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Being first in line has its perks for Starbucks boss

Schultz received nearly a half-million dollars for personal air travel

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Most executives at major public companies in Washington aren't allowed personal use of the company jet, but Howard Schultz last year racked up a half-million-dollar tab using Starbucks' luxury aircraft.

The \$475,685 personal aircraft perk given to Schultz, company chairman, is much higher than what's given to executives at public companies across the U.S., according to the Corporate Library, which monitors executive compensation. And the personal aircraft perk given to Schultz in 2005 was more than double what top executives received at companies much larger than Starbucks.

Starbucks declined to say how Schultz, a billionaire, used either of the company's two jets or whom he took with him on the flights. He declined to comment for this story. The figures do not reflect trips Schultz took for company business.

In a somewhat ironic memo Schultz sent Feb. 14 to Starbucks executives, lamenting the "watering down of the Starbucks experience" and challenges facing the expanding company, he wrote: "Let's be smarter about how we are spending our time, money and resources."

Starbucks, according to Federal Aviation Administration records, owns a 2002 Gulfstream GV and a 2004 Bombardier Challenger 604. The company, citing security reasons, declined to provide details about either jet.

A Gulfstream GV can carry up to 18 passengers and is used for high-speed intercontinental flights. A jet typically is equipped with a dining/conference center, a three-seat couch that converts into a bed, five reclining seats, one galley and a toilet, according to Gulfstream.

A Bombardier Challenger 604 can carry up to a dozen passengers and is used for coast-to-coast travel. The jet typically has a conference area, onboard TV programming and large flat-screen monitors, according to Bombardier.

Alexandra Higgins of the Corporate Library said most public companies that provide an aircraft perk spend between \$50,000 to \$100,000 per top executive.

In 2005, when Starbucks provided Schultz with nearly \$266,000 in free travel it was more than double the median value (\$109,000) of aircraft perks provided to chief executives at Fortune 100 companies, according to Equilar, a compensation research firm in San Mateo, Calif. Two-thirds of those executives received the perk.



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Starbucks owns two company jets, including a Bombardier Challenger 604, the same model shown here. The aircraft can carry up to a dozen passengers.

Starbucks, ranked No. 372 by Fortune in 2005, was not among the 100 largest businesses surveyed by Equilar, which has not yet compiled data for 2006.

In 2005, three Washington-based companies were in the Fortune 100 -- Costco Wholesale Corp., Microsoft Corp. and Weyerhaeuser Co. -- and none provided free personal air travel for executives, according to their most recent securities filings. The majority of the biggest 20 public companies in Washington do not provide free personal air travel for their executives.

"Part of the corporate culture here is they (executives) wouldn't even foresee using a company asset for private use. It just doesn't fit here," said Bruce Amundson, a Weyerhaeuser spokesman.

At Costco, CEO Jim Sinegal last year voluntarily reimbursed the company \$62,463 for his personal aircraft use, and Microsoft uses its leased aircraft only for business use.

Using a company's jet for personal use when an executive already is highly compensated can annoy employees and shareholders and be embarrassing for corporations.

But Craig Weatherup, a Starbucks board member and former CEO of the Pepsi Bottling Group, said the travel demands upon Schultz are so intense that there's nothing wrong with his using the company's jets to spend more time with his family.

"Howard's time is incredibly valuable to the company, and as a board member and shareholder, it's debatable whether that (aircraft) is a perk or not," said Weatherup, who as an executive at Pepsi said he used that company's jets for personal use. "I don't think Howard abuses it at all. He does a tremendous amount of travel for Starbucks."

Starbucks CEO James Donald and Chief Financial Officer Michael Casey also used the company's aircraft for personal travel during the past two years, according to a securities filing.

Last year, the cost for Donald was nearly \$11,000, while the cost for Casey was nearly \$18,500. Donald did not use any aircraft for personal use in 2005, while Casey received a nearly \$9,500 benefit.

The company, in a written statement, said select members of the executive management team are allowed limited, personal use of the corporate-owned aircraft primarily for security reasons.

"Regardless of the nature of their travel, as leaders of a global company, our executives are always connected to the business," the company said.

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