

Unusual Perk: \$62,000 Bill for a Curtailed Vacation Discovery Communications reimbursed general counsel

Theo Francis | Apr. 10, 2015

Executive perks are getting whittled away under pressure from investors. But unusual ones still do crop up.

Case in point: Discovery Communications Inc.'s \$62,000 bill for a scotched vacation. The pay-television programmer's proxy filing says in a footnote that its general counsel, Bruce Campbell, was reimbursed \$30,033 in travel expenses for his family when the company called him back from vacation on urgent business. Mr. Campbell is also Discovery's chief development and digital media officer, and he oversees company M&A activity.

Discovery also paid Mr. Campbell another \$31,980 to cover the taxes he would have to pay on the reimbursement, plus the taxes he would have owed on the payment to cover his taxes. Mr. Campbell's total compensation last year was \$7.6 million in cash and equity.

A company spokeswoman wouldn't say what the business was, but said the company felt it needed to make the reimbursement after bringing Mr. Campbell's family of six, including a toddler, abruptly back from Europe over Christmas.

"We would have done the same for any employee," the spokeswoman said. The footnote was spotted by Rosanna Weaver, who analyzes proxies for [As You Sow](#), a shareholder activist group focusing on environmental and social issues.

The reimbursement falls into fraught territory for companies and executives: expenses the company considers worthwhile, but which don't technically fit into the business-expense categories recognized under tax and reporting rules. When employees are called home from vacation, their tickets would likely qualify as business expenses, not compensation, but family travel may not qualify.

It also gets into controversial territory with the tax "gross-up." For years, companies covered the taxes on all manner of executive perks. But after concerted investor pressure, the benefit has become much less common.

Discovery also grosses up other perks listed in its proxy. For example, it also paid \$50,324 to offset taxes incurred by Chief Executive David Zaslav when business associates or his spouse accompanied him on the company's jet.

Discovery makes clear those gross-ups weren't for purely personal travel, but for "travel at the request of the company that is not considered business use." Elsewhere in the proxy, the company gives an example: "e.g., when Mr. Zaslav's spouse accompanied him to a business event in which attendance by a spouse is customary and serves our business interests." Other companies sometimes make similar gross-ups.



David Zaslav is CEO of Discovery Communications. PHOTO: ALBERTO E. RODRIGUEZ/GETTY IMAGES

In all, Mr. Zaslav received nearly \$300,000 worth of personal flights on company aircraft, much of which wasn't grossed up for taxes, the proxy says. Discovery was in the news a week ago for Mr. Zaslav's \$156 million in total pay in 2014.

Much of that came as a bonus for signing a new employment agreement, with about \$145 million coming in the form of stock and options that vest over time. The company also cited its growth during Mr. Zaslav's tenure since 2007 in explaining the pay package. The company's shares fell 25% in 2014. Mr. Zaslav made \$33.3 million in 2013 and \$49.9 million the year before that.