
BEVERAGE DIGEST

Volume 49, No. 14

Bedford Hills, NY

December 7, 2006

Special Issue: Coke Names Muhtar Kent President and COO.

Coke System Veteran Will Oversee Global Operations and Report to Isdell.

Keough Calls Kent 'Superb Executive.' 'Affection' for Bottlers. Says Isdell and Kent Are 'Dream Combination.' **Hunter Cites Kent's 'Great People Skills' and 'Great Integrity.'**

Coca-Cola Co announces Muhtar Kent, president of its international business, will become president/COO effective immediately. Like chairman/CEO Neville Isdell, Kent has worked both at the company and in bottling. Isdell: "For most of his 28 years in our system, I have worked closely with Muhtar. He is an excellent and focused leader, and I look forward to working, and winning, with him as we take The Coca-Cola Company to a future of sustained growth." Coke executives who have worked with Kent say he is a "strong leader" and "excellent operator." Said one senior executive, "Muhtar is a good businessman who knows how to make money."



Keough. Former Coke president Don Keough: "I've known Muhtar and been aware of his management skills since he joined the company. I had the privilege of working closely with him and his then boss Neville Isdell when they opened up eastern Europe for the company after the Iron Curtain came down." Adds: "I've had the opportunity of watching a superb executive in action. He has enormous energy, affection for the bottlers and a love affair with the company and (brand) Coca-Cola. His working side-by-side with Neville is a dream combination."

Brock. CCE has recently been putting pressure on Coke for more non-carb innovation. CCE CEO John Brock tells BD: "I look forward to working with Muhtar on the challenges and opportunities that we face in North America and Western Europe."

Williams. Coke board member -- and retired SunTrust bank chairman Jimmy Williams -- says of Kent, "the guy has a real presence. He reminds me of Keough." Adds, "he knows the business." Asked about how he and Isdell will work together, Williams says, "they have great mutual respect."

Hunter. John Hunter, who was president of Coke International in 1990's, says he has known Kent for many years. Adds that early on, "he was one of the most promising executives at the company, and he's proven that out to be true." Adds, "I was on the board of Coke Amatil when he worked there, and he did a first-class job." Continues: "He has great people skills. He understands the bottling system. He's a person of great integrity."

Coke executive. Senior Coke executive who has recently worked closely with Kent calls him an "action-oriented, can-do business leader." Adds: "He's a seasoned veteran at managing bottler relationships. He's a no-nonsense operator who speaks their language."

**WARNING: Unauthorized reproduction in whole or in part is a violation of Federal Law.
Violators are liable for actual damages or statutory damages up to \$100,000.**

Management structure. Kent, as COO, will oversee company's global operations. As such, North American head Sandy Douglas will report to him, as will heads of other operating units. Mary Minnick -- Coke's head of marketing/strategy/innovation -- will continue to report to Isdell. But sources say she and Kent "will have to work very closely together." Reporting to Kent will also be Irial Finan who runs Coke's company-owned bottling operations and oversees company's bottling investments. Financial, legal, public affairs and human resource functions will continue to report into Isdell.

Succession. Isdell became chairman/CEO of Coke in mid-2004. At the time, Steve Heyer was COO. But a short time later, Heyer and Coke announced he would leave the company; he eventually became CEO of Starwood. Since then, Coke has not had a COO. Though this move does not mean that Kent will succeed Isdell, it does mean he is, for now, the leading candidate. However, being COO of Coke in recent years has not translated into succession to the CEO spot. Neither Steve Heyer nor former president Jack Stahl made it.

Background. Kent, age 54, first joined Coke in 1978 and has held what Coke describes as "a variety of marketing and operations roles." In 1985, he became general manager of Coke Turkey/Central Asia. He joined Coke Amatil -- Coke's big bottler based in Sydney, Australia -- in 1995. He left Amatil after the insider trading incident (see below). From 1999 until rejoining Coke in 2005, he was president/CEO of Efes Beverage Group, which is a major stockholder of Turkish bottler Coca-Cola Icecek.

Wall St. analyst views. Morgan Stanley. Bill Pecoriello: "Muhtar is a highly respected emerging markets operator. His challenge will be driving improvement in key developed markets such as North America, Japan and West Europe." Sanford Bernstein. Robert van Brugge: "Neville Isdell must be feeling increasingly confident that the turnaround is gaining traction, as he is stepping a little further away from the day-to-day operations of the business." Deutsche Bank. Marc Greenberg: "Kent's portfolio of experience is unrivalled, having run Coke Amatil, Efes Group and for the last year the international business." Adds: "With Isdell now more freed up to build strategy, we sense the 'big deal' (i.e. buying Danone w/Kraft, or preferably consolidating CCE), may be more likely."

Amatil stock sale. As previously reported (BD 11/3/06), when Kent worked at Coke Amatil and ran its European operation, he sold short 100,000 Amatil shares in 1996 "at a time when confidential information" re Amatil "had not been made public," according to Australian regulators. After an investigation, he repaid the profit from the sale, and there was no further action. According to Australian regulators, Kent said his decision to sell the shares was not influenced by any information he possessed re Amatil's results and "he had been assured by his financial advisers, and believed, that the sale was legal." A Coke system executive who knows Kent told BD: "When this happened, (Kent) was upset and embarrassed. This is a man who values his honor and integrity."