Wintergreen Advisers Poses Twelve Urgent Questions for Coca-Cola

Wintergreen calls for answers on company's operations, costs and governance

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New York, NY – (Business Wire) - As The Coca-Cola Company (NYSE: KO) prepares to announce its third-quarter 2014 financial results on October 21, Wintergreen Advisers today released a list of twelve questions for the company to address during its conference call with investors.

Wintergreen urges Coca-Cola to provide detailed information in three critical areas – restructuring its bottling operations, streamlining expenses, and improving accountability.

David J. Winters, CEO of Wintergreen Advisers, said: "Coca-Cola is not making sufficient progress on cutting costs, a major initiative – restructuring its vast bottling network – is cloaked in secrecy, and those responsible for the company's 2014 equity compensation plan are still at their posts. This situation cannot continue. It is time for Coca-Cola to get serious about revitalizing its business, and it can start by providing information about these issues."

Wintergreen's questions are:

Restructuring Coca-Cola's Bottling Operations

1. Why is there not more robust financial disclosure regarding Coca-Cola Refreshments (CCR), its North American bottling and distribution segment? Coke needs to provide more detailed disclosure regarding CCR so that all investors may determine whether or not the $12+ billion purchase of Coca-Cola Enterprises North American business, the predecessor to CCR, has been a productive use of shareholder cash.

2. Fixing up CCR and refranchising bottling operations was touted as a four-year process when the business was created in 2010. We are approaching five years - where do we stand on refranchising?

3. Why haven't investors seen specific plans for refranchising company owned bottlers outside the U.S. in countries such as China, Germany and India, among others?

Streamlining Expenses

4. Coke has recently announced a $1 billion cost savings and productivity initiative. For a company with a nearly $200 billion market capitalization, $1 billion of cost cutting initiatives appears to be an uninspiring goal. Many analysts have suggested $3 billion to $5 billion in potential annual savings is realistic – why is Coke not aiming for these higher targets?

5. Why does the Coke system need nearly 100 manufacturing plants in the U.S. when Anheuser-Busch InBev, a company of comparable size and scale, requires only a dozen?

6. At a time of what we view as sluggish growth and lackluster results, why is Coke spending $100+ million on a major renovation of its Atlanta headquarters? We believe Coke should be downsizing and cutting expenses, not further bloating the corporate structure.

7. Coke's selling, general, and administrative expenses as a percentage of sales is far higher than almost all consumer packaged goods peers, even after adjusting for advertising spending. Why? What specific steps are being taken to make the company more efficient? When will Coke's antiquated supply chain be restructured and modernized?

8. Coke's revenue per employee is far below many of its consumer packaged goods peers. Why? What specific steps is Coke taking to streamline the company?

Strengthening Accountability

9. When can Coke's shareholders expect to see some board members held accountable for the 2014 Equity Compensation Plan debacle?

10. What are the criteria for invoking a clawback on bonuses and options related to past poor deals such as Glaceau and potentially CCE North America?

11. What role did Muhtar Kent have in structuring the 2014 Equity Compensation Plan in both its original and revised format? Why is the CEO, who likely stands to benefit more than anyone from this compensation plan, involved at all in structuring it?

12. The Coca-Coca Company, which mixes and distributes a simple product based on a largely unchanged, 19th-century formula, would appear to be able to be capably managed by a newly graduated MBA student. So why then is the Coca-Cola board so generously rewarding a management team that we believe has failed to be good stewards of the business, refuses to be accountable for past mistakes and, in soliciting shareholders' votes, has presented misleading information?

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