



Shaquille O'Neal is one of the jetsetters who share partial ownership of planes.

LIFE

SHOWBIZ BLAZES TRAIL IN SKY



'Fractional ownership' gives full-fledged privileges

By ANN DONAHUE

Thanks to new financing flexibility, even those who don't make \$20 million a picture are joining the jet set. It's called "fractional jet ownership," and it's part of the package enticing nose-to-the-grindstone Hollywood players like Arnold Rifkin, Brad Grey, Peter Chernin and attorney Jim Jack-
oway to the friendlier skies of private flight.

Travelers and corporations pay for part of a plane based on the estimated amount of time it will be used over the course of a five-year contract, saving money over what could be an outright purchase price of \$90 million for top-of-the-line luxury.

Concept is similar to time-

upkeep necessary to maintain such transports.

The convenience of being able to get your very own plane within four hours of a phone call is what attracts execs and creatives as well as A-listers like Matt Damon and Ben Affleck. It makes it all the easier to combine a little bit of

The quick turnaround on smaller jets can also help industries in that the plane that takes Foster from L.A. to Idaho could pick up Kurt Russell from a promotional appearance and immediately fly him to Chicago.

For those who fly between 100 and 800 hours a year, the fractional ownership model makes financial sense, Wei says.

For someone interested in buying 50 hours in an eight-passenger jet — about 7% of its total available time — the one-time fee would be \$375,000 based on the jet's overall price. Customers also pay a monthly management fee — including maintenance, insurance and training costs — running from about \$40,000 a year on up, according to aviation sources.

Finally, there is an hourly fuel charge for when the plane is in actual use. Some wags call jet fuel liquid gold, as the current cost is about \$2.30 a gallon and thousands of gallons are necessary for a cross-country flight.

The grand total over the typical five-year contract is just over \$2 million. To buy a small jet outright would cost \$6 million up front, excluding all the taxes, maintenance and insurance charges.

Other industries are infamous about the jets given to their top-pers as bennies — especially in the

business and pleasure — and in a plane with room to move about and which comes with its very own catering service.

Victoria Wei, an attorney who specializes in aviation issues in the Washington office of Morrison and Foerster, says more and more midlevel Hollywood execs are asking for private jets as part of their compensation package, extending the perk beyond the toppers of companies. "It's the cachet. It's a full concierge service on a plane."

Also, smaller private jets have access to regional airports that full-scale jets are too large for, making it all the easier for Jodie Foster to shuttle to Sun Valley or Chernin to vacation in Martha's Vineyard.



PAMPERED CUSTOMERS: It's more than just a jet that comes with "time-sharing" planes — some come with limo service as well.

share arrangements for vacation homes, except when you own a part of a plane, there are no limitations on travel. With one phone call and four hours' notice, one of hundreds of planes in the fleet of fractional jet owners can be sent to the closest regional airport.

"Outright buying a plane is very, very expensive," says Kevin Russell, senior VP of marketing and international sales at NetJets, a Berkshire Hathaway subsid based in Woodbridge, N.J., that claims to "own Hollywood" when it comes to private jets.

"It's like getting a boat. The two happiest days are the day you buy it and the day you sell it," he says of the seemingly bottomless well of expenses and



PLENTY OF LEGROOM: Fractional ownership doesn't mean a partial seat; on the contrary, it includes full concierge service and comfort.

tech world. Carly Fiorina, CEO of computer maker Hewlett Packard, ordered an upgrade to two Gulfstream IV private jets after the company's existing ones were deemed too cramped.

Apple Computer topper Steve Jobs famously made the public relations move of accepting only a \$1 salary — although the board of directors of the company did bestow upon him a souped-up \$90 million Gulfstream V as a bonus for all his hard work.

But certain flyboys still want to buy their own toys. Obviously, once someone reaches the \$20 million-a-movie plateau, he or she actually can buy a jet — or two, in the case of Harrison Ford. John Travolta is well known to take to the air in his own jet out of L.A.'s Van Nuys Airport.

But others have gone full circle on jet ownership. Arnold Schwarzenegger, who at one point outright owned numerous planes, is a client of NetJets and has vowed to never again buy another one for himself, citing the convenience as well as the money he's saved on hangars, insurance and maintenance.

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Another popular financing option is provided by companies like Credit Suisse First Boston-financed eBizJets. Those who sign up with a minimum opening balance of \$100,000 become "Travel Card" members, under a debit system in which they can fly as much as

they want. Prices range from \$1,850 per hour for a round trip on a small airplane to \$4,350 per hour round trip on a jet that seats more than 10.

But living high has an image downside, too. One agency abandoned its fractional jet ownership not because of the cost but due to the perception of arrogance it created to have agents hopping across the country in their very own on-call jet.

No doubt this perception extends from the literally high-flying antics of some private jet owners in the past, including assorted debaucheries aboard the Warner Bros. party plane to Acapulco, where the margaritas kicked in well before the plane landed or to Kirk Kerkorian setting up a hibachi in the aisle of his plane to grill a steak. However, execs at fractional jet ownership companies say such excess has been tamed.

That's not to say that when the elite meet at the airport they don't get special treatment, beyond the privacy awarded by not flying commercially.

On Sept. 12, Los Angeles Lakers star Shaquille O'Neal called Justin Firestone, head of marketing for athletes and entertainers at eBizJets' office in Los Angeles, to verify that appropriate background checks had been done on the pilots who fly with the service. Firestone assured him that each had, indeed, passed muster — and just to make the all-star feel a little safer, he provided O'Neal with a police escort, full sirens and all, the next time he flew with the service.

"Really, he's just a big kid," Firestone recalls. "He loved it."