

Scrutiny compels companies to cut perks

By Ellen Simon, Associated Press
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With the arrival of new federal rules requiring greater pay disclosure, more companies are eliminating executive perquisites, from country club fees to Book of the Month Club memberships.

In the past, the largest perk packages added hundreds of thousands of dollars to executives' total pay. Now, recent regulatory filings show that companies including Fannie Mae and Sunoco Inc. are cutting back.

Equilar Inc., an executive compensation research firm, sent out a note late Thursday detailing nixed perks:

- John G. Drosdick, chief executive and chairman of oil refiner Sunoco, returned his company-leased car last July and is now paying for his own parking space, according to Sunoco's March 9 proxy filing with the Securities and Exchange Commission.

Drosdick also began paying for his home security monitoring, country club fees, and taxes on his personal or family use of corporate aircraft, all of which used to be paid by the company.

Drosdick's 2006 perquisite package was valued at \$77,855, most of which was for personal flights on the company jet, according to the proxy. In 2005, his perks and company-paid taxes on perks and benefits totaled \$166,648.

- Federal National Mortgage Association, Fannie Mae, disclosed in late February that it eliminated company-paid financial counseling for executives, any nonbusiness use of company transportation and company-paid country club fees as of Feb. 14.

In 2004, the last year the troubled mortgage finance company filed a proxy statement, its then chairman and CEO, Franklin D. Raines, had perks valued at \$237,246, which included \$196,852 worth of flights on the corporate jet.

- PepsiAmericas Inc., the second largest bottler in the PepsiCo Inc. system, will stop paying for club membership fees, the company said in a proxy filed in early March.

In 2006, the company paid club fees totaling \$77,435 for Alexander H. Ware, its executive vice president and chief financial officer, and \$53,000 in club fees for Kenneth E. Keiser, its president and chief operating officer, according to its proxy.

Some companies are simply paying executives more, instead of giving perquisites.

The Standard Register Co., a document services company, eliminated cash perquisite accounts in December, adding the money to executives' base salaries.

Other companies are merely trimming their perquisite packages.

Insurer Cigna Corp. still allows its executives to use corporate aircraft for personal flights, and covers the cost of their home security alarms, company cars and drivers, annual physicals, in-office meals, personal financial planning, tax preparation and legal services.

As of January, however, the insurer did eliminate one executive perk: According to a proxy filed with the Securities and Exchange Commission on March 22, the company no longer foots the bill for executives' membership in the Book of the Month Club.

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