

2007 CEO BENEFITS & PERQUISITES REPORT



EQUILAR®

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Based in Redwood Shores, California, Equilar is the market leader for benchmarking executive compensation and board pay and offers an award-winning suite of online tools for analyzing compensation and corporate governance trends. Equilar, a NASDAQ strategic alliance partner, helps its clients make informed decisions on board-level compensation matters with independent research and analysis. EquilarInsight, voted Top 10 Product of the Year by Human Resource Executive Magazine, allows professional service organizations, corporations and the media to accurately compare individual executive and director packages across companies using actual SEC data. Equilar's clients include 19 of the 20 largest human capital firms, corporations, law firms, private equity investors and executives. Equilar's research is frequently featured in *Bloomberg*, *BusinessWeek*, *CNBC*, *The Financial Times*, *Fortune*, *The New York Times*, *Reuters*, *Time*, *The Wall Street Journal* and other leading media publications.



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2007 CEO BENEFITS & PERQUISITES REPORT

An Analysis of Benefits and Perquisites at Fortune 100® Companies

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INTRODUCTION

EXECUTIVE SUMMARY

The 2007 proxy season ushered in a new generation of executive and director compensation disclosure. Among the many changes introduced for the first time, the Securities and Exchange Commission's (SEC) new disclosure regulations significantly altered the manner in which executive benefits and perquisites are disclosed.

First, information on executive benefits and perquisites was consolidated into a single column of the Summary Compensation Table. Next, entirely new disclosure sections of the proxy give more visibility into accumulated pension benefits and deferred compensation plan balances. Last, the disclosure threshold for the aggregate value of executive perquisites was lowered.

The SEC's new disclosure rules forced companies to provide an unprecedented amount of detail on the nature and value of executive benefits and perquisites in 2007, and, as a result, executive perquisites remain in the spotlight.

It is against this backdrop of expanded disclosure that Equilar presents the 2007 CEO Benefits and Perquisites Report. This report offers an in-depth analysis of the following key benefits and perquisites offered at Fortune 100 companies:

- *Financial Planning and Other Professional Services;*
- *Flexible Perquisite Accounts;*
- *Personal and Home Security;*
- *Personal Use of Corporate Aircraft; and*
- *Tax Reimbursements.*

In addition, this year's expanded report includes sections on retirement benefits and highlights trends among companies that have eliminated perquisites in the last year. As companies enter into a new era of disclosure, this comprehensive review of benefits and perquisites is an invaluable tool for compensation professionals developing compensation packages for their own executives.

KEY FINDINGS

- **Total Other Compensation:** In contrast to trends observed in past years, the median value of total other compensation for Fortune 100 CEOs declined by 1.3 percent from 2005 to 2006, falling from approximately \$339,000 to approximately \$334,000.
- **Accumulated Pension Benefits:** In 2006, 80.2 percent of Fortune 100 companies reported values for accumulated pension benefits for their CEO. The median value of these benefits is approximately \$12.8 million.
- **Nonqualified Deferred Compensation Plan Balances:** In 2006, 85.2 percent of Fortune 100 companies reported a nonqualified deferred compensation plan balance for their CEO. The median value for these benefits is approximately \$5.1 million.
- **Median Values for Most Perquisites Fall:** The SEC's reduced perquisite disclosure threshold forced many companies to disclose specific values for executive perquisites for the first time. These new disclosures tended to include values below the prior year's median, thereby forcing median values for many perquisites downward. Exceptions to this trend include financial planning assistance and the personal use of corporate aircraft.
- **Prevalence of All Perquisites Increases:** The prevalence for all major executive perquisites increased from 2005 to 2006. This change was driven largely by new SEC disclosure rules which prompted companies to provide more detailed itemized descriptions of the perquisites offered to executives.
- **Personal Use of Corporate Aircraft:** Aircraft-related perquisites were among the minority of executive perquisites to experience both an increase in value and prevalence from 2005 to 2006. In the most recent year, the median value of aircraft-related perquisites for Fortune 100 chief executives reached \$121,676. This amount represents a 12.1 percent increase over the median of \$108,579 reported in 2005. The prevalence of companies reporting the personal use of corporate aircraft by their CEO rose from 68.4 percent in 2005 to 78.5 percent in 2006.
- **Eliminated Perquisites:** In 2006, 16.1 percent of Fortune 100 companies indicated that they would eliminate some executive perquisites in 2006 or by the start of 2007.

REPORT SCOPE AND METHODOLOGY

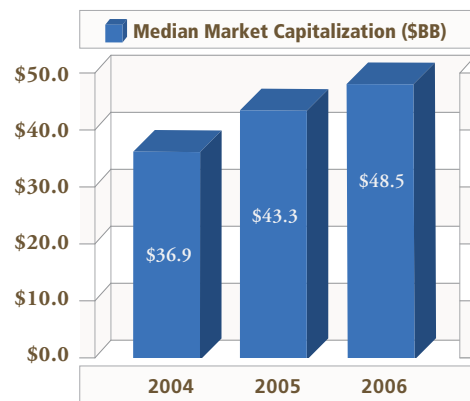
Equilar's 2007 CEO Benefits and Perquisites Report is derived primarily from data disclosed in the fiscal year 2004, 2005, and 2006 proxy filings of Fortune 100 companies.

Due to changes in the makeup of the Fortune 100, the sample group for fiscal year 2004 consists of 96 public U.S. companies, the sample group for fiscal year 2005 consists of 95 public U.S. companies, and the sample group for fiscal year 2006 consists of 93 public U.S. companies.

To help put this analysis into context, the following charts summarize key financial data for the Fortune 100 index over the last three fiscal years:

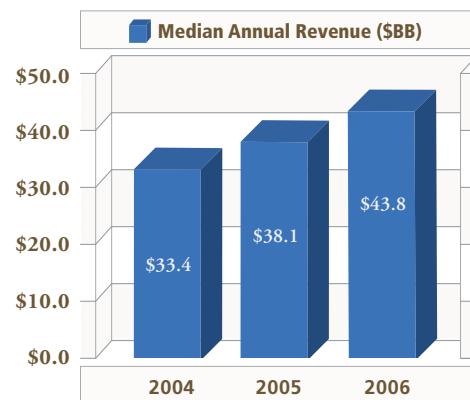
FISCAL YEAR-END MARKET CAPITALIZATION

In 2006, publicly traded Fortune 100 companies had a median fiscal year-end market capitalization of approximately \$48.5 billion. Additionally, from 2004 to 2006, median year-end market capitalization for these companies increased at an annual rate of 14.7 percent.



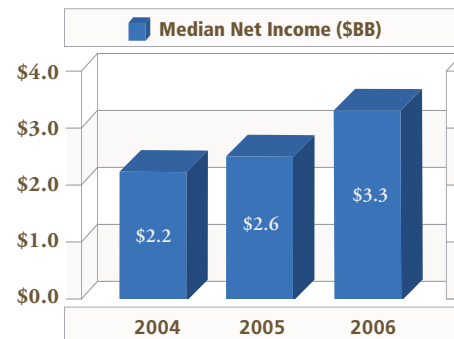
ANNUAL REVENUE

Like fiscal year-end market capitalization, median annual revenue for Fortune 100 companies increased from 2004 to 2006, rising at annual rate of 12.9 percent. In 2006, Fortune 100 companies earned median annual revenues of approximately \$43.8 billion.



NET INCOME

Rising more rapidly than annual revenue and market capitalization, median net income for Fortune 100 companies grew by 22.6 percent annually from 2004 to 2006. In 2006, Fortune 100 companies recorded a median net income of approximately \$3.3 billion.



DEFINITIONS

- **Base Salary:** Certain calculations in this report are made with reference to executive base salaries. Equilar reports salaries as stated by the company and annualizes salaries for mid-year hires.
- **Change in Pension Value:** This value represents the aggregate annual increase in defined benefit and actuarial plans for an executive. This value is disclosed along with annual earnings on nonqualified deferred compensation plans in the new Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the revised Summary Compensation Table. When available, Equilar reports this value separately from nonqualified deferred compensation earnings.
- **Nonqualified Deferred Compensation Earnings:** This value represents the annual earnings from nonqualified deferred compensation plans for an executive. This value is disclosed along with the change in pension value in the new Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the revised Summary Compensation Table. When available, Equilar reports this value separately from change in pension values.
- **Total Other Compensation:** For fiscal years 2004 and 2005, total other compensation is calculated as the sum of the Other Annual Compensation and All Other Compensation columns of the Summary Compensation Table. For 2006, total other compensation equals the All Other Compensation column of the revised Summary Compensation Table.

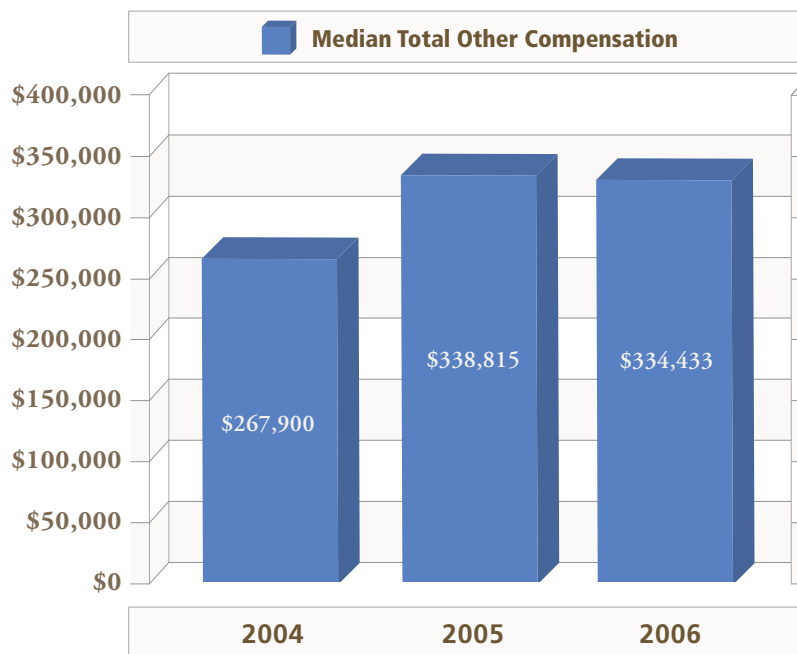
GENERAL TRENDS & PREVALENCE

TOTAL OTHER COMPENSATION

From 2005 to 2006, the median value of total other compensation for chief executives at Fortune 100 companies declined by 1.3 percent, falling from approximately \$339,000 in 2005 to approximately \$334,000 in 2006. This drop came after a 26.5 percent increase in CEO total other compensation from 2004 to 2005.

For fiscal years 2004 and 2005, total other compensation is calculated as the sum of the "Other Annual Compensation" and "All Other Compensation" columns of the old Summary Compensation Table. As a result of new SEC disclosure requirements, these two columns are now consolidated into a single "All Other Compensation" column. Additional changes to perquisite disclosure thresholds make direct comparisons between fiscal year 2006 and earlier years difficult.

To illustrate recent trends at Fortune 100 companies, the following chart presents median values for CEO total other compensation over the past three fiscal years:

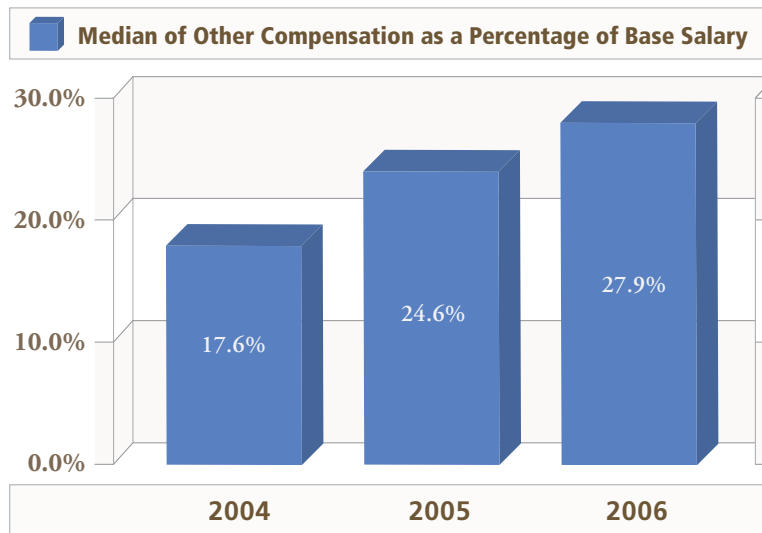


OTHER COMPENSATION AS A PERCENTAGE OF BASE SALARY

Despite a decline in the actual value of total other compensation for Fortune 100 CEOs from 2005 to 2006, the relative size of total other compensation, expressed as a percentage of base salary, increased over the same period.

In 2005, Fortune 100 CEOs received total other compensation worth a median of 24.6 percent of base salary. For 2006, total other compensation represented a median of 27.9 percent of base salary.

The following chart displays the median relative size of total other compensation for Fortune 100 chief executives in 2004, 2005 and 2006:

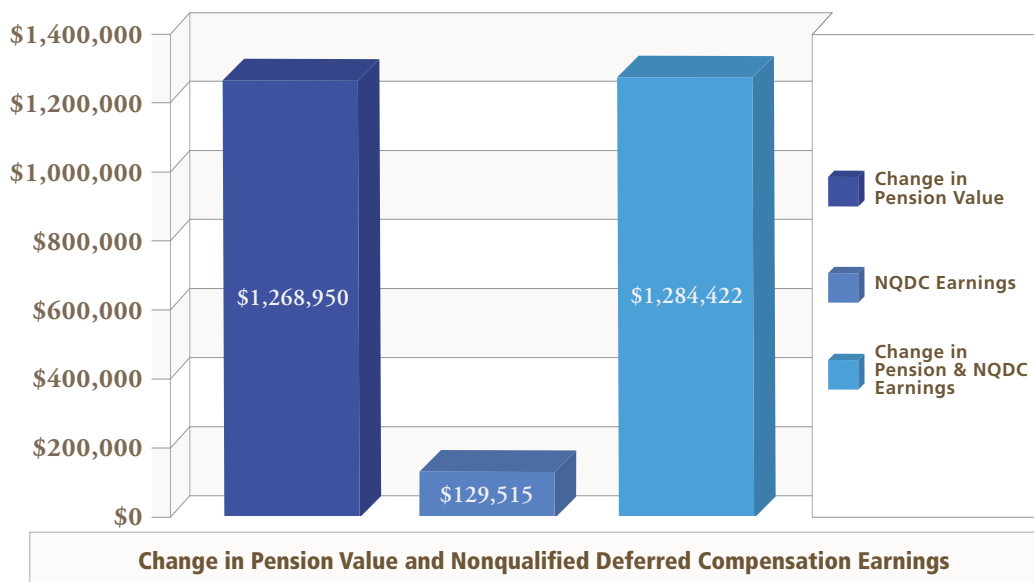


RETIREMENT BENEFITS

CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS

For the majority of proxies covering fiscal year 2006, the SEC introduced a new column to the Summary Compensation Table labeled Change in Pension Value and Nonqualified Deferred Compensation Earnings. This column includes new data elements as well as information that was previously disclosed in the other compensation columns of the old Summary Compensation Table.

The following chart illustrates the median value of the Change in Pension Value and Nonqualified Deferred Compensation Earnings column and its two core elements for Fortune 100 chief executives in 2006:



ACCUMULATED PENSION BENEFITS AND NONQUALIFIED DEFERRED COMPENSATION

While the pension and deferred compensation information disclosed in the Summary Compensation Table provides insight into the annual growth rate of retirement benefits, it does not give readers information on the full value of accumulated retirement benefits for executives. Fortunately, supplemental tables beyond the Summary Compensation Table do provide data on accumulated benefits. Based on a review of information disclosed in the new Pension Benefits and Nonqualified Deferred Compensation Tables of Fortune 100 companies, the following key trends are observed:

- *In 2006, 80.2 percent of Fortune 100 companies reported accumulated pension benefits for their CEO. The median value of these benefits is \$12,805,094.*
- *In 2006, 85.2 percent of Fortune 100 companies reported a nonqualified deferred compensation plan balance for their CEO. The median value for these benefits is \$5,118,976.*

KEY BENEFITS & PERQUISITES

FINANCIAL PLANNING AND OTHER PROFESSIONAL SERVICES

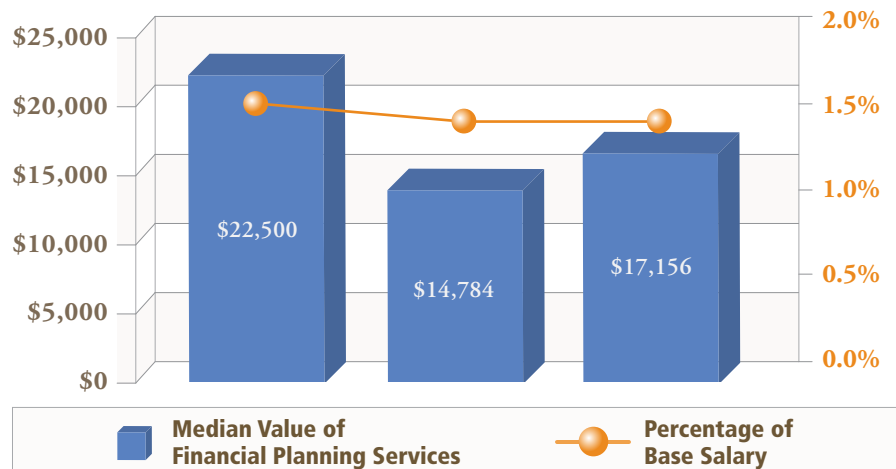
TRENDS

In 2006, Fortune 100 CEOs received a median of \$17,156 in financial planning and other professional service perquisites, representing an increase of 16.0 percent over the 2005 median of \$14,784. These values principally consist of the cost of personal financial planning, but may also include other services such as tax preparation and corporate financial planning.

The prevalence of Fortune 100 companies reporting financial planning and other professional service perquisites for their CEO increased significantly from 2005 to 2006, rising from 29.5 percent to 74.2 percent, respectively. A key driver of this change is the lowering of perquisite disclosure thresholds as part of the SEC's new executive compensation disclosure rules.

Surprisingly, among Fortune 100 companies disclosing financial planning perquisites for their CEO, the prevalence of companies stating the actual value of this offering fell from 85.7 percent in 2005 to 37.6 percent in 2006. In other words, there is visibility into the number of executives receiving this perquisite, but comparatively little detail on the actual dollar value they receive.

The following chart displays the median value of financial planning-related perquisites for Fortune 100 CEOs over the last three years and includes a trend line showing the median size of financial planning perquisites as a percentage of base salary for each year:

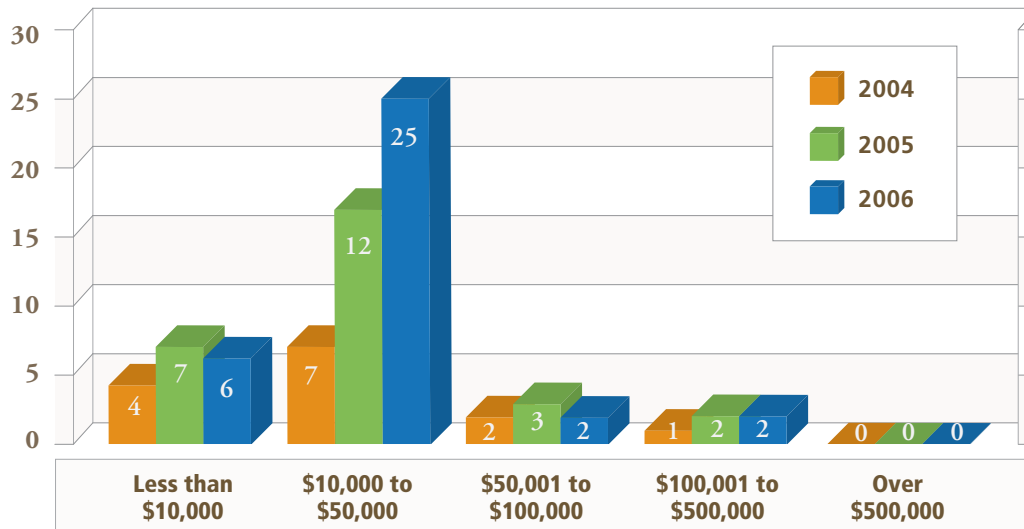


Although the median value of CEO financial planning perquisites increased from 2005 to 2006, the relative value of financial planning perquisites held constant at 1.4 percent of base salary for Fortune 100 chief executives.

The values cited above for all years exclude the value of tax reimbursements (also known as "gross-ups") associated with financial planning-related perquisites. In 2006, chief executives at 5.0 percent of Fortune 100 companies received a median gross-up of \$2,152 for taxes incurred as a result of financial planning services.

DISTRIBUTION OF REPORTED VALUES

The following chart presents the distribution of reported values for financial planning and other professional service perquisites for Fortune 100 chief executives in 2004, 2005 and 2006. The y-axis of the chart represents the number of actual companies disclosing a value within each range of values listed on the x-axis.



DISCLOSURE EXAMPLES

Limits on Financial Planning

- **The Coca-Cola Co.**

DEF 14A filed on March 9, 2007

“The Company reimburses its senior executives, including the Named Executive Officers, for financial planning up to \$13,000 per year for Mr. Isdell and \$10,000 a year for other senior executives. The Company provides this reimbursement for two reasons. First, it allows the executive to stay focused on the business and cuts down on the time devoted to and distraction caused by personal financial planning. Secondly, this benefit also helps to ensure that the executive realizes the full value of compensation awarded. While it would be simpler to eliminate this benefit, which represents a very small percentage of compensation, the benefit to the Company would not be assured. This benefit is only available as a reimbursement, not as a guaranteed amount.”

- **Merck & Co. Inc.**

DEF 14A filed on March 12, 2007

“Reimbursement for financial counseling and tax preparation: The value is taxable to executives, and is limited to \$12,500 for the first year of participation and \$10,000 per year thereafter. This perquisite is intended to encourage executives to engage knowledgeable experts to assist with financial and tax planning.”

- **Motorola Inc.**

DEF 14A filed on March 14, 2007

"The Motorola Executive Financial Planning Program provides Motorola's elected officers with comprehensive financial planning assistance, which helps them achieve the highest value from their compensation package. Our benchmarking shows financial planning assistance is one of the most common executive perquisites among our comparator companies. The annual allowance is \$7,000 for our Corporate Vice Presidents and \$10,000 for our senior executives, including the Named Executive Officers. For tax purposes, the value of financial planning services provided is treated as imputed income."

- **Safeway Inc.**

DEF 14A filed on April 4, 2007

"We make available to our executive officers the services of a financial planning firm. The firm offers services, paid for by us, valued at \$15,000 for the executive's first year with the firm, and \$10,000 for each year after the first year. The executive is responsible for income taxes on any services provided through this program. Some executives, including the CEO, have decided not to participate in this program."

Firms used for Financial Planning

- **United Parcel Service Inc.**

DEF 14A filed on March 19, 2007

"The NEOs and all other Management Committee members are eligible for financial planning services provided by the Ayco Company. Only a portion of the NEOs utilized the benefit in 2006. The value of this benefit is shown in the footnotes to the Summary Compensation Table below. Although this benefit is not offered to other management employees, we offer a separate financial counseling service through PricewaterhouseCoopers to all U.S. and Puerto Rico based employees who are not subject to a collective bargaining agreement."

Participation Levels

- **Travelers Companies Inc.**

DEF 14A filed on March 12, 2007

"The Compensation Committee believes it is important to provide financial counseling to senior executives to help them maximize the benefits they realize from the various elements of compensation described above and to ensure their compliance with tax and regulatory requirements. Additionally, the use of a single financial counseling firm by all of our senior executives helps our Human Resources Department improve senior executives' understanding of the benefits that we offer. At December 31, 2006, 75% of our executives at or above the senior vice president level participated in this benefit. The cost to us of financial counseling benefits provided to the CEO and the other NEOs in 2006 is disclosed below under "Tabular Executive Compensation Disclosure-Summary Compensation Table". The incremental value of these services is based on the amounts billed to the Company."

FLEXIBLE PERQUISITE ACCOUNTS

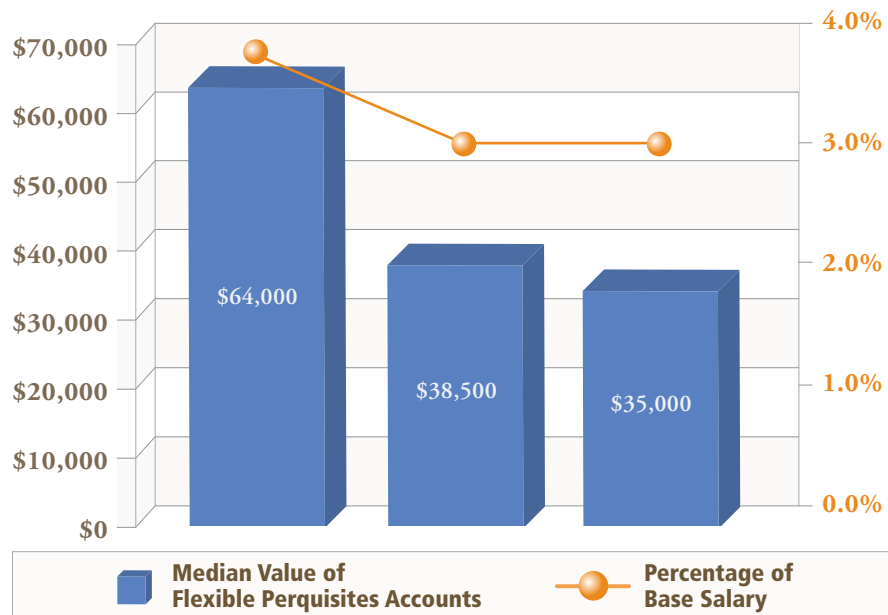
TRENDS

From 2005 to 2006, the median value of flexible perquisite accounts for Fortune 100 CEOs declined by 9.1 percent, falling from \$38,500 to \$35,000.

In contrast to this drop, the prevalence of Fortune 100 companies disclosing a flexible perquisite account for their chief executive increased from 4.4 percent in 2005 to 9.7 percent in 2006. This increase was augmented by several firms that added flexible perquisite accounts as part of an effort to compensate for eliminated perquisites.

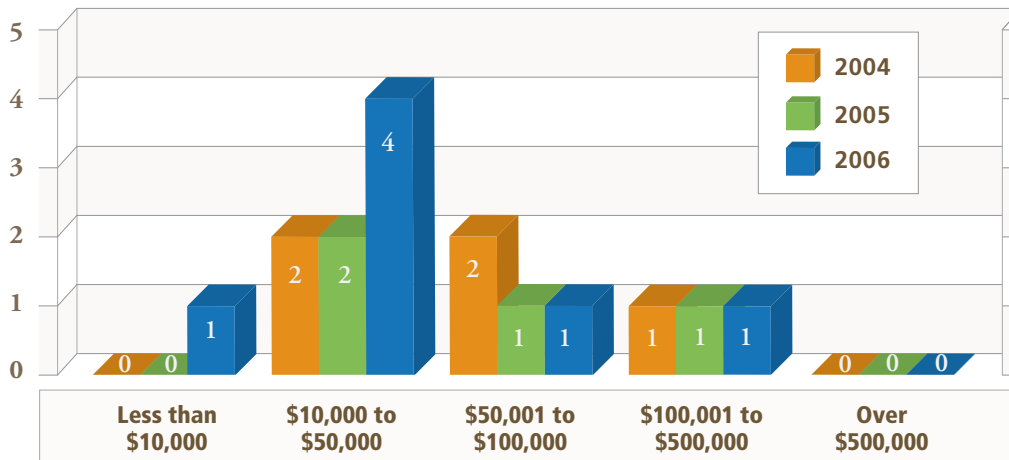
When expressed as a percentage of base salary, the median flexible perquisite account held steady at 2.9 percent of base pay between 2005 and 2006.

The following chart displays the median value of flexible perquisite accounts for Fortune 100 CEOs over the last three years and includes a trend line showing the median size of flexible accounts as a percentage of base salary for each year:



DISTRIBUTION OF REPORTED VALUES

The following chart presents the distribution of reported values for flexible perquisite accounts for Fortune 100 chief executives in 2004, 2005 and 2006. The y-axis of the chart represents the number of actual companies disclosing a value within each range of values listed on the x-axis.



DISCLOSURE EXAMPLES

- **WellPoint Inc.**

DEF 14A filed on April 4, 2007

"The WellPoint Directed Executive Compensation Plan (the "DEC") is an executive perquisite plan that provides our officers with flexibility to tailor certain benefits to meet their needs using a combination of cash and core credits. The amount of cash and core credits the executive receives is based upon his or her position with us, with the President and Chief Executive Officer receiving \$57,000 per year total in cash and core credits, executive vice presidents receiving \$45,000 per year total in cash and core credits and senior vice presidents receiving \$28,000 per year total in cash and core credits. Cash credits under the DEC are paid to the executive in cash and may be used by the executive for any purpose including, but not limited to, the following: automobile-related benefits, first class air travel, airline clubs, savings or retirement accounts and additional life insurance or long-term disability insurance. Core credits may be used to reimburse the executive for the cost of financial/retirement planning, estate planning, tax return preparation and legal services relating to these services, plus tax, legal and financial investment magazine subscriptions and tax and legal software. Newly hired or promoted executives will participate in the program at the beginning of the month following their hire date or the effective date of their promotion and receive a prorated amount of credits for the year."

- **Federal Home Loan Mortgage Corp.**

DEF 14A filed on May 7, 2007

"FlexDollars are provided under our Flexible Benefits Plan and are generally available to all employees to offset costs related to medical coverage, dental coverage, vision coverage, group term life insurance, accidental death and personal loss insurance, and vacation purchase. FlexDollars can be used to offset the cost of other benefits and any unused FlexDollars are payable as taxable income."

- **Home Depot Inc.**

DEF 14A filed on April 13, 2007

"The Company provides the following perquisites to its named executive officers: Participation in the Supplemental Executive Choice Program ("SECP"), which is an after-tax allowance of \$35,000 per calendar year that the executive may apply to the purchase of financial planning services, car allowance, medical services not otherwise covered under Company plans, supplemental disability insurance, excess personal liability coverage and coverage under a retiree medical plan."

- **United Technologies Corp.**

DEF 14A filed on February 23, 2007

"The ELG perquisite allowance, which is provided in lieu of in-kind perquisites, may be allocated in part to a company leased vehicle, deferred (up to 50%), or is otherwise payable in cash. The ELG perquisite allowance is 8% of salary (12% for executives who joined the ELG prior to December 2005). The Committee believes this allowance serves as an appropriate substitute for in-kind perquisites frequently provided to senior executives at other CPG companies. A cash perquisite allowance provides transparency and simplicity."

- **Honeywell International Inc.**

DEF 14A filed on March 12, 2007

"Represents the cash amount paid to each named executive officer under the cash flexible perquisite program that is designed to permit an executive to purchase such benefits as he or she may choose including, but not limited to, tax and financial planning, car leases, and executive life insurance."

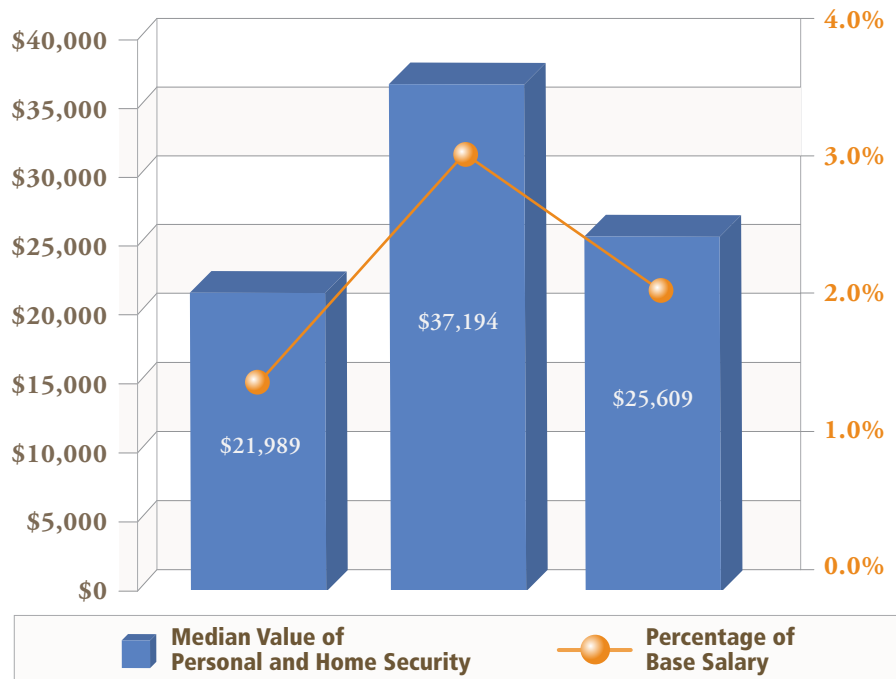
PERSONAL AND HOME SECURITY

TRENDS

From 2005 to 2006, the median value of personal and home security perquisites for Fortune 100 chief executives declined by 31.1 percent, falling from \$37,194 to \$25,609. This decline, while significant, is offset by the fact that the prevalence of Fortune 100 companies reporting personal and home security perquisites for their CEOs increased from 23.2 percent in 2005 to 53.8 percent in 2006.

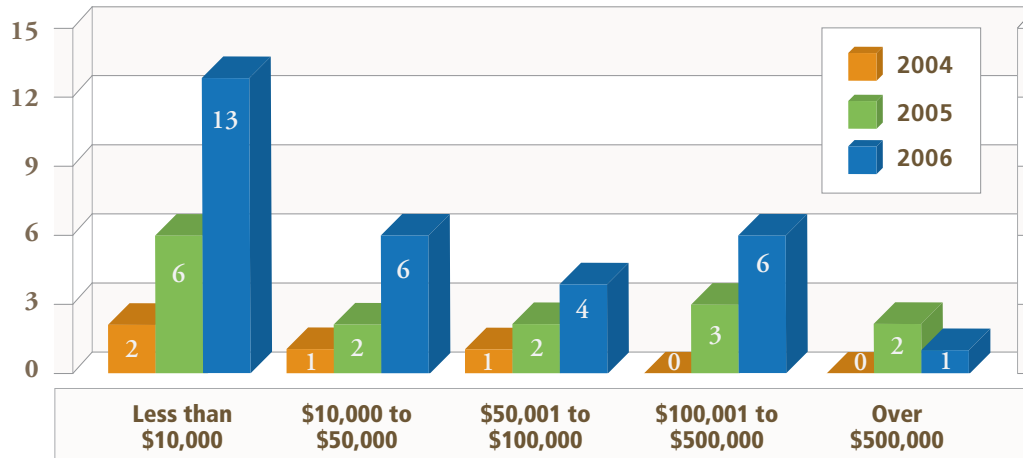
Prompted by new SEC disclosure rules, many companies reported values for CEO security benefits that fell below the old disclosure threshold of \$50,000 for aggregate perquisites. This change introduced a large number of smaller values into the analysis for 2006, thereby lowering the median value for this perquisite.

The following chart displays the median value of personal and home security perquisites for Fortune 100 CEOs over the last three years and includes a trend line showing the median size of personal and home security perquisites as a percentage of base salary for each year:



DISTRIBUTION OF REPORTED VALUES

The following chart presents the distribution of reported values for personal and home security perquisites for Fortune 100 chief executives in 2004, 2005 and 2006. The y-axis of the chart represents the number of actual companies disclosing a value within each range of values listed on the x-axis.



DISCLOSURE EXAMPLES

- **ConocoPhillips**

DEF 14A filed on April 2, 2007

“Our Board of Directors has adopted a comprehensive security program for our executives in recognition that our executives face personal safety risks in their roles as representatives of a global, integrated energy company. Under this program, our Manager of Global Security monitors changing developments in risk and threat analysis and security systems and services and recommends to management appropriate security measures. Other than in the case of a serious and immediate risk of harm, changes to the program are approved by our Board of Directors. In the Summary Compensation Table in the “All Other Compensation” column, we have reflected certain costs associated with this program, such as personal use of Company aircraft, the use of Company automobiles, and home security expenses. Although the Company does not believe that these services are compensatory in nature, we believe we are required to classify them as personal benefits.”

- **CVS Corp.**

DEF 14A filed on April 4, 2007

“In addition, CVS provides an allowance to the executive officers to cover the costs of the installation and maintenance of security monitoring systems in their homes. While the Committee believes the security costs described in the preceding two paragraphs are business expenses, disclosure of these costs as personal benefits is required. Costs for these programs are also reported as taxable income for the executive officers.”

- **Exxon Mobil Corp.**

DEF 14A filed on April 11, 2007

"The Company provides security for all its employees as determined to be appropriate based on an assessment of risk. The assessment includes consideration of the employee's position and work location. We do not consider any such security costs to be personal benefits since these costs arise from the nature of the employee's employment by the Company; however, the SEC requires certain security costs to be reported as personal benefits. The reportable costs include the costs of residential security; security provided for commuting to/from work; and security provided during personal travel. Costs of security relating to travel for business purposes is not included."

- **FedEx Corp.**

DEF 14A filed on August 13, 2007

"Pursuant to FedEx's executive security procedures, the named executive officers are provided security services and equipment. To the extent the services and equipment are provided by third parties (e.g., home security system installation, maintenance and monitoring), we have included in the table above the amounts paid by FedEx for such services and equipment. For Mr. Smith, these amounts totaled \$23,857. To the extent the security services are provided by FedEx employees, we have included amounts representing: (a) the number of hours of service provided to the officer by each such employee multiplied by (b) the total hourly compensation cost of the employee (including, among other things, pension and other benefit costs). For Mr. Smith, these amounts totaled \$403,405."

- **General Electric Co.**

DEF 14A filed on February 28, 2007

"Pursuant to an executive security program established by the MDCC, Mr. Immelt and Mr. Wright are designated as "security personnel" and therefore, for security purposes, we require them to use company aircraft for all air travel, whether personal or business, as in the company's business interest. [...]"

We require our security personnel to have home security systems and back-up power systems and to use a car service under certain circumstances. Moreover, if circumstances warrant, we may provide home security and back-up power systems and car service for other senior executive officers."

PERSONAL USE OF CORPORATE AIRCRAFT

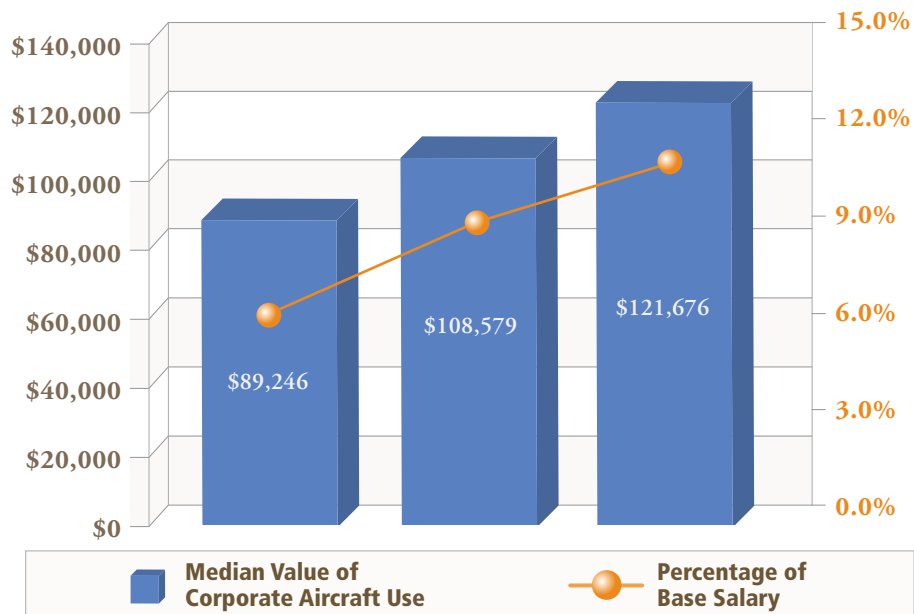
TRENDS

In 2006, the median value of aircraft-related perquisites for Fortune 100 chief executives reached \$121,676. This amount represents a 12.1 percent increase over the median of \$108,579 reported in 2005. For all years, these values include only those costs associated with personal travel on corporate owned, leased or chartered aircraft.

Interestingly, the median value of CEO aircraft perquisites grew faster between 2004 and 2005, when the median value increased by 21.7 percent from \$89,246 in 2004. As a percentage of base salary, however, CEO aircraft perquisites increased to their highest point in three years, rising from 6.2 percent in 2004 to 10.1 percent in 2006.

In the most recent year, 78.5 percent of companies indicated that their CEO used corporate owned, leased, or chartered aircraft for personal use. In 2005, 68.4 percent of companies made such disclosures, and in 2004, 59.4 percent of companies reported that their chief executive received aircraft-related perquisites.

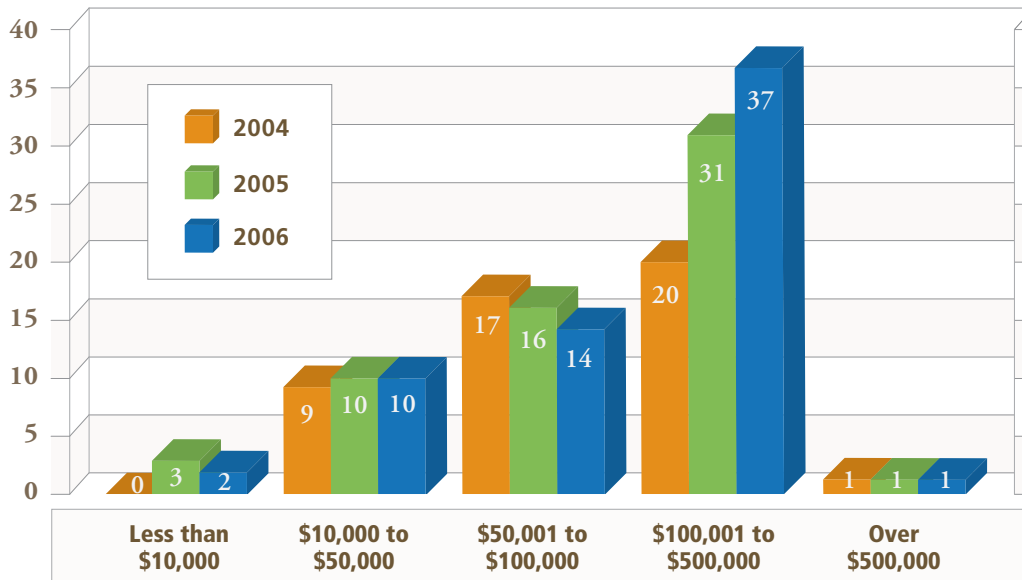
The following chart displays the median value of personal use of corporate aircraft for Fortune 100 CEOs over the last three years and includes a trend line showing the median size of personal use of corporate aircraft as a percentage of base salary for each year:



The values cited above for all years exclude the value of tax reimbursements (also known as “gross-ups”) associated with the personal use of corporate aircraft. In 2006, chief executives at 27.4 percent of Fortune 100 firms received a median gross-up of \$10,771 for taxes incurred as a result of the personal use of corporate aircraft.

DISTRIBUTION OF REPORTED VALUES

The following chart presents the distribution of reported values for personal use of corporate aircraft for Fortune 100 chief executives in 2004, 2005 and 2006. The y-axis of the chart represents the number of actual companies disclosing a value within each range of values listed on the x-axis.



DISCLOSURE EXAMPLES

Limits on Aircraft Usage

- **Hewlett Packard Co.**

DEF 14A filed on January 23, 2007

"For the CEO, the first 25 hours of personal usage, as well as spousal travel, is added to his income and grossed up."

- **Pfizer Inc.**

DEF 14A filed on March 15, 2007

"Approximately 20 hours of air time for personal use of each type of aircraft (fixed wing and helicopter) are generally allowed for use by the CEO and guests, flying on the same flight."

- **Wal-Mart Stores Inc.**

DEF 14A filed on April 19, 2007

"During fiscal 2007, he also received personal use of Company aircraft (using 76.3 hours out of 140 hours allocated)."

Security Policies

- **Exxon Mobil Corp.**

DEF 14A filed on April 11, 2007

"Aircraft. For security reasons, the Board requires the Chairman and CEO to use Company aircraft for both business and personal travel. Although we consider these costs necessary business expenses rather than perquisites, per SEC guidance we report the incremental cost of aircraft usage for personal travel. Incremental cost for this purpose is based solely on direct operating costs (fuel, airport fees, incremental pilot costs, etc.) and does not include capital costs of the aircraft since the Company already incurs these capital costs for business purposes."

- **General Electric Co.**

DEF 14A filed on February 27, 2007

"Pursuant to an executive security program established by the MDCC, Mr. Immelt and Mr. Wright are designated as "security personnel" and therefore, for security purposes, we require them to use company aircraft for all air travel, whether personal or business, as in the company's business interest."

- **Safeway Inc.**

DEF 14A filed on April 4, 2007

"Corporate Aircraft: Based on the analysis of an independent security advisor, our Board has directed that Mr. Burd will ordinarily use Company aircraft for all air travel, both business and personal, including his immediate family when they are accompanying him. The Board has set guidelines to limit the incremental cost of the corporate aircraft based on Mr. Burd's personal use. Incremental cost is calculated on the basis of our variable operating costs, including fuel costs, mileage, trip-related maintenance, on-board catering, landing/ramp fees and other variable costs. Other executive officers are discouraged from making personal use of the corporate aircraft, either by taking personal trips or by having non-business passengers accompany them on business trips."

Reimbursement Policies

- **Travelers Companies Inc.**

DEF 14A filed on March 23, 2007

"Under the terms of his employment, the CEO is required to use the Company aircraft for all business and personal air travel and, until December 31, 2006, he also was required to reimburse us for any international personal travel on Company aircraft at the maximum amount legally payable for such flights under applicable FAA regulations (which was, however, not to exceed the then applicable first class rate for a comparable commercial flight).

At the request of the CEO, his employment contract was amended in December 2006 to provide that, beginning January 1, 2007, he will reimburse us for all personal domestic and international travel on Company aircraft at the maximum amount legally payable for each such flight under FAA regulations, which is an amount per flight equal to two times the fuel costs plus certain miscellaneous expenses that are specifically outlined in the FAA regulations. The CEO is also responsible for all taxes due on income imputed to him in connection with his personal use of Company transportation, other than taxes on certain business travel to the extent taxed as commuting costs and spousal travel related to our business, as to which he is reimbursed by us. We value personal use of the Company aircraft as a perquisite, based on the incremental cost to us of personal flights.”

- **Washington Mutual Inc.**

DEF 14A filed on March 3, 2007

“Mr. Killinger’s sole 2006 Company-provided perquisite was his personal usage of the Company’s air transportation. The Company owns a partial interest in several aircraft that are operated by a third party service and which the Company uses primarily for business-related transportation. As reported in the Summary Compensation Table on page 30 of this Proxy Statement, the Company’s incremental costs incurred for this personal use is reported as 2006 compensation to Mr. Killinger. In addition, for federal income taxation purposes, the personal usage is treated as income that is imputed to Mr. Killinger in accordance with Internal Revenue Service rules. For security reasons and to increase his efficiency, the Board of Directors continues to encourage Mr. Killinger to use the Company’s air transportation for business-related and personal transportation. However, effective January 1, 2007, Mr. Killinger will reimburse the Company for any personal use by him of the Company’s air transportation”

Elimination of Aircraft Perquisites

- **UnitedHealth Group Inc.**

DEF 14A filed on April 30, 2007

“We do not provide perquisites such as security services, private jet services, financial planning services, club memberships, apartments, vacation homes, automobiles or drivers for personal travel to our executive officers. We had historically reimbursed executives for financial planning expenses, but eliminated that perquisite at the end of 2006. In October 2006, our Board adopted a corporate aircraft use policy which was amended in April 2007 to prohibit personal use of corporate aircraft by any executive.”

Relocation-Related Aircraft Usage

- **Aetna Inc.**

DEF 14A filed on March 19, 2007

“As can be seen from the table on page 41, the Company provides limited perquisites to executive officers. Dr. Rowe’s perquisite amount is higher due primarily to his personal use of Company aircraft for travel between the Company’s headquarters and his residence. Dr. Rowe’s employment agreement with the Company permitted him to use Company aircraft for this purpose. Dr. Rowe’s post-employment consulting agreement does not have this provision.”

Aircraft Use Limited to CEO Only

- **Dow Chemical Co.**

DEF 14A filed on March 23, 2007

“Personal use of corporate aircraft: The CEO is the only employee permitted to use corporate aircraft for personal use, and is required to do so by the Board of Directors for security and immediate availability reasons.”

Spouse Travel

- **General Motors Corp.**

DEF 14A filed on April 27, 2007

“Corporate Aircraft — With the approval of the Chairman and CEO, the Corporation’s aircraft may be used by members of the Senior Leadership Group for business purposes. This provides for a more efficient use of their time given the greater possibility of direct flights and improved flight times than are available commercially. It also provides a more secure traveling environment where sensitive GM business issues may be discussed and enhances personal safety. A spouse may accompany the executive on the aircraft when the executive is traveling for business purposes and imputed income is assessed to the executive with taxes thereon reimbursed by the Corporation if the spouse’s participation is required for business purposes. The Executive Compensation Committee annually reviews all corporate aircraft usage by the Named Executive Officers. As part of a comprehensive security study, certain Named Executive Officers are encouraged to use the corporate aircraft for personal travel.”

- **Marathon Oil Corp.**

DEF 14A filed on April 13, 2007

“On occasion spouses or other guests will accompany Officers on the aircraft for official business or when space is available on business-related flights. When the spouse or guest’s travel does not meet the IRS standard for business use, the cost of that travel is imputed as income to the Officer. If approved by his or her supervisor, the Officer may receive a gross up on the imputed income if the spouse or guest was accompanying the Officer on official business.”

Egalitarian Policies

- **Intel Corp.**

DEF 14A filed on March 27, 2007

“The Committee supports the goal of Intel’s management to maintain an egalitarian culture in its facilities and operations. Intel’s executive officers are not entitled to operate under different standards than other employees. Intel does not provide its executive officers with reserved parking spaces or separate dining or other facilities, nor does Intel have programs for providing personal benefit perquisites to executive officers, such as permanent lodging or defraying the cost of personal entertainment or family travel. Intel’s office buildings provide cubicles for all employees, including executive officers. Employees’ access to business equipment, transportation, temporary accommodation, or other support services is allocated based on appropriate business purposes and not as a form of informal compensation. The company provides air and other travel for Intel’s executive officers for business purposes only. Intel’s company-owned aircraft hold approximately 40 passengers and are used in regularly scheduled shuttle routes between Intel’s major U.S. facility locations, and Intel’s use of noncommercial aircraft on a time-share or rental basis is limited to appropriate business-only travel.”

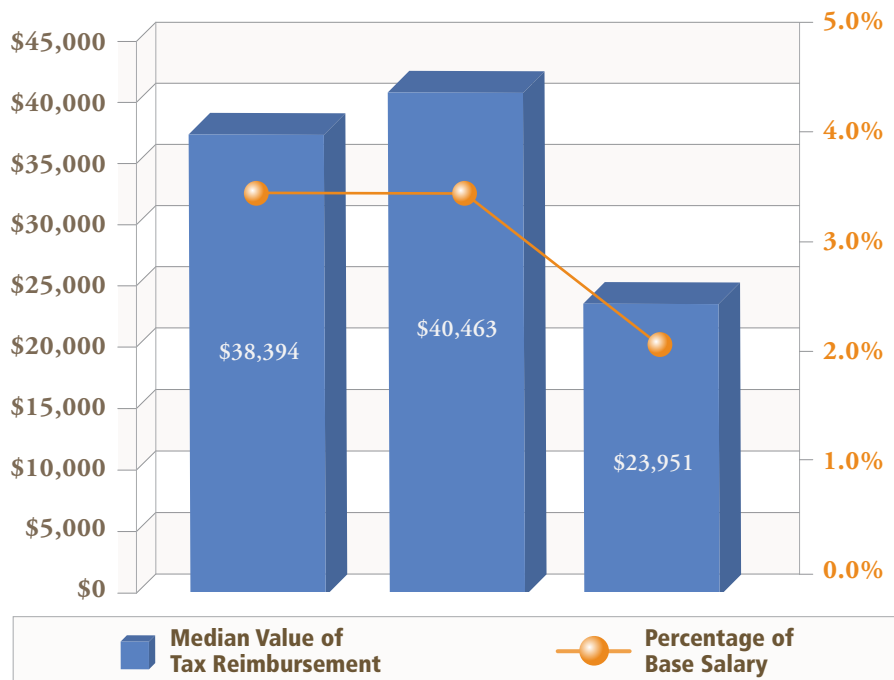
TAX REIMBURSEMENTS

TRENDS

Tax reimbursements are typically paid to executives to cover taxes incurred as a result of receiving compensation in the form of perquisites. Therefore, it is not surprising that as the median value of total perquisite compensation for Fortune 100 CEOs declined, so too did the median value for CEO tax reimbursements. The median value of Fortune 100 CEO tax reimbursements fell by 40.8 percent from 2005 to 2006, dropping from \$40,463 to \$23,951.

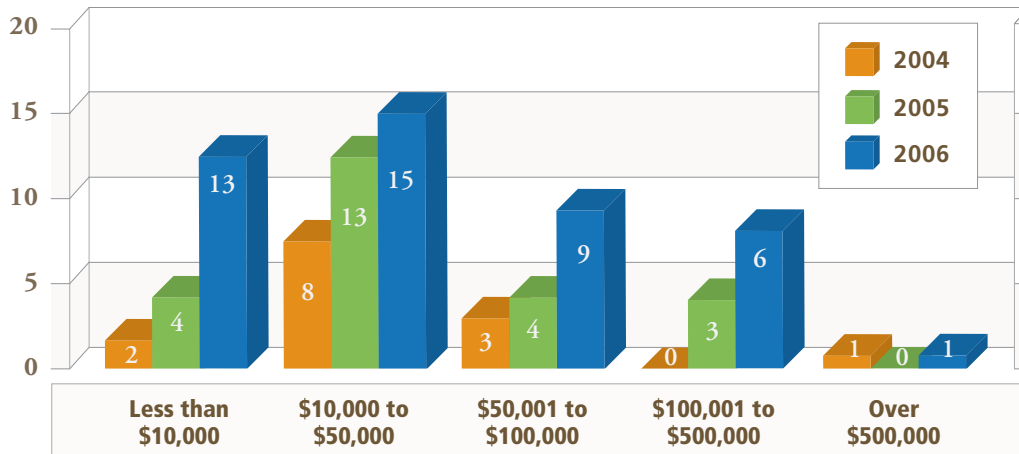
Like other perquisites highlighted in this report, the decline in value for tax reimbursements is in part due to new SEC disclosure rules. As a result of the new rules, the prevalence of disclosure for CEO tax reimbursements at Fortune 100 companies increased from 40.0 percent in 2005 to 53.8 percent in 2006. This change introduced lower values into the analysis for 2006.

The following chart displays the median value of tax reimbursements for Fortune 100 CEOs over the last three years and includes a trend line showing the median size of tax reimbursements as a percentage of base salary for each year:



DISTRIBUTION OF REPORTED VALUES

The following chart presents the distribution of reported values for tax reimbursements for Fortune 100 chief executives in 2004, 2005 and 2006. The y-axis of the chart represents the number of actual companies disclosing a value within each range of values listed on the x-axis.



DISCLOSURE EXAMPLES

- **Alcoa Inc.**

DEF 14A filed on February 26, 2007

"We also provide tax reimbursement payments for taxes attributed to the imputed income for the premiums paid on this insurance."

- **ConocoPhillips**

DEF 14A filed on April 2, 2007

"Certain of the perquisites and personal benefits received by our executives are deemed to be taxable income to the individual by the Internal Revenue Service. When we believe that such income is incurred for purposes more properly characterized as Company business than personal benefit, we provide further payments to the executive to reimburse the cost of the inclusion of such item in the executive's taxable income. Most often, these tax gross up payments are provided for travel by a family member or other personal guest of an executive to attend a meeting or function in furtherance of Company business, such as Board meetings, Company-sponsored events, and industry and association meetings where spouses or other guests are invited or expected to attend."

- **Northrop Grumman Corp.**

DEF 14A filed on April 12, 2007

"If the CEO uses a Company plane for personal travel, income is imputed, grossed up and subject to the appropriate tax reporting according to IRS regulations."

- **Travelers Companies Inc.**

DEF 14A filed on March 23, 2007

"We periodically reimburse executives for the tax cost of any imputed earnings associated with non-cash taxable executive benefits that are provided for business reasons, such as financial counseling and certain transportation services, as described above. This tax gross-up is provided to make such benefits tax-neutral when the taxable benefits are associated with the Company's business or in other cases to encourage employees to take advantage of them. Details as to the gross-up amounts provided for the CEO and the other NEOs are provided in the footnotes to the "All Other Compensation" column of the Summary Compensation Table."

ELIMINATED PERQUISITES

ELIMINATED PERQUISITES

TRENDS

Although changes to the SEC's perquisite disclosure rules have made it difficult to directly compare data from fiscal year 2006 to prior years, other indicators show that executive perquisites may be on the decline. In 2006, 16.1 percent of Fortune 100 companies disclosed that they had eliminated some or all executive perquisites in 2006, or that they plan to eliminate certain benefits in the upcoming year. Another company added that it would eliminate some perquisites by 2008. In contrast, proxy disclosures reveal that only two companies made similar cutbacks prior to 2006.

Among companies eliminating executive perquisites in 2006 and 2007, annual club membership dues, financial planning assistance, and leased automobiles were removed most frequently. To examine this trend more closely, the following chart outlines the perquisites eliminated by Fortune 100 companies in 2006 and 2007:

Perquisite Name	Number of Companies	Prevalence
All Perquisites	1	1.1%
Annual Club Memberships	7	7.5%
Automobile Use/Lease	5	5.4%
Event Tickets	1	1.1%
Extra Health Benefits or Examples	2	2.2%
Financial Planning	7	7.5%
Paid Parking	2	2.2%
Personal and Home Security	3	3.2%
Personal Use of Corporate Aircraft	2	2.2%
Tax Reimbursements	4	4.3%

DISCLOSURE EXAMPLES

- **Alcoa Inc.**

DEF 14A filed on February 26, 2007

"Reimbursements for club dues were eliminated during 2006, and income tax preparation service and financial planning benefits were eliminated beginning in 2007. In lieu of these benefits the named executive officers each received an increase in 2007 salary in the amount of \$6,500."

- **Countrywide Financial Corp.**

DEF 14A filed on April 27, 2007

"Effective September 26, 2006, only those executive officers who currently had the use of a car leased by the Company will be entitled to future car leases and this benefit will not be offered to any additional executives. Similarly, the Company will not purchase any additional country club memberships for use by executives and will not reimburse monthly country club dues for any executive other than those currently receiving this benefit. In addition, effective January 1, 2007, no executive will receive a gross-up for income taxes owed related to the imputed income for personal use of Company aircraft."

- **FedEx Corp.**

DEF 14A filed on August 13, 2007

"In fiscal 2007, FedEx made tax reimbursement payments to Mr. Smith relating to the income imputed to him for the vehicles in calendar 2006. Beginning with the 2007 calendar year, however, FedEx will no longer make such tax reimbursement payments."

- **Lockheed Martin Corp.**

DEF 14A filed on March 16, 2007

"Beginning January 1, 2007, the Company no longer pays or reimburses Executives for annual club memberships, financial counseling and tax preparation, or provide event tickets for personal use and company car and driver for personal commuting and security, unless the Executives reimburse the Company for any incremental cost associated with those items if the Executive makes use of them."

- **Sunoco Inc.**

DEF 14A filed on March 9, 2007

"Beginning in 2007, the Company will no longer provide reimbursement of annual dues associated with personal country club memberships for the other executives. The annual financial counseling allowance was discontinued beginning on January 1, 2007. At the request of the CEO, tax gross-ups for personal use of the corporate aircraft by him and members of his family were eliminated beginning in 2006."

- **UnitedHealth Group Inc.**

DEF 14A filed on April 30, 2007

"We do not provide perquisites such as security services, private jet services, financial planning services, club memberships, apartments, vacation homes, automobiles or drivers for personal travel to our executive officers. We had historically reimbursed executives for financial planning expenses, but eliminated that perquisite at the end of 2006. In October 2006, our Board adopted a corporate aircraft use policy which was amended in April 2007 to prohibit personal use of corporate aircraft by any executive."

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