Exchange Fund as an EIF on his financial disclosure report. The regulations state that in order for a fund to qualify as an EIF, it must be widely held and either publicly traded or available, or widely diversified. Additionally, the filer may neither exercise control, nor have the ability to exercise control, over the financial interests held by the fund. Please confirm that the WSW Exchange Fund is accurately reported as an EIF.

We understand that Secretary White has knowledge of the underlying holdings of the WSW Exchange Fund and that his contribution to the fund was Enron stock. Because it is unclear when Secretary White will actually divest his interest in this fund, he should be advised that for purposes of 18 U.S.C. § 208, he has an interest in each of the underlying holdings of the fund. Accordingly, he may not participate personally and substantially in any particular matter that will have a direct and predictable effect on the financial interests of any of the Fund's holdings.

With respect to the DLJ Private Equity Partners II, Secretary White has been advised that his interest in the partnership will be purchased prior to April 15, 2002. Accordingly, he is granted an extension until that date.

If you have any questions, please do not hesitate to contact me or Marilyn Glynn, General Counsel, at 202-208-8022.

Sincerely,

Amy L. Comstock

cc: Senator Levin

SECRETARY OF THE ARMY
WASHINGTON

February 13, 2002

The Honorable Amy L. Comstock
Director
U.S. Office of Government Ethics
1201 New York Avenue, N. W., Suite 500
Washington, DC 20005-3917

Dear Ms. Comstock:

The following responds to the questions in your letter of February 11, 2002, to the Army General Counsel.

- Q: "Under the topic of 'Cash Balance Retirement Account' . . . was the option to elect a change available to all former employee participants of the plan?" **A: The election of an annuity was not a change, but my one-time election of divestiture available to all similarly situated former employees.**

- Q: "Under the topic of 'Enron Savings Plan'. . . what does he mean by 'decline to participate'?" **A: The opportunity to participate was available to me; however, I declined to contribute to this plan.**

- Q: "Under the topic of 'Enron Common Stock'. . . was all Enron stock held in the White Family Ltd. Partnership or held by his spouse, if applicable, also sold?" **A: Yes.**

- Q: "Please confirm that the WSW Exchange Fund is accurately reported as an EIF." **A: Yes.**

Should you have further questions, please contact the Army General Counsel, Mr. Steven J. Morello, at (703) 697-5155.

Sincerely,

Thomas E White

Thomas E. White

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United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

February 15, 2002

The Honorable Thomas E. White
Secretary of the Army
Washington, DC 20310-0101

Dear Secretary White:

Thank you for your letter of February 13, 2002, which addresses four questions posed in our letter of February 11, 2002. We are writing to set forth our understanding of two of your responses.

Our first question concerned the extent to which the annuity election option was open to all former Enron employees who participated in the "Cash Balance Retirement Account" plan. You responded that your "one-time election" was "available to all similarly situated former employees." By your reference to "all similarly situated former employees," we understand that the annuity election was available, pursuant to some written policy or established practice of Enron, to all former executives of comparable seniority or position level, within a comparable period of time after termination.

Our second question concerned the meaning of your statement that you "have declined to participate in the Enron savings plan," in view of the fact that your Ethics Agreement stated that you would divest yourself of the Plan. You responded that "The opportunity to participate was available to me; however, I declined to contribute to this plan." Although you reported the Plan on your SF 278 as both an asset and an ongoing relationship with Enron, we understand you to mean that you only had an opportunity to participate in this Plan but never did. Accordingly, the Plan holds nothing that could or should be divested.

If you believe that our understanding of any of the above matters is incorrect, please contact me or Marilyn Glynn, General Counsel, as soon as possible, at 202-208-8022.

Sincerely,

Amy L. Comstock
Director

cc: The Honorable Carl Levin

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

February 19, 2002

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Chairman Levin:

We have completed the review you requested in your letter of January 18, 2002, regarding the ethics agreement of Secretary of the Army Thomas E. White. You had asked for our review of two issues: (1) Whether Secretary White had disclosed that he still held Enron stock options when he first requested an extension of time to comply with his ethics agreement, and (2) whether he had renounced his interest in his Enron Corporation Cash Balance Retirement Account.

As we advised you in our initial response to your letter, Secretary White first requested an extension of his ethics agreement on August 9, 2001; he did disclose that he still held Enron stock options at that time. In subsequent correspondence dated October 23, 2001, requesting a further extension, Secretary White did not indicate whether or not he still held the Enron stock options. We have since been notified that he has forfeited his interest in the options.

With respect to the second issue, we note at the outset that Secretary White had indicated in his ethics agreement (which was dated May 4, 2001) that his Enron Corporation Cash Balance Retirement Account held only Enron stock. His nomination to be Secretary of the Army was confirmed by the Senate on May 24, 2001. He has asserted that he divested his interest in the Enron Corporation Cash Balance Retirement Account on October 10, 2001, by taking an annuity that is payable in part by Enron. Thus, it could be said that after he became Secretary of the Army, Secretary White in effect traded one interest in Enron (stock) for another interest (the annuity), thereby not fulfilling the intended result of his ethics agreement. However, it is also true that Secretary White

did divest himself of the Enron stock in the retirement account as agreed.

It is our view that it was within the spirit of his ethics agreement for Secretary White to sever all ties with Enron. Secretary White should have consulted with this Office, and he should have amended his ethics agreement, before electing to take the annuity. However, in his letter to this Office dated February 7, 2002, Secretary White agreed not to participate personally and substantially in any matter that will have a direct and predictable effect on Enron Corporation. We have been assured by ethics officials at the Department of the Army that Secretary White's recusal will neither materially impair his ability to perform the duties of his position, nor adversely affect the efficient accomplishment of the Department's mission. Accordingly, as long as Secretary White abides by this recusal, his interest in an annuity does not create a conflict of interest under the Executive Branch ethics program.

Please feel free to contact me at 202-208-8022, or have a member of your staff contact Marilyn Glynn or Stuart Rick in our Office of General Counsel, at the same number, if you have any questions about this matter.

Sincerely,

Amy L. Comstock
Director

cc: The Honorable Thomas E. White
Secretary of the Army

SECRETARY OF THE ARMY
WASHINGTON

February 20, 2002

The Honorable Amy L. Comstock
Director, U.S. Office of Government Ethics
1201 New York Avenue, N. W., Suite 500
Washington, DC 20005-3917

Dear Ms. Comstock:

In response to your letter of February 15, 2002, in which you set out your understanding of two of my responses to the four questions posed in your letter of February 11, 2002. I believe your understanding of those matters relating to the Enron Cash Balance Retirement Plan and Enron Savings plan is correct

Sincerely,

Thomas E. White

cc:
Honorable Carl Levin

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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510–6050

February 25, 2002

The Honorable Thomas White
Secretary of the Army
The Pentagon
Washington, D.C. 20310

Dear Secretary White:

As you know, we have been working with the General Counsel of the Department of the Army and the Office of Government Ethics over the last month to try to understand and address several issues regarding your financial interests in the Enron Corporation.

We were surprised to learn on February 20 that your contribution to the WSW 1996 Exchange Fund consisted of some 50,000 shares of Enron stock, and that this partnership agreement contained a provision under which the general partner could return these shares to you if they declined in value. These facts had not previously been disclosed to us. Indeed, you told the Office of Government Ethics in a February 7, 2002, letter that "All Enron stock held by me was sold by October 30, 2001" and you authorized your General Counsel to respond to our question as to whether either of your investment partnerships contained any Enron assets with a January 28, 2002, letter stating that "The WSW 1996 Exchange Fund contains 609 shares" of Enron stock.

We request that you provide to us a complete explanation of these matters by no later than the close of business on Wednesday, February 27. In particular, we ask that you address the value of the Enron stock that you invested in the WSW 1996 Exchange Fund; the nature and value of your investment in the partnership as of January 28 and February 7 of this year; the reason the Enron stock has been or is being returned to you; the timing of these transactions; the nature of and value of any continuing interest you may have in the partnership after the return of the stock; the partnership's holdings, if any, in defense

contractor stock, other than Enron; how and when you plan to divest this continuing interest; and why these matters were not previously disclosed to the Committee.

Thank you for your prompt attention to this matter.

Sincerely,

John Warner
Ranking Member

Carl Levin
Chairman

cc: The Honorable Donald Rumsfeld
Secretary of Defense

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SECRETARY OF THE ARMY
WASHINGTON

February 27, 2002

02 FEB 27 PM 5:33

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Senator Levin:

This responds to your letter of February 25, 2002, in which you request my explanation of matters concerning my interest in the WSW 1996 Exchange Fund ("Fund"). A letter with identical information is being sent to Senator Warner.

I acquired my initial interest in the Fund in 1996 by conveying 25,000 shares of Enron stock valued at $989,800. Upon conveying this stock to the Fund, I no longer held title to this Enron stock, but to a limited partnership interest in the Fund. As I have noted at all times, the Fund is an Excepted Investment Fund over which I exercise no control with respect to the Fund's composition and disposition; these matters are controlled exclusively by the Fund's general partner. In 1999, Enron Corporation announced a "two-for-one" split, at which time those Enron shares held by the Fund doubled in number.

In October 2001, the general partner valued the Fund's holdings and made a distribution to a number of the Fund's ninety-nine limited partners who requested such a distribution, including me. My *pro rata* share of this distribution from the WSW Exchange Fund included 609 shares of Enron stock that I immediately divested. To clarify, these are the 609 shares that were briefly under my control from the time the general partner effected the distribution until they were divested. These are the 609 shares the Army General Counsel alludes to in his January 28, 2002, letter. As I now understand your question, the WSW Exchange Fund, following this distribution, contained 147,230 shares of Enron stock. Again, I reiterate, these shares and all other Fund holdings are beyond my control.

For market reasons, the Fund's general partner intends to liquidate all remaining Enron stock held by the Fund. The general partner now plans to value the Enron stock on February 28, 2002, and effect a distribution to the limited partners on March 1, 2002, who originally contributed it. I have directed my financial advisor to immediately divest this interest upon receipt. This distribution will dispose of <u>all</u> Enron stock held by the Fund.

To further assist, I provide the following responses to the specific questions posed in the penultimate paragraph of your letter:

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Value of Enron Stock that I invested in the WSW 1996 Exchange Fund: $989,800.

Nature and value of my investment in the WSW Exchange Fund on January 28, and February 7, 2002: The Fund's general partner determines the value of Fund interests on a periodic, usually quarterly, basis. As is the case with all limited partners participating in the Fund, I am unable to ascertain the value of my investment on these specific dates. From the most recently available financial information, the value of my total interest in the Fund is $681,041. This constitutes approximately a .4068% interest in the Fund.

Reason Enron Stock has been or is being returned to me (from the WSW Exchange Fund) and the timing of these transactions: Enron stock contained in the Fund is distributed to the limited partners, including me, by the general partner. As noted earlier, I received one such distribution in October, 2001, as did other limited partners. This distribution included 609 shares of Enron stock. I expect to receive another distribution on March 1, 2002, following the general partner's decision to liquidate all Enron stock remaining in the Fund. I have directed my financial advisor to divest of this distribution, to include all Enron stock contained therein, immediately upon receipt. This distribution will be 34,742 shares of Enron common stock.

The nature of and value of any continuing interest I may have in the partnership after the return of the (Enron) stock: As noted above, my interest in the WSW Exchange Fund comprises approximately .4068% of the Fund's holdings, valued at $681,041.

The partnership's holdings, if any, in defense contractor stock other than Enron: The distribution listing of all WSW Exchange Fund holdings as of October 1, 2001, identifies all of the corporations of which the Fund holds stock. I am advised that a number of these corporations (including, for example, AT&T Corp. and Walt Disney Corp.) are defense contractors. I again include that listing for your ease of reference.

How and when I plan to divest this continuing interest: As noted in my earlier correspondence, particularly in my February 7, 2002, letter, I am divesting my interest in the WSW Exchange Fund by requesting distribution of my entire interest in the Fund. When the general partner provides distributions from the Fund, I will sell my interest upon receipt.

Why these matters were not previously disclosed: I have disclosed all matters that were requested by the Office of Government Ethics (OGE) and by your committee. It is my understanding that in the case of Excepted Investment Funds, neither OGE nor the committee has required a detailed disclosure of such a fund's composition and related matters. In any event, I learned of your interest in these specific matters upon receipt of your letter and readily provide this information.

I have previously requested that the general partner of the WSW Exchange Fund distribute all of my remaining interest in the Fund, so that I may divest. I lack the authority to proceed in any other fashion. As always, I will continue my efforts to comply with my ethics agreement.

Respectfully,

Thomas E White

Thomas E. White

Enclosure

CC: The Honorable Donald Rumsfeld
Secretary of Defense

Enclosure

Annex A

WSW 1996 Exchange Fund, L.P.

October 1, 2001 Distribution

Limited Partner:
T.E. White Family Limited Partnership

Company	Ticker	09/30/01 Price/Share	Shares
AES CORP	AES	$12.82	1,219
AFFILIATED COMPUTER SVCS INC CL A	ACS	61.41	53
AIRGAS INC	ARG	13.27	259
AMERISOURCEBERGEN CORP	ABC	70.95	186
ANALOG DEVICES INC	ADI	32.70	818
ANHEUSER BUSCH COS INC	BUD	41.88	337
ARBITRON INC	ARB	25.15	24
AT & T CORP	T	19.30	635
AT&T WIRELESS SVCS INC COM	AWE	14.94	204
AUTONATION INC	AN	8.79	207
AVALONBAY CMNTYS INC	AVB	47.75	107
AVAYA INC	AV	9.90	36
BAKER HUGHES INC	BHI	26.95	148
BANC ONE CORP COM	ONE	31.47	103
BANK OF AMERICA CORP	BAC	58.40	150
BARD (C.R.) INC	BCR	51.41	202
BLYTH, INC	BTH	19.89	571
BOSTON BEER COMPANY INC. A	SAM	11.76	543
BOSTON SCIENTIFIC CORP COM	BSX	20.50	182
BP AMOCO P L C SPONS ADR	BP	49.17	597
CAMPBELL SOUP CO	CPB	28.00	182
CARAUSTAR INDUSTRIES INC	CSAR	9.24	304
CERIDIAN CORP NEW	CEN	14.50	121
CHUBB CORP	CB	71.41	67
CITIGROUP INC	C	40.50	212
COCA-COLA CO	KO	46.85	142
CORNING INC	GLW	8.82	548
COVANCE INC	CVD	17.91	45
CSS INDS INC	CSS	25.30	126
D. R. HORTON INC	DHI	20.86	1,106
DENDRITE INTERNATIONAL	DRTE	7.94	639
DEUTSCHE TELEKOM AG SPON ADR	DT	15.50	1,535
DISNEY (WALT) CO	DIS	18.62	54
EMMIS BROADCASTING CORP CL A	EMMS	14.42	18
ENRON CORP	ENE	27.23	609
FIFTH 3RD BANCORP	FITB	61.48	257
FRESENIUS MEDICAL CARE ADR	FMS	25.50	159
FRESENIUS NATL MEDICAL CARE PFD SER D	FSMEP	0.03	152
GABLES RESIDENTIAL TRUST	GBP	30.66	135
GEMSTAR-TV GUIDE INTL GROUP	GMST	19.71	801
GLENAYRE TECHNOLOGIES INC NEW	GEMS	0.61	365
GLOBAL CROSSING LTD	GX	1.80	409
HARRAH'S ENTERTAINMENT	HET	27.01	152
HEALTH MGMT ASSOS INC	HMA	20.76	685
HEALTHSOUTH CORP	HRC	$16.26	457

Enclosure

Company	Ticker	09/30/01 Price/Share	Shares
IDT CORP CL B	IDT B	$9.68	533
IDT CORP.	IDT	11.50	533
JDS UNIPHASE CORP	JDSU	6.32	1,852
KADANT INC	KAI	12.90	4
KIMBERLY-CLARK CORP	KMB	62.00	4
LIBERTY MEDIA CORP NEW COM SER A	LMC A	12.70	1,788
LIBERTY SATELLITE & TECHNOLOGY, INC	LSATA	1.24	45
LUCENT TECHNOLOGIES INC	LU	5.73	438
MICROSOFT CORP	MSFT	51.17	82
NABORS INDS INC	NBR	20.97	179
NCR CORP	NCR	29.65	12
NORTHROP GRUMMAN COR	NOC	101.00	65
PETSMART INC	PETM	7.04	91
PLACER DOME INC CANADA	PDG	12.79	582
PROCTER & GAMBLE CO	PG	72.79	74
QUEST DIAGNOSTICS INC	DGX	61.70	45
RARE HOSPITALITY INTERNATIONAL INC	RARE	15.54	228
RESPIRONICS INC	RESP	35.56	519
RIVIANA FOODS INC DEL	RVFD	17.33	380
SBC COMMUNICATIONS INC	SBC	47.12	121
SEALED AIR CORP NEW	SEE	36.49	81
SEALED AIR CORP PFD CONV A $2	SEE A	39.50	72
SLI INC	SLI	2.59	342
SMART & FINAL INC	SMF	10.18	121
SPSS INC	SPSS	17.21	198
TELEPHONE & DATA SYS INC	TDS	94.30	76
THERMO ELECTRON CORP	TMO	18.05	76
TRANSOCEAN SEDCO FOREX INC	RIG	26.40	746
UBS	UBS	46.15	91
UNIVERSAL HLTH SVCS	UHS	48.80	609
UNOVA INC	UNA	4.45	54
US BANCORP	USB	22.18	1,044
VIACOM INC CL B NON VTG	VIA B	34.50	1,284
VIACOM INC CL B NON VTG	VIA B	34.50	182
WACHOVIA CORP	WB	31.00	251
WAL-MART STORES INC	WMT	49.50	304
WELLS FARGO & CO NEW	WFC	44.45	201
WESTERN RESOURCES IN	WR	16.55	106
WHITNEY HLDG CORP	WTNY	$43.00	45

Enclosure

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United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, DC 20510–6050

February 25, 2002

The Honorable Thomas White
Secretary of the Army
The Pentagon
Washington, D.C. 20310

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contractor stock, other than Enron; how and when you plan to divest this continuing interest; and why these matters were not previously disclosed to the Committee.

Thank you for your prompt attention to this matter.

Sincerely,

John Warner
Ranking Member

Carl Levin
Chairman

cc: The Honorable Donald Rumsfeld
Secretary of Defense