

# For CEO Spouses, Corporate Jets Are the Perfect Perk

Big Lifetime Discounts  
At Nordstrom; Massages  
Are on the Company

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When Nicki Mulally wants to travel, she can usually hop on one of [Ford Motor](#) Co.'s Falcon twin-turbo jets.

The reason: She's married to Alan Mulally, Ford's chief executive.

To woo Mr. Mulally from [Boeing](#) Co. last fall, Ford promised that his wife, five children and guests could fly on corporate aircraft without him, as long as he authorizes the travel. Personal flights by Mr. Mulally and family members cost Ford \$172,974 during his four months with the auto maker last year. A Ford spokesman declines to disclose the family-member and guest component of that sum.

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[Take a look at executives](#) with large amounts of personal use of corporate aircraft in 2006.

The families of top corporate executives lead gilded lives, supported by multimillion-dollar paychecks and cushy perquisites. But many relatives of executives and directors get perks of their own. They enjoy trips, gifts, recreation, medical check-ups and product discounts -- all on the stockholders' tab. Some companies even cover the resulting tax bill.

The regal treatment is hardly new. But new federal executive-compensation rules are making public more spousal perks. The rules require companies to disclose executive and director benefits valued at \$10,000 or more; prior rules covered only managers and set a threshold of \$50,000.

The most common goody? Travel. Seventy of 350 major U.S. businesses pay for some flights, hotel stays or other travel expenses for senior officers' spouses, concludes an analysis of their latest proxies by Mercer Human Resource Consulting for The Wall Street Journal.

Like Mrs. Mulally, the wives of CEOs at [American International Group](#) Inc. and [Raytheon](#) Co. can fly unaccompanied on company jets at corporate expense. Until recently, so too could Diane Smith, wife of [FedEx](#) Corp. founder Frederick W. Smith. A new FedEx policy adopted in March

requires Mr. Smith to pay for most "incremental" costs of his and family members' personal flights, a company spokesman says.

Ford spokesman Tom Hoyt says directors agreed to let Mr. Mulally's relatives and guests use corporate jets so the CEO could "remain on the job while his family travels to meet him." Citing security concerns, Ford requires Mr. Mulally to travel on company aircraft, even on personal trips. Ford paid Mr. Mulally \$28.2 million last year, including an \$18.5 million bonus.

AIG's security rules require Antoinette Sullivan to travel on one of the insurer's six corporate jets even when CEO Martin J. Sullivan stays behind. Christopher Winans, an AIG spokesman, says Mrs. Sullivan "very rarely uses the corporate aircraft alone." He declines to discuss specifics for security reasons. Mr. Sullivan's 2006 pay package was valued at \$21.2 million; that included \$257,498 for personal use of corporate planes by Mr. Sullivan and his family.

Cheryl Swanson twice flew by herself to Raytheon-related business events in the four years that husband William H. Swanson has been CEO, says Pam Wickham, vice president of corporate affairs. She declines to discuss specifics. The defense contractor spent \$3,184 last year for Mrs. Swanson's travel, Ms. Wickham says.

Recent proxy statements reveal a range of other perks for relatives. Senior officers at [Dell Inc.](#) and their spouses receive yearly medical checkups worth up to \$5,000 apiece. At least six other big companies, including [B.F. Goodrich Co.](#), and Peoples Energy Corp., also provide executive spouses with free physicals, the Mercer tally found. A Dell spokeswoman says the spousal medical exams help attract top talent because they involve "a rigorous full day of testing at top-flight institutions."

[Rockwell Automation Inc.](#) paid for "less than \$4,400" of "leisure activities" for mates of executives and directors during two board retreats in the year ended Sept. 30, the manufacturer states in its latest proxy. Spokesman John Bernaden declines to divulge details. Leisure activities at board retreats often include spa treatments, golf or sightseeing excursions.

There's a rich tradition of such perks. Lorna Wendt says she accompanied ex-husband Gary C. Wendt on lavish sales-incentive trips abroad, including a two-week cruise, when he was a top [General Electric Co.](#) executive. "It was totally R&R," Ms. Wendt recalls. "If I wanted to have a massage every day, I could have one." GE spokesman John Oliver says spouses are still invited on some incentive trips, which he says are less extravagant.

Businesses that pay for spouses to travel to meetings claim their presence strengthens bonds with suppliers and customers. Consider Cincinnati Insurance Co. The unit of [Cincinnati Financial Corp.](#) holds a conference every year for its top independent agents and their mates. Last year's four-day affair was at a posh Phoenix resort; this year's will be in Rome. Spouses of a dozen senior officers and directors typically attend, hosting social events such as group tours. "Insurance is a relationship business," says Joan Shevchik, a spokeswoman.

When spouses travel on the corporate tab, executives and directors owe taxes on the value. Many companies reimburse officials for these taxes. [Occidental Petroleum Corp.](#) CEO Ray Irani received compensation last year valued at \$416.3 million, among the richest corporate pay packages ever. That includes \$61,000 covered by shareholders so his wife could accompany him on trips to the Middle East, Asia and elsewhere. Under a policy approved by independent directors, the oil company also reimbursed Dr. Irani \$45,306 for the taxes he would owe on his wife's flights. An Occidental spokesman says the company covers Mrs. Irani's travel "where it is expected that participants' spouses will attend and where it is believed to be beneficial" to the company.

"The more we pay people, the less they want to pay for anything," fumes Nell Minow, editor of the Corporate Library, a corporate-governance research group.

At [Nordstrom](#) Inc., spouses and dependent children of directors, managers and high-performing salespeople get a 33% discount on purchases. (Rank-and-file workers get a 20% break.) Chairman Enrique Hernandez Jr. rang up purchases of nearly \$75,000 during the year ended Feb. 3, 2007.

Mr. Hernandez says the total includes new beds for himself, his wife Megan and their five school-aged children. He earned nearly \$355,000 in cash and stock fees last year for running the Nordstrom board.

"We're a very loyal customer," says Mr. Hernandez, the CEO of Inter-Con Security Systems Inc. Because his wife buys all of her clothes, handbags and shoes there, "I get a lot of feedback from her about the merchandise, the quality of the service and the state of the stores," he adds. "It's very valuable."

Some corporate spouses are eligible for discounts for their entire lives. After a Nordstrom director, worker or executive dies, a surviving spouse continues to receive the discount, unless he or she remarries. "I was unaware of that," says Mr. Hernandez, a Nordstrom director since 1997. He and his wife are both 51. If she outlives him, he quips, "I hope she smiles and thinks about me every time she goes into a (Nordstrom) store."