



Wintergreen Advisers Cites Changes in Coca-Cola Proxy, But Big Issues Remain

Campaign against 'Big Grab' fostered better disclosure, but pay remains excessive; Coca-Cola strategy lacks boldness and urgency of Heinz and Kraft restructurings.

April 13, 2015 1:00 PM Eastern Daylight Time

New York, NY – (Business Wire) - Wintergreen Advisers today issued a report on The Coca-Cola Company's (NYSE:KO) 2015 Proxy Statement.

David J. Winters, CEO of Wintergreen Advisers, said: "While there has been progress in some areas at Coca-Cola, the board continues to give Muhtar Kent and his team excessive rewards, and we question whether many Coca-Cola directors are able to vigorously act for all shareholders given their overlapping business interests."

"Meanwhile, Coca-Cola lags behind while other consumer brands like Heinz and Kraft pursue bold restructurings. Coca-Cola's board and management lack a sense of urgency to address Coca-Cola's problems and increase shareholder value. There are three big questions around Coca-Cola," Winters said:

"What is keeping Coca-Cola from carrying out transformative strategies like those implemented at Heinz and planned for Kraft?"

"Why does this management continue to receive excessive compensation while missing the performance targets set by the board?"

"When will the board act to correct this situation?"

Liz Cohernour, Chief Operating Officer of Wintergreen, said: "Wintergreen plans to vote against Coca-Cola's directors because we believe they have not exhibited the leadership and independence needed to restore shareholder confidence and return the company to profitable growth. We urge Coca-Cola shareholders to carefully consider these issues."

The report notes that a year ago Wintergreen brought attention to what it saw as serious pay and governance problems at The Coca-Cola Company, beginning with a proposed equity compensation plan it called "Coke's Big Grab" for its potential for whopping payouts to management. Coca-Cola later said it would curtail the plan.

This year, the Wintergreen report notes, Coca-Cola's proxy statement contains better disclosure than a year ago regarding the value of equity incentive compensation and required performance hurdles for management.

Importantly, it shows Coca-Cola did not issue secret bonus shares – the much-criticized stock awards granted without criteria. However, the proxy statement shows Coca-Cola is falling short in other important areas.

Wintergreen believes the Coca-Cola 2015 Proxy Statement:

- Contains a misleading characterization of CEO Muhtar Kent’s pay. Coca-Cola’s proxy statement says Muhtar Kent “respectfully declined” his annual incentive award, suggesting he took a meaningful pay cut. In fact, the board increased his stock and option awards, making his total pay about even with 2014.
- Shows missed performance targets that were apparently overlooked when awarding pay for top managers. Coca-Cola managers failed to meet two out of three of their annual performance targets, and met only the very bottom end of the third.
- Lowers performance hurdles for management in 2015 versus 2014. Coca-Cola’s management not only failed to meet its performance targets in 2014, but the 2015 proxy shows the Coca-Cola board has lowered the 2015 performance bar for the coming year, making it easier for management to earn their annual bonuses.
- Understates the dilutive effect of Coca-Cola’s equity compensation awards. Coca-Cola touts a figure of “\$4.2 billion in gross share repurchases” on two different locations in their 2015 proxy statement, when in fact, net of dilution from equity compensation, buybacks were only \$2.6 billion in 2014. Similarly, the company says it repurchased 98 million shares in 2014, but its shares outstanding only declined by 36 million because of the dilutive effects of equity compensation.
- Raises questions about the directors’ ability to be forceful advocates for all shareholders. Many board members have overlapping business interests, and several have business ties with investment bank Allen & Co. - whose CEO is Coca-Cola director Herbert Allen. Wintergreen believes these business ties can make the board an insular club rather than a vigilant protector of shareholders’ interests.

The Wintergreen report is available at: <http://www.wintergreenadvisers.com>

About Wintergreen Advisers

Established in 2005, Wintergreen is an independent global money manager that employs a research-driven value style in managing global securities. As of March 31, 2015, Wintergreen Advisers had approximately \$1.5 billion under management on behalf of individuals and institutions through its mutual fund and other clients, and is based in Mountain Lakes, New Jersey. For further information on Wintergreen Advisers, please visit www.wintergreenadvisers.com.

Additional information regarding Wintergreen’s views on the issues at The Coca-Cola Company may be found at www.FixBigSoda.com. For information, forms and documents regarding Wintergreen’s U.S. mutual fund, please visit www.wintergreenfund.com.

Contacts

Wintergreen Advisers, LLC
973-263-4500
press@wintergreenadvisers.com
Follow Wintergreen Advisers on Twitter: @WintergreenAdv

THIS IS NOT A SOLICITATION OF DIRECT OR INDIRECT AUTHORITY TO VOTE YOUR PROXY. PLEASE DO NOT SEND US YOUR PROXY CARD; WINTERGREEN ADVISERS, LLC AND ITS AFFILIATES ARE NOT ABLE TO VOTE YOUR PROXIES AND THIS COMMUNICATION DOES NOT CONTEMPLATE SUCH AN EVENT.

THIS RELEASE INCLUDES INFORMATION BASED ON DATA FOUND IN FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, INDEPENDENT INDUSTRY PUBLICATIONS AND OTHER SOURCES. ALTHOUGH WE BELIEVE THAT THE DATA ARE RELIABLE, WE HAVE NOT SOUGHT, NOR HAVE WE RECEIVED, PERMISSION FROM ANY THIRD-PARTY TO INCLUDE THEIR INFORMATION IN THIS RELEASE. MANY OF THE STATEMENTS IN THIS RELEASE REFLECT OUR SUBJECTIVE BELIEF.

THE INFORMATION CONTAINED HEREIN IS NOT AND SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE, AND DOES NOT PURPORT TO BE AND DOES NOT EXPRESS ANY OPINION AS TO THE PRICE AT WHICH THE SECURITIES OF THE COCA-COLA COMPANY MAY TRADE AT ANY TIME. THE INFORMATION AND OPINIONS PROVIDED HEREIN SHOULD NOT BE TAKEN AS SPECIFIC ADVICE ON THE MERITS OF ANY INVESTMENT DECISION. INVESTORS SHOULD MAKE THEIR OWN DECISIONS REGARDING THE COCA-COLA COMPANY AND ITS PROSPECTS BASED ON SUCH INVESTORS' OWN REVIEW OF PUBLICLY AVAILABLE INFORMATION AND SHOULD NOT RELY ON THE INFORMATION CONTAINED HEREIN. NEITHER WINTERGREEN ADVISERS, LLC NOR ANY OF ITS AFFILIATES ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY DIRECT OR CONSEQUENTIAL LOSS HOWSOEVER ARISING, DIRECTLY OR INDIRECTLY, FROM ANY USE OF THE INFORMATION CONTAINED HEREIN.