

News

## Coca-Cola Cuts CEO Kent's Pay After Revamping Equity Program

Coca-Cola Co. slashed pay for Chief Executive Officer Muhtar Kent by 42 percent last year, following through on changes to a compensation plan that had drawn investors' ire.

Kent's reported pay for 2015 fell to \$14.6 million from \$25.2 million in the previous year, according to a proxy filing on Wednesday. The Atlanta-based company vowed in late 2014 to scale back its equity-based compensation, including stock options, to allay investors' concerns that their stakes were being diluted.

"We updated the annual incentive program to reflect the company's increased focus on driving top-line and bottom-line growth," Mel Lagomasino, chairman of Coca-Cola's compensation committee, wrote on the company's blog. "Reflecting 2015 as a transition year for the company, we reduced the number and value of long-term incentive awards."

Coca-Cola introduced more, smaller package sizes last year to counter declining soda consumption among increasingly health-conscious consumers in the U.S. and other major markets. Kent also oversaw \$3 billion in cost cuts and sold off bottling plants to franchise operators. The board added net operating

revenue and pretax profit growth as metrics for his annual bonus, shifting some of its focus away from sales volumes.

The \$7.7 million target value of Kent's equity awards for 2015 is roughly half that of the previous year. In a set of guidelines released in October 2014, Coca-Cola said it would grant fewer stock options and trim the number of employees eligible for such awards. About 6,500 Coca-Cola workers received equity as part of their 2014 pay, according to a filing.

### WINTERS REVOLT

The move came after 17 percent of Coca-Cola shareholders elected to not support the company's proposed equity pay plan. Money manager David Winters led the charge, saying that the beverage-maker's plan could dilute shareholders by as much as 16.6 percent over its life. At the time, that represented \$29.8 billion of the company's market value.

Coca-Cola had argued that the dilution would be far less. In the latest proxy, the company said actual equity dilution was 0.3 percent.

Winters praised the changes to the stock program.



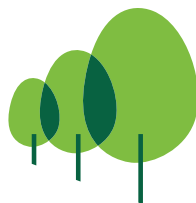
Muhtar Kent. Photographer: Simon Dawson/Bloomberg

"Wintergreen is ecstatic that Coca-Cola finally took action on our analysis of Coke's bloated equity bonus plan," he said in an e-mail.

Kent's pay last year also included a \$1.6 million salary and \$4.6 million cash bonus. An accounting change for the value of his pension and deferred compensation stemming from Americans living longer helped boost his reported pay for 2014 by \$7.1 million. Last year's figure included no such adjustments.

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