

Incremental Cost of Airplane Usage

September 26, 2007

Although the SEC's 2006 revisions to the compensation disclosure rules served to highlight the disclosure of perquisites, particularly personal use of corporate airplanes, they did not fundamentally change the calculation of the disclosed amounts: Perquisites are to be valued at the "incremental cost" to the company.

For airplane usage, incremental cost can be a challenging calculation. In almost all cases personal use is a sufficiently low portion of the overall airplane use that it is appropriate to differentiate between fixed and variable costs and to allocate only the variable costs to personal use. But allocating costs between those two groups is not easy. Clearly costs such as hanger rent, insurance and personal property taxes fall within fixed costs. Also, most private aircraft hold their value far better than traditional depreciation calculations suggest, so treating depreciation as a fixed cost may be reasonable. At the other end of the spectrum, fuel, landing fees and catering clearly are variable. In between there is a long list of items that can be allocated either way. The largest of these are major maintenance and reserves for engine overhauls.

Another critical factor is whether dead-head costs are treated as incremental costs. It is hard to rationalize not treating them in that manner, although very few companies disclose them as having been included, and anecdotally we know that they seldom are. This must be particularly irksome to the SEC, since the Director of the Division of Corporation Finance made it very clear in a speech last year that, under "principles matter," counsel should make certain that costs such as these are included in the calculations and appropriately disclosed.

The differences in calculating incremental cost can be significant. Company A, that allocates only fuel, landing fees and catering to its executive's winter ski vacation, may report other income of only \$3,500. For the same trip, Company B, which allocates not just those items but also a proportionate share of maintenance and overhauls as well as dead-head time, may report \$20,000. Same flight, but different disclosure, and Company B's candor will yield greater scrutiny of its airplane use.

Similarly, the amounts reported with respect to executives who work for companies that lease jets by the hour or that participate in shared-jet programs tend to be higher. For those companies, the fixed costs frequently are absorbed into an overall hourly rate and there is limited ability to segregate out those costs and report only the traditional variable costs.

The mechanics of the calculation also can involve judgment. Should it be actual costs or can it be based on average costs (say of fuel) over the course of a year determined on a per flight hour basis? Can the factors that are used be based upon an entire airplane fleet or must they be based upon the airplane that actually was used? (Does the fact that the CEO always uses the

Gulfstream and never the King Air impact this?) Can industry wide costs be used? Each of these is a valid question, although we doubt that using data that is not company specific would pass muster in most situations.

Lastly, taxes need to be considered. As a result of recent tax law changes, companies can deduct expenses related to personal use only to the extent that those expenses are reported as income to the executive. Since the amount reported as income is almost universally the SIFL rate permitted by IRS regulations, which is a very low amount, a significant portion of the expenses are non-deductible. There is no generally accepted view regarding whether deductibility differences should be disclosed, and almost no one currently discloses them. At the same time, some companies “gross up” their executives for the taxes imposed upon personal use, particularly when their company policy requires its executives to use company airplanes for “security” reasons. The compensation disclosure rules clearly require disclosure of tax gross-ups, and most companies appear to do a good job at their disclosure on this aspect.

There is no “right way” to report incremental costs, but instead are a range of reasonable approaches. We expect, however, that companies will migrate toward common practices over the next few years. For everyone’s assistance, we have summarized below a cross-section of approximately one hundred of the airplane “incremental cost” disclosures from the 2007 proxy season. These companies were selected randomly from among the companies that we track generally as part of our monitoring of current disclosure practices, and their inclusion does not endorse (or condemn) their approach.

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Company Name	Proxy Statement Date	Language	Page No.
3M	26-Mar-07	The incremental cost to the Company of Mr. Buckley's personal use of corporate aircraft was calculated by combining the variable operating costs of such travel, including the cost of fuel, landing fees, on-board catering and crew travel expenses.	41
Abbott	19-Mar-07	The company determines the incremental cost for these flights based on the direct cost to Abbott, including fuel costs, parking, handling and landing fees, catering, travel fees, and other miscellaneous direct costs.	16
Abercrombie & Fitch Co.	10-May-07	The incremental cost to the Company of personal use of Company aircraft has been calculated by adding the hourly charges associated with Mr. Jeffries' personal flights on each of the airplanes and the helicopter and, for one of the airplanes with respect to which Mr. Jeffries' personal use may have been more than incidental, the percentage of the monthly and annual charges for such airplane equal to the percentage of total aircraft usage represented by Mr. Jeffries' personal flights.	28
Alcoa	26-Feb-07	The incremental cost of use of the company aircraft is calculated based on the variable costs to the company, including fuel costs, mileage, trip-related maintenance, universal weather-monitoring costs, on-board catering, landing/ramp fees and other miscellaneous variable costs. Fixed costs which do not change based on usage, such as pilot salaries, the lease cost of the company aircraft and the cost of maintenance not related to trips are excluded.	30
Allstate	02-Apr-07	The amount reported for personal use of aircraft is based on the incremental cost method. The incremental cost of aircraft use is calculated based on average variable costs to Allstate, net of taxes. Variable operating costs include fuel, maintenance, weather-monitoring, on-board catering, landing/ramp fees, and other miscellaneous variable costs. The total annual variable costs are divided by the annual number of flight hours flown by the aircraft to derive an average variable cost per flight hour. This average variable cost per flight hour is then multiplied by the flight hours flown for personal use to derive the incremental cost. This method of calculating the incremental cost excludes fixed costs that do not change based on usage, such as pilots' and other employees' salaries, costs incurred in purchasing the aircraft, and non-trip related hangar expenses. For tax purposes, income is imputed to the executive for non-business travel based on a multiple of the Standard Industry Fare Level (SIFL) rates.	31

Company Name	Proxy Statement Date	Language	Page No.
Altria	23-Mar-07	The incremental cost of personal use of company aircraft includes the cost of trip-related crew hotels and meals, in-flight food and beverages, landing and ground handling fees, hourly maintenance contract costs, hangar or aircraft parking costs, fuel costs based on the average annual cost of fuel per hour flown, and other smaller variable costs. Fixed costs that would be incurred in any event to operate company aircraft (e.g., aircraft purchase costs, depreciation, maintenance not related to personal trips, and flight crew salaries) are not included.	36
American Electric Power	15-Mar-07	This amount is calculated based on the variable operating costs to the Company, including fuel costs, trip-related maintenance, on-board catering, landing/ramp fees and other miscellaneous variable costs. Fixed costs that do not change based on usage, such as pilot salaries, the lease costs for Company aircraft and the cost of maintenance not related to personal trips, are excluded. For proxy reporting purposes, personal use of corporate aircraft includes use of the aircraft for relocation purposes.	37
American Express	23-Apr-07	The calculation of incremental cost for personal use of Company aircraft is based on the variable cost to the Company of operating the aircraft and includes fuel costs, trip-related maintenance, the cost of trip-related crew hotels and meals, maintenance costs, landing and ground handling fees, in-flight catering and telephone usage and other variable costs. The calculation does not include fixed costs that would have been incurred regardless of whether there was any personal use of the aircraft (e.g., aircraft purchase costs and depreciation, flight crew salaries and benefits, insurance costs, costs of maintenance not	41
American International Group	06-Apr-07	The named executives' personal use of corporate aircraft is calculated based on the aggregate incremental cost of the flight to AIG. Aggregate incremental cost is calculated based on a cost-per-flight-hour charge developed by a nationally recognized and independent service. The cost-per-flight-hour charge reflects the direct operating cost of the aircraft, including fuel, additives and lubricants, the flight-hour charge also reflects an allocable allowance for maintenance and engine restoration.	34
Ameriprise Financial	16-Mar-07	We calculated the incremental cost of such personal travel by using an hourly flight rate of \$3,081.47, which takes into account such variable aircraft operating expenses as fuel, maintenance, and landing/parking fees. We also added to this amount the cost of any in-flight catering. In cases where an executive officer's guest occupies a seat on a business trip, we only take into account the incremental cost of providing in-flight catering for that guest. The use of our corporate aircraft for personal purposes has tax implications that are described in the Compensation Discussion and Analysis, at page 15.	52

Company Name	Proxy Statement Date	Language	Page No.
Amgen	09-May-07	The aggregate incremental cost for personal use of our aircraft is calculated based on our variable operating costs, which include the cost of crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs and smaller variable costs. We apply standardized rates to estimate fuel and trip-related maintenance; these expenses are also included in the calculation of incremental cost. Because our aircraft are used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as pilots' salaries, our aircraft purchase costs and the cost of maintenance not related to trips. No tax gross-up reimbursements to the Named Executive Officers were made for personal use of Company aircraft in 2006.	35
Anadarko Petroleum Corporation	27-Mar-07	Pursuant to the Company's security policy, the Company requires the Chief Executive Officer to use the Company's aircraft for personal use as well as business travel. The value of travel to board meetings for companies and civic organizations for which Mr. Hackett serves as a director is considered personal use and is included in the amount reported above. The value of personal aircraft use is based on the Company's aggregate incremental direct operating costs, including cost of fuel, maintenance, landing and ramp fees, and other miscellaneous trip-related variable costs. Because the Company's aircraft are used predominantly for business purposes, fixed costs,	46
Anheuser Busch	12-Mar-07	As previously described on page 13, the Company owns corporate aircraft and corporate residences. Subject to strict compliance with written Company policies, Company personnel, including executive officers, using the corporate aircraft and corporate residences for business purposes may be permitted to invite family members or other guests to accompany them on the aircraft or to join them in the use of the corporate residences . . . these arrangements are included in the compensation of the Company personnel as required by law.	34
AT&T	27-Apr-07	To determine the incremental cost of aircraft usage, we multiply the number of hours of personal flight usage by the average hourly cost of fuel, oil, maintenance and line service and add per flight fees, such as landing, ramp and hangar fees, catering, and crew travel costs. With respect to Mr. Sigman, the incremental cost of aircraft usage was determined by AT&T Mobility by multiplying the number of hours of personal flight usage by the average hourly cost of fuel, oil, maintenance and miscellaneous aircraft expenses.	43
Avis Budget Group	04-Apr-07	..., calculated based on the incremental cost to the Company for fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs and smaller variables costs. Since the aircraft was used primarily for business travel, fixed costs that do not change based on usage, such as pilots' salaries, the purchase costs for the company aircraft, and the cost of maintenance not related to trips were not included.	27

Company Name	Proxy Statement Date	Language	Page No.
Bank of America	19-Mar-07	Determined using a method that takes into account: landing fees, parking and flight planning expenses; crew travel expenses; supplies and catering; aircraft fuel and oil expenses; maintenance, parts and external labor (inspections and repairs); engine insurance expenses; foreign permits and customs expenses; positioning flight costs; and passenger ground transportation. Since our aircraft are used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as crew salaries and the acquisition costs of Corporation owned or leased aircraft	30
Black & Decker	19-Apr-07	The incremental cost is calculated based on the average variable costs of operating the airplanes. Variable costs include fuel, repairs, travel expenses for the flight crews, and other miscellaneous expenses. The total annual variable costs are divided by the total number of miles each of the airplanes flew in 2006 to determine an average variable cost per mile. Variable costs are determined separately for each airplane. The average variable costs per mile is multiplied by the miles flown for personal use to derive the incremental cost to Black & Decker. This methodology excludes fixed costs that do not change based on usage, such as salaries and benefits for the flight crews, taxes, rent, depreciation, and insurance.	30
Boeing	30-Apr-07	For purposes of the Summary Compensation Table, we value the aggregate incremental cost to the Company for personal use of Company aircraft using a method that takes into account the cost of fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar/parking costs and other variable costs. Since our aircraft are used primarily for business travel, the calculation does not include the fixed costs that do not change based on usage, such as pilots' salaries, the acquisition costs of the Company-owned or leased aircraft, and the cost of maintenance not related to trips.	36
Bristol-Myers Squibb	01-May-07	The value of personal air travel includes the following: costs for fuel, maintenance labor and parts, engine reserve, APU overhaul, landing and parking fees, crew expenses, supplies, catering and costs incurred for deadhead flights.	31
Burlington Northern Santa Fe Corporation	19-Apr-07	The value of the use of Company owned or leased aircraft is calculated based on the incremental costs to the Company, including fuel costs, mileage, trip-related maintenance, universal weather-monitoring costs, on-board catering, landing and ramp fees and other miscellaneous variable costs. Fixed costs which do not change based on usage, such as pilot salaries, any lease costs of the Company aircraft and the cost of maintenance not related to trips are excluded. Expenses for spousal travel include incremental expenses paid or reimbursed by the Company.	32-33

Company Name	Proxy Statement Date	Language	Page No.
CBS Corporation	23-May-07	The incremental cost to the Company of the personal use of the Company aircraft is calculated by dividing the total variable costs (including fuel, unscheduled maintenance, landing and navigation fees, catering, flight crew trip expenses, telecommunications, supplies and miscellaneous expenses) by the total flight hours for such year and multiplying such amount by the executive's total number of flight hours for his personal use for the year. Fixed costs which do not change based on usage, such as pilot salaries, hangar rental and insurance are excluded. To the extent Mr. Redstone uses the corporate aircraft of Viacom for personal use, the Company reimburses Viacom 50% of a previously agreed upon per flight hourly amount and 50% of the incremental variable costs to Viacom using the methodology described above.	42
CSX Corporation	02-May-07	Mr. Ward's personal aircraft usage amount was calculated using the direct operating costs of \$1,686.00 per flight hour, which was the hourly operating cost for 2006.	28
Chemtura	25-Apr-07	Mr. Wood's employment contract as discussed in the "Compensation of the Chief Executive Officer" section of the Compensation Discussion and Analysis indicates that he is entitled to forty hours of personal usage of the Company plane. The amount indicated reflects his 18 hours of usage for 2006.	32
The Chubb Corporation	24-Apr-07	Amounts represent the incremental cost to use for each of the respective benefits. The incremental cost of the personal use of corporate aircraft expense is calculated by multiplying the direct operating cost per hour by the NEO's personal use hours. Direct operating cost is comprised of fuel, landing/parking fees, crew fees and expenses, custom fees, flight services/charts, variable maintenance costs, catering, aircraft supplies and other miscellaneous expenses.	38
CapitalOne	20-03-07	The amount relating to personal use of corporate aircraft was calculated per flight based on personal mileage, terminal charges, the number of non-business passengers and plane size.	34
CarMax, Inc.	05-Oct-07	The calculation of incremental cost for personal use of company plane includes the variable costs incurred as a result of personal flight activity. It excludes non-variable costs that would have been incurred regardless of whether there was any personal use of aircraft.	25

Company Name	Proxy Statement Date	Language	Page No.
Citigroup	17-Apr-07	Aggregate incremental cost is calculated based on a cost-per-flight-hour charge developed by a nationally recognized and independent service. The flight-hour charge reflects the direct operating cost of the aircraft, including fuel, lubricants and the like, aircraft hangaring, insurance, airport fees and assessments, customs and permit fees, in-flight food and flight planning and weather services. In addition, the flight-hour charge also reflects an allocable allowance for the indirect costs of operating the aircraft including a reserve for periodic maintenance, a reserve for engine maintenance and a reserve for general maintenance.	46
Coca-Cola Enterprises Inc.	24-Apr-07	Amounts shown reflect the incremental cost of personal use of company aircraft by the named executive officers during 2006. These amounts were calculated based on the variable operating costs to the company for each flight hour attributed to personal use (including any flight hours attributable to empty pick-up or return flights), including fuel costs; labor, parts, and maintenance costs; landing and parking fees; on-board catering costs; and crew expenses during layovers. These per-hour costs were determined by using industry-standard cost-estimating guides, which were, during 2006, updated quarterly. Because company aircraft are used primarily for business purposes, the amounts provided exclude fixed costs, such as pilot salaries and	38
The Coca-Cola Company	18-Apr-07	In determining the incremental cost to the Company of the personal use of Company aircraft, the Company calculates, for each aircraft, the direct variable operating cost on an hourly basis, including all costs that may vary by the hours flown. Items included in calculating this cost are: aircraft fuel and oil; travel, lodging and other expenses for crew; prorated amount of repairs and maintenance; prorated amount of rental fee on airplane hangar; catering; logistics (landing fees, permits, etc.); telecommunication expenses and other supplies; and the amount, if any, of disallowed tax deductions associated with such use. When the aircraft are already flying to a destination for business purposes, only the direct variable costs associated with the additional passenger (for example, catering) are included in determining the aggregate incremental cost of the use to the Company.	48

Company Name	Proxy Statement Date	Language	Page No.
Comcast	29-Mar-07	In calculating the aggregate incremental cost for a personal flight taken on a leased or charter plane, we use the cost of the flight as charged to us by the aircraft leasing or the charter company. In calculating the aggregate incremental cost associated with the personal use of company aircraft, we use a methodology that takes into account all variable costs associated with airplane travel, including the cost of fuel, trip-related maintenance, repairs, expenses, catering and crew services and landing fees, to arrive at a variable cost per hour amount that we then multiply by the number of hours the named executive officer used the aircraft. These methodologies exclude fixed costs, which do not change based on usage, such as pilots' salaries, the purchase costs of the corporate-owned aircraft and the cost of maintenance not related to personal travel.	39
CompuCredit Corporation	06-Apr-07	Reflects the use by Mr. Hanna and members of his family, including Frank J. Hanna, III, of charter jet service aircraft for personal purposes and at the Company's expense at an incremental cost to the Company, which is calculated based on the total flight costs charged by the charter companies, including cost-per-flight-hour charge specified in the lease agreement, fuel surcharge, catering, international fees and federal excise tax.	18
Cousins Properties Incorporated	13-Apr-07	We calculate the aggregate incremental cost for personal use of the aircraft by taking total variable costs, which include parts, repairs, maintenance and fuel, and dividing by total yearly engine hours to establish a per-hour rate. This rate is then multiplied by flight hours for personal flights. The table does not include \$25,082 for the aggregate incremental cost of his use of the Company aircraft to attend meetings of the board of directors of other companies on which he serves.	21
ConocoPhillips	02-Apr-07	Approximate incremental cost has been determined by calculating the variable costs for each aircraft during 2006, dividing that amount by the total number of miles flown by that aircraft in 2006, and multiplying the result by the miles flown for personal use during 2006. Included in incremental costs reported is \$17,782 associated with flights to the Company hangar or other locations without passengers, commonly referred to as "deadhead" flights/	36
CVS Corporation	09-May-07	The Company determines the value of personal use of Company aircraft by the aggregate incremental cost to the Company, based on the cost of fuel, trip-related maintenance, crew travel expenses, landing fees, trip-related hangar costs and smaller variable costs.	38

Company Name	Proxy Statement Date	Language	Page No.
Danaher	10-Apr-07	For purposes of the Summary Compensation Table, personal use of the Danaher plane is calculated by multiplying the total number of personal flight hours times the average direct variable operating costs (including costs related to fuel, on-board catering, maintenance expenses related to operation of the plane during the year, landing and parking fees, navigation fees, related ground transportation, crew accommodations and meals and supplies) per flight hour for our aircraft for the year. Since the plane is primarily for business travel, we do not include in the calculation the fixed costs that do not change based on usage, such as crew salaries, the lease cost of the aircraft, exterior paint and other maintenance costs that cover a multiple-year period.	22
DirecTV	27-Apr-07	The amount reported for personal use of Company aircraft by Mr. Carey is our best calculation of the incremental cost to the Company including the average cost of fuel, in-flight catering, landing, hangar and parking fees, other variable fees and crew travel expenses. Because the Company uses the aircraft primarily for business travel, we do not include ownership costs or aircraft maintenance expenses that do not change based on usage.	36
Dominion	27-Mar-07	For personal flights, all direct operating costs are included in calculating aggregate incremental cost. Direct operating costs include the following: fuel, airport fees, catering, ground transportation and crew expenses (any food, lodging and other costs). The fixed costs of owning the aircraft and employing the crew are not taken into consideration, as more than 96% of the use of the corporate aircraft is for business purposes.	20
Dow Chemical	23-Mar-07	Incremental cost to the Company of personal use of Company aircraft is calculated based on the variable operating costs to the Company, including fuel, landing, catering, handling, aircraft maintenance, and pilot travel costs. Fixed costs, which do not change based on usage such as pilot salaries or depreciation of the Company aircraft and maintenance costs not related to personal trips, are excluded.	25
DPL	15-Mar-07	Calculated to reflect the incremental cost to the Company for such costs as: direct maintenance fees, fuel, variable overhaul expense and miscellaneous trip expenses such as meals and landing fees.	33
Du Pont	19-Mar-07	Incremental cost is calculated based on the variable operating costs to the Company, including fuel, mileage, trip-related maintenance, weather-monitoring costs, crew travel expenses, on-board catering, landing/ramp fees and other variable costs. Fixed costs which do not change based on usage, such as pilot salaries and the cost of maintenance not related to trips, are excluded.	33

Company Name	Proxy Statement Date	Language	Page No.
eBay, Inc.	30-04-07	"Personal Aircraft Usage" consists of the incremental cost to eBay of personal usage of its corporate aircraft and is calculated based on a methodology that includes the weighted average cost of fuel, maintenance expenses, parts and supplies, landing fees, ground services, catering, and crew expenses associated with such use. Because the corporate aircraft is used primarily for business travel, the methodology excludes fixed costs that do not change based on usage. Fixed costs include pilot salaries, the purchase or lease costs of the aircraft, and the cost of maintenance not related to such personal travel. Executives, their families, and invited guests occasionally fly on the corporate aircraft as additional passengers on business flights. In those cases, the aggregate incremental cost to eBay is a <i>de minimis</i> amount, and as a result, no amount is reflected in the table. Executives and their families also occasionally fly on the corporate aircraft as additional passengers on personal flights that are attributed to another executive, in which case the entire incremental cost is allocated to the executive who arranged for the personal flight.	41
Eog Resources, Inc.	29-Mar-07	To determine the incremental cost to us of personal use of charter aircraft, the total number of air miles flown for a trip is calculated based on the number of passengers on each segment of the trip. The number of personal miles flown is then calculated as a percentage of the total air miles flown. This percentage is then multiplied by the actual amount invoiced by the charter company for the trip.	15
Eli Lilly and Company	05-Mar-07	We calculate the incremental cost to the company of any personal use of the corporate aircraft based on the cost of fuel, trip-related maintenance, crew travel expenses, on-board catering, landing fees, trip-related hangar and parking costs, and smaller variable costs, offset by any time share lease payments by the executive. Since the company-owned aircraft are used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as pilots' salaries, the purchase costs of the company-owned aircraft, and the cost of maintenance not related to trips.	86
Exxon Mobile	11-Apr-07	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 costs for business purposes.	34
First Data Corporation	17-Apr-07	The calculation of incremental cost for personal use of company aircraft includes only variable costs incurred as a result of personal flight activity.	51
Ford Motor Company	05-Apr-07	For 2006 and prior years, we valued the incremental cost of the personal use of our aircraft using a method that takes into account: (i) the variable cost per flight hour, including flight crew travel expenses; (ii) landing/parking/hangar storage expenses; and (iii) any customs, foreign permit, and similar fees.	41

Company Name	Proxy Statement Date	Language	Page No.
GE	28-Feb-07	The calculation of incremental cost for personal use of company aircraft includes the variable costs incurred as a result of personal flight activity: a portion of ongoing maintenance and repairs, aircraft fuel, satellite communications and any travel expenses for the flight crew. It excludes non-variable costs, such as exterior paint, interior refurbishment and regularly scheduled inspections, which would have been incurred regardless of whether there was any personal use of aircraft.	22
Halliburton	16-May-07	For total compensation purposes, in 2006, we valued the incremental cost of the personal use of Company aircraft using a method that takes into account: landing, parking, hangar fees and flight planning services, crew travel expenses; supplies and catering; aircraft fuel and oil expenses per hour of flight; any customs, foreign permit and similar fees; and passenger ground transportation.	21-22
i2 Technologies, Inc.	27-Apr-07	Represents the cost of private jet transportation for Mr. McGrath for commuting from his residence in Maine to our office in Dallas as required by his employment agreement.	30
Honeywell	23-Apr-07	This amount is calculated by multiplying the total number of personal flight hours times the average direct variable operating costs (expenses for aviation employees, business meals, aircraft maintenance, satellite broadcasts, transportation charges (including but not limited to hangar and landing fees), aviation fuel, and	36
IBM	12-Mar-07	The aggregate incremental cost for the use of Company aircraft for personal travel, including travel to outside boards, is calculated as follows: multiply hourly variable cost for the aircraft used by the hours used. The hourly variable cost rate includes the following: - Fuel - Oil - Parking/Landing fees - Crew expenses - Aircraft maintenance (based on the hourly operation of the aircraft) - Catering The rate for each aircraft is periodically reviewed by IBM's flight operations team and adjusted as necessary to reflect changes in costs. The aggregate incremental cost for charter flights is the full cost to IBM of the charter.	40
International Paper	07-May-07	The value of personal use of Company aircraft is determined based upon the per mile variable cost of operating the aircraft.	51
Johnson & Johnson	26-Apr-07	The Company calculates the aggregate incremental cost to the Company for personal use of Company aircraft as the sum of the cost of trip-related crew hotels and meals, in-flight food and beverages, landing and ground handling fees, hourly maintenance contract costs, hangar or aircraft parking costs, fuel costs based on the average annual cost of fuel per mile flow, and other smaller variable costs. Fixed costs that would be incurred in any event to operate Company aircraft (e.g., aircraft purchase cost, maintenance not related to	32

Company Name	Proxy Statement Date	Language	Page No.
Kimberly Clark	14-Mar-07	The incremental cost of his personal travel on our corporate aircraft is based on our variable cost per hour of operating the aircraft multiplied by the number of hours of personal travel.	42
Kellogg's	19-Mar-07	The incremental cost of Kellogg aircraft used for a non-business flight is calculated by multiplying the aircraft's hourly variable operating cost by a trip's flight time, which includes any flight time of an empty return flight. Variable operating costs include: (1) landing, parking, crew travel and flight planning services expenses; (2) supplies, catering and crew traveling expenses; (3) aircraft fuel and oil expenses; (4) maintenance, parts and external labor (inspections and repairs); and (5) any customs, foreign permit and similar fees. Fixed costs that do not vary based upon usage are not included in the calculation of direct operating cost. On certain occasions, an NEO's spouse or other family member may accompany the NEO on a flight. No additional direct operating cost is incurred in such situations under the foregoing methodology because the costs would not be incremental.	30
King Pharmaceuticals	16-Apr-07	Includes the aggregate incremental cost to King of: aircraft operating; crew transportation, meals and lodging; and aircraft handling, parking, de-icing and maintenance.	29
Kodak		We calculate the incremental cost to the Company of any personal use of the corporate aircraft based on the direct operating costs to the Company, including fuel costs, FBO handling fees, vendor maintenance costs, catering, travel fees and other miscellaneous costs. Fixed costs that do not change based on usage, such as salaries and benefits of crew, training of crew, taxes, and general maintenance and repairs, are excluded.	45
Lockheed Martin Corporation	26-Apr-07	The incremental cost of use of company aircraft for personal travel was calculated based on the total personal travel flight hours multiplied by the estimated hourly aircraft operating costs for 2006 (including fuel, maintenance and other variable costs, but excluding fixed capital costs for the aircraft, hangar facilities and staff salaries).	40
Lowe's	25-May-07	The amount presented for personal use of corporate aircraft is equal to the incremental cost to the Company of such use. Incremental cost includes fuel, landing and ramp fees and other variable costs directly attributable to the personal use. Incremental cost does not include an allocable share of the fixed costs associated with the Company's ownership of the aircraft.	19-20

Company Name	Proxy Statement Date	Language	Page No.
Motorola, Inc.	14-Mar-07	The incremental cost to the Company for Mr. Zander's personal use of Company aircraft is calculated by multiplying the number of hours Mr. Zander travels in a particular plane by the direct cost per flight hour per plane. Direct costs include fuel, maintenance labor, parts, loading and parking fees, catering and crew.	39
Merrill Lynch		<p>In calculating the incremental cost of the use of Company aircraft the following expenses are included:</p> <ul style="list-style-type: none"> • The fuel rate multiplied by the number of flight hours. • Pilot expenses related directly to the personal flight - hotels, meals, transportation to and from the airport, commercial flights (crew related expenses). • Aircraft expenses related directly to the personal flight - cleaning, catering, beverage requests, landing fees, hangar, ramp fee, customs, de-icing, flight phone, flight planning, international planning and ground handling charges. <p>We have long-term contracts for use of fractional aircraft, primarily for business travel. When the use of fractional aircraft is more economical or efficient, the Company may supply fractional aircraft for personal use instead of using Company aircraft. In those cases, the incremental cost is the contracted per-hour fractional cost, plus any fuel surcharges, additional catering or landing fees, taxes and segment fees</p>	49
MetLife	26-Mar-07	These amounts include the variable costs for personal use of aircraft that was charged to the Company by the vendor that operates the Company's leased aircraft for trip-related crew hotels and meals, landing and ground handling fees, hangar and parking costs, in-flight catering and telephone usage, and similar items. Fuel costs were calculated based on average fuel cost per flight hour for each hour of personal use. Because the aircraft is leased primarily for business use, fixed costs such as lease payments are not included in these amounts.	42
MMC	17-May-07	In the case of Mr. Haldeman, represents personal use of an aircraft in which Putnam owns a fractional share. The aggregate incremental cost was determined by calculating (i) the aggregate incremental variable costs to Putnam for Mr. Haldeman's personal flights (including personnel, hourly charges, cost of fuel and landing fees) and (ii) a proportional share of the cost of acquiring the fractional share	42
McDonald's Corporation	09-Apr-07	... personal use of corporate aircraft includes fuel costs, on-board catering, landing/handling fees and flight attendants, and excludes fixed costs which do not change based upon usage, such as pilot salaries and the cost of capital invested in corporate aircraft.	23

Company Name	Proxy Statement Date	Language	Page No.
The McGraw-Hill Companies	19-Mar-07	The aggregate incremental cost to the Company was determined by multiplying the total variable costs incurred by the Company in operating the aircraft by a fraction, the numerator of which was the total number of personal miles flown by Mr. McGraw in 2006 and the denominator of which was the total number of miles flown by the aircraft in 2006. This amount was then reduced by the amount of Mr. McGraw's reimbursement in 2006. The variable costs associated with operating the aircraft include fuel costs, travel expenses of the flight crew, landing fees, airport taxes and similar assessments, in-flight food and beverage costs, landing and ground handling fees and hourly-based maintenance costs. The aggregate incremental cost to the Company does not include fixed costs that would be incurred regardless of Mr. McGraw's personal use of the aircraft (e.g., aircraft purchase costs, insurance premiums, calendar-based maintenance costs and flight crew salaries).	35
Nationwide Financial Services	02-May-07	Incremental value of the personal use of the company plane was calculated using the "Aircraft Cost Evaluator" from Conklin & deDecker as the direct operating costs, including fuel, maintenance, landing and parking fees, crew expenses and catering.	48
Newell Rubbermaid	08-May-07	The estimated cost of aircraft usage by the named executive officers is determined by multiplying flight hours by an average estimated hourly cost of operating the aircraft. The hourly cost is calculated at the beginning of each year by dividing total budgeted variable expenses, such as fuel, equipment repair, supplies, pilot lodging, meals and transportation, airport services and aircraft catering, by estimated flight hours for the year.	33
Nike, Inc.	03-Aug-07	The amount for Mr. Parker includes \$16,974 for the aggregate incremental cost of personal use of the company aircraft, determined based on the cost of fuel and other variable costs associated with the particular flights under FAR 91-501(d).	16
Norfolk Southern	10-May-07	With regard to personal use of company aircraft, aggregate incremental cost is calculated as the weighted-average, after-tax cost of fuel, crew hotels and meals, aircraft maintenance and other variable costs.	28
Occidental Petroleum Corporation	04-May-07	Incremental costs include landing fees, fuel, and additional flight staff costs, including hotel accommodations and meals, associated with personal usage.	13
Pepsico International	02-May-07	For this purpose, the Company has calculated the aggregate incremental cost based on the variable operating costs that were incurred as a result of personal use of the aircraft (such as fuel, maintenance, landing fees and crew expenses)	25

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Pfizer Inc.	15-Mar-07	The amounts shown for the use of the corporate aircraft are based on the incremental cost to the Company, taking into account the following items for the number of flight hours used: landing/parking/flight planning services expenses; crew travel expenses; supplies and catering; aircraft fuel and oil expenses per hour of flight; aircraft accrual expenses per hour of flight; maintenance, parts and external labor (inspections and repairs) per hour of flight; any customs, foreign permit and similar fees; and passenger ground transportation.	60
Plains Exploration & Production Company	29-Mar-07	The incremental cost to the Company for such use was calculated as follows: expenses due to maintenance; expenses for fuel; crew travel expenses; parking, ramp and landing fees; airport taxes and similar fees directly related to the flight; and in-flight food and beverage. We do not include fixed costs that do not change based on usage, such as management fees, the purchase cost of the aircraft and hanger fees.	31+A3
Procter & Gamble Company, The	28-Aug-07	The incremental cost to the Company for use of the Company aircraft is calculated by using an hourly rate for each flight hour, a calculation which is based on the variable operational costs of each flight, including fuel, maintenance, flight crew travel expense, catering, communications and fees, including flight planning, ground handling and landing permits, and is included in the total above.	35
PSS World Medical, Inc.	27-Jul-07	Perquisites and personal benefits payable to the Named Executive Officers include . . . personal use of the corporate aircraft.	20
Raytheon	02-May-07	<p>We determined our incremental cost of personal use of corporate aircraft as follows:</p> <ul style="list-style-type: none"> • For each corporate aircraft use for personal purposes, we derived an average variable operating cost per hour for such aircraft based on fuel, aircraft maintenance, landing, parking, and catering costs. Certain taxes, and certain other miscellaneous fees and costs, in the hours flown. Since our corporate aircraft are used primarily for business travel, we did not include fixed costs for such aircraft that generally do not change with usage, such as pilot's and other employee's salaries, purchase costs of aircraft, and certain hangar expenses. • In determining the number of hours the number of hours that an aircraft was used for personal purposes, we did not include the flight time of any "dead head" flight, e.g., the return flight on which no • For trips that involve a mixed personal business usage, we determined the total variable cost of personal use by subtracting the total variable cost of a hypothetical business-only trip from the total variable cost of the whole trip (both personal and business). 	29

Company Name	Proxy Statement Date	Language	Page No.
Renaissancere Holdings, Ltd.	26-Apr-07	With respect to personal use of the corporate aircraft, amounts in this column reflect incremental variable operating costs, which include fuel, landing and handling fees, additional cre lodging and meal allowances and catering.	31
Schering-Plough	18-May-07	For the corporate aircraft, Schering-Plough's incremental cost calculation for personal use of the aircraft is based on the average variable cost per hour. This includes cost of fuel, crew hotels and meals, on-board catering, trip-related maintenance, landing fees, trip-related hangar/parking costs and smaller variable costs. Over 94% of flying hours were for business use since Hassan joined Schering-Plough in April 2003. Since the corporate-owned aircraft are used primarily for business travel, the incremental cost calculations exclude the fixed costs that do not change based on usage, such as pilots' salaries, the purchase costs of the corporate-owned aircraft and the cost of maintenance that is not related to personal travel.	38
Scientific Games Corporation	30-Apr-07	Costs attributable to Mr. Weil's personal travel using fractional ownership aircrafts . . . (calculated based on Company's out-of-pocket cost for the flights less amounts reimbursed by Mr. Weil at IRS rates for his family members.	19
Smithfield Foods, Inc.	30-Jul-07	The value of perquisites is based on the estimated incremental cost to us ... for personal use of Company aircraft, the direct cost per flight hour as calculated from our records for Company-owned aircraft or as billed by third parties for chartered aircraft.	27
Southwest Airlines Co.	12-Apr-07	Perquisites are valued based on the out-of-pocket cost to the Company, except that the value attributed to travel on Southwest Airlines is based on the average passenger fare for all Southwest flights during 2006 and assumes the executive took the place of a paying passenger who otherwise would have used the seat.	10
Southern Co.		The amount included reflects the incremental cost of that flight, including the cost of returning the aircraft to its departure location. The amount calculated is based on the variable operating costs to the Company of the specific flight, principally fuel costs.	33
Sovereign	3-Apr-07	We determine the aggregate incremental cost of any personal use of corporate aircraft or cars in accordance with the requirements of the U.S. Treasury Regulation § 1.61-21.	40
Suntrust	9-Mar-07	We estimate our incremental cost to be equal to our average incremental operating costs, which includes items such as fuel; maintenance; landing fees; trip-related permits; trip-related hangar costs; trip-related catering, meals and supplies; crew expenses during layovers; and any other expenses incurred or accrued based on the number of hours flown.	27
symantec™	25-Jul-06	Incremental costs include variable costs directly related to the personal use of the company aircraft, such as fuel, hourly usage rates and federal excise taxes.	36

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Texas Instruments	9-Mar-07	We valued the incremental cost of the personal use of company aircraft using a method that takes into account: landing, parking, and flight planning services expenses; crew travel expenses; supplies and catering expenses; aircraft fuel and oil expenses per hour of flight; communications costs; and any customs, foreign permit and similar fees. Because company aircraft are primarily used for business travel, this methodology excludes the fixed costs, which do not change based on usage, such as pilots' salaries and the purchase costs of the company-owned aircraft.	31
TimeWarner	9-Apr-07	Transportation-related benefits consist of the incremental cost to the Company of personal use of (a) aircraft owned (based on fuel, landing, repositioning and catering costs and crew travel expenses) or leased (based on hourly fees) by the Company ...	62
Travelers	23-Mar-07	Our calculation of incremental cost for the personal use of Company aircraft considers the increase in variable costs incurred as a result of a personal flight such as fuel, maintenance, labor, parts and avionics, and parking fees, crew travel and supplies. The incremental cost calculation does not consider fixed costs such as salaries, insurance and hangar costs which would have been incurred regardless of any personal use.	40
Union Pacific Corporation	28-Mar-07	The aggregate incremental cost for Use of Corporate Aircraft is computed by multiplying the variable cost per air mile by the number of miles used for travel other than for Company business (including empty plane miles). The variable cost per air mile is the cost incurred for flying the plane divided by the number of miles flown. Costs may include jet fuel, catering, or pilot personal expenses.	42
United Technologies	23-Feb-07	Variable operating costs include fuel, calculated on the basis of aircraft specific average consumption rates and fleet average fuel costs, fleet average landing and handling fees, additional crew lodging and meal allowances, catering, and where applicable, hourly maintenance contract charges. Because fleet-wide aircraft utilization is primarily for business purposes, capital and other fixed expenditures are not treated as variable operating costs relative to personal use.	17
UST	22-Feb-07	The aggregate incremental cost is calculated by dividing an individual's total personal flight miles by the total annual flight miles of the aircraft and multiplying that amount by the total annual variable costs incurred by the Company's Aviation department, including fuel, flight administration, catering, meals, flight attendants, repairs and incidental expenses.	27

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Verizon	28-Mar-07	The methodology used to determine the incremental costs of the personal use of the Company aircraft is the total 2006 personal flight hours multiplied by the incremental aircraft cost per hour. The incremental aircraft cost per hour is derived by adding the annual aircraft maintenance costs, fuel costs, aircraft trip expenses and crew trip expenses, and then dividing by the annual flight hours.	38
Viacom	20-Apr-07	The incremental cost of use of our aircraft is calculated by dividing the total variable costs (such as fuel, aircraft maintenance, landing and navigation fees and flight crew expenses) by the total flight hours for such year and multiplying such amount by the individual's total number of flight hours for non-business use for the year. Incremental cost does not include certain fixed costs that we incur by virtue of owning the plane. Net incremental cost after reimbursement of \$48,999 by CBS Corporation in accordance with the terms of our agreement with them.	39
Visteon	16-May-07	We calculate the aggregate incremental cost to the Company of any personal use of the corporate aircraft based on an average hourly operating cost of the aircraft, which includes the cost of fuel, crew travel expenses, on-board catering, airport landing fees and parking costs, customs charges, communications expenses, post-flight inspections and minor maintenance costs (costs less than \$5,000 per action). Because the corporate aircraft are used primarily for business travel, we do not include the fixed costs that do not change based on usage, such as the crew's salaries, the purchase or lease costs of the corporate aircraft, hangar rental fees, insurance premiums and major maintenance costs (costs greater than or equal to \$5,000 per action).	19
Wachovia Corporation	09-Mar-07	Incremental costs have been calculated based on the variable operating costs to Wachovia. Variable costs consist of trip-specific costs, including fuel, catering, mileage, maintenance, universal weather-monitoring, landing/ramp fees and other miscellaneous variable costs. Incremental cost calculations do not include fixed costs. Corporate aircraft are used primarily for business travel. On certain occasions, an executive's spouse or other family member may accompany the executive on a flight. Calculations exclude spouse or other family member when such travel is necessary for business purposes.	28

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		The board of directors has required Wachovia's chief executive officer to use company aircraft for all travel whenever practicable for security reasons and provides for tax gross-up payments to offset the tax impact of imputing this expense as income to him. In 2006, Mr. Thompson was reimbursed \$9,080 for taxes associated with personal use of company aircraft. No other executives are required to use company aircraft for all travel and accordingly, do not receive tax gross-ups for their personal use of company aircraft.	
Wal-Mart	01-Jun-07	The value shown for personal use of Company aircraft is the incremental cost to the Company of such use, which is calculated based on the variable operating costs to the Company per hour of operation, which include fuel costs, maintenance, and associated travel costs for the crew. Fixed costs that do not change based on usage, such as pilot salaries, depreciation, insurance, and rent, were not included.	38
Washington Mutual, Inc.	19-Mar-07	We own partial interests in corporate jets, which we primarily use for the Company's business-related transportation. The jets are operated on our behalf by a third-party service and the Company is entitled to a limited use of the jets. We have calculated our Company's incremental costs for each personal flight to include an hourly rate, fuel charges, applicable taxes and Segment and miscellaneous fees.	31
Whirlpool	12-Mar-07	Our incremental cost for personal use of Whirlpool aircraft is calculated by multiplying the aircraft's hourly variable operating cost by a trip's flight time, which includes any flight time of an empty return flight. Variable operating costs are based on industry standard rates of our variable operating costs, including fuel costs, trip-related maintenance, landing/ramp fees and other miscellaneous variable costs.	38
Wm. Wrigley Jr. Company	13-Feb-07	The aggregate incremental cost of Mr. Wrigley, Jr.'s personal use of the corporate aircraft is determined on a per flight basis and includes the cost of actual fuel used, the cost of on-board catering, the hourly cost of aircraft maintenance for the applicable number of flight hours, landing fees, trip related hangar and parking costs, universal weather monitoring costs, if applicable, crew expenses and other variable costs specifically incurred.	26
Wyndham Worldwide	12-Mar-07	Aggregate incremental cost to us (and/or Cendant) for personal use of company aircraft. These costs are calculated using a standard rate per mile flown plus terminal charges.	27
YUM! Brands, Inc.	06-Apr-07	We calculate the incremental cost to the Company of any personal use of Company aircraft based on the cost of fuel, trip-related maintenance, crew travel, on board catering, landing and license fees and contract labor.	52

Company Name	Proxy Statement Date	Language	Page No.
Zimmer Holdings, Inc.	22-Mar-07	We calculate incremental cost of non-business use of corporate aircraft based on the variable operating costs to us, including fuel costs, trip-related maintenance, crew travel expenses, landing/ramp fees and other miscellaneous variable costs. We do not include in the calculation of incremental costs fixed costs that do not change based on usage, such as pilots' salaries, the lease costs of the aircraft, and the cost of maintenance not related to trips.	21