B. Overview of Enron Internal Functions Relating to Compensation

In order to understand how decisions relating to compensation matters were made at Enron, it is helpful to be familiar with the structure of the Enron Corp. Human Resources Department. Enron's corporate and departmental structure changed from time to time. The description here is intended as a general overview of the structure preceding the bankruptcy.

Different departments within the Human Resources Department handled different matters. The Benefits Department handled matters generally relating to all employees, including qualified retirement plans, health and welfare plans, and miscellaneous employee benefits, such as parking. The Compensation Department handled compensation matters relating to executives, generally vice presidents and above. Specific arrangements handled by the Compensation Department include nonqualified deferred compensation plans and bonuses. These departments had various names over time. In addition, each business unit might have its own human resources department that handled employee benefit matters for that business unit.

Specialized compensation arrangements for particular individuals were not handled in the same manner as other arrangements. Interviews with Enron employees indicated there was no single department or person that handled such arrangements; many of them did not appear to be handled by the Human Resources Department. The Office of the Corporate Secretary was responsible for compiling the information for the top-five executives for proxy purposes, and therefore may have become aware of various arrangements, but was not responsible for setting up or implementing the arrangements. Based on interviews with Enron employees, it was difficult to identify the persons who were knowledgeable about specialized arrangements, particularly arrangements involving top management.

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