

## Coca-Cola's CEO Muhtar Kent Sees a World of Opportunity

**Muhtar Kent, Chairman of the Board and Chief Executive Officer, The Coca-Cola Company**  
**May 19, 2010**

### SOUND BITES FROM CHAIRMAN KENT'S SPEECH

**Taxing Non-U.S. Income:** The vast majority of foreign corporations that are not based here — outside of America — that compete with American firms ... pay taxes only to the countries that they operate in on profits earned in those countries.... The United States is part of a very, very short list of countries that actually have a worldwide system in the way that they apply the tax rules. **Corporate Tax Rate:** I'm not opposed to taxes. In fact, we at Coca-Cola are actually very supportive of programs that actually address the demands that we are all placing on our government. But having one of the highest corporate tax rates — one of the highest corporate tax rates — in the world today and having a system of foreign income taxation that is more onerous than that of any other developed country in the OECD actually does not bode well for the future competitiveness of our country. U.S. policies in this regard are now going to counter the rest of the world. **Overseas Markets:** we're a better company today and a larger contributor to the American economy today because we succeed overseas. In fact, almost 80% of our revenue, the revenue of the Coca-Cola Company, comes from markets outside of the United States. **Shipping Jobs Overseas:** far from shipping jobs overseas, which is some of the paranoia that's going on, we're creating real and tangible benefits for Main Street America. It's a wrong phenomenon to think that investing abroad takes jobs overseas. **Small Business:** Entrepreneurs, small- and medium-size American companies are tightly connected into our global operations at Coca-Cola. They play a critical, instrumental role in our success, and also our success in helping them develop and grow. I think that one of the great untold stories is just how much mutual dependency exists between large and small businesses. **Education:** Continuous education, vigorous education, focused education, which is the antidote of so many challenges that face every day our society. And all of that which is none more critical than job creation. We can shout the benefits of free trade, shout the benefits of free global trade until we have no voice, but that won't begin to heal the hurt of just one person whose job has been lost. **Secret Formula for Coca-Cola:** Tonight I met a representative from SunTrust who is their representative in the Southeast....The formula for Coca-Cola is in a vault in the SunTrust bank in Atlanta, so you should go and ask him about the formula....I don't know the formula. **PepsiCo:** I have great respect for that company.... The two companies are very different. The Coca-Cola Company is a purely beverage company. Everything that we do, 93,000 employees of the Coca-Cola Company, and 700,000 employees of the Coca-Cola system around the world — that means all those people who are employed by the Coca-Cola bottlers, all of them who are partners and subsidiaries of the Coca-Cola business — think every single minute about the beverage business, about the 500 brands of the Coca-Cola Company, about how to develop more successfully and grow sustainable our 500 brands, our \$14-billion brands, our 500 brands in total, whereas that company that you mentioned is not fully, obviously, a beverage company. They have snack foods, they have beverages, they have other businesses, and therefore, we are very different in terms of the structure, in terms of the model, and in terms of how we operate.

**National Soda Tax:** It's an important social issue in this country and in some other countries in the world. The solution to a complex social issue is far from a tax. A tax has never solved a complex social issue. I believe that it is a triangle where government, business, and civil society have to cooperate closely to ensure that we can address the issue properly, address the issue of energy balance, address the issue of incoming calories, outgoing calories.

DAVID RUBENSTEIN: Thank you. I'm David Rubenstein, President of The Economic Club of Washington. Welcome to our seventh event this year, our 23<sup>rd</sup> season. We have a full program tonight. We have a great guest speaker. For those of you who are in the business world and aren't often certain whether you're going to be successful in the business world and maybe you've had some failed ventures, let me tell you a little story.

In 1886, a chemist, pharmacist, near Atlanta was mixing some potions. Those potions were designed to solve some problems that came about because of mosquitoes or other things to try to make people feel better. He put one formula together, put some water in it, didn't think it was very good, and put it aside. His assistant added carbonated water to it, drank it, and said this tastes really good. And that became The Coca-Cola Company.

The chemist who put the formula together had failed in 18 business ventures before he got this one off the ground. Dr. Pemberton became, of course, famous as the founder of Coca-Cola. This company has just now celebrated this month its 124<sup>th</sup> anniversary. Since that time 124 years ago, no brand and no company in the world has a product with as iconic a name and as well-known a brand as Coca-Cola.

Today, the company operates in 206 countries around the world, has 93,000 employees, sells about \$31 billion of products every year — and think about this: In any given year — let's say last year — you take the entire population of the world, and roughly 86 8-ounce servings of Coca-Cola-related products — Coca-Cola or their other beverages — are consumed by every man, woman, and child on the face of the Earth. So 86 8-ounce servings are consumed, in effect, by every man, woman, and child in a year on the face of the Earth. So that's a lot of products.

The company was very Atlanta-bound and very traditional in many ways. But it began to change its ways not too long ago and began to become even more international in its presence. And that's symbolized by the person who is our guest tonight, the CEO of the company.

Muhtar Kent was born in the United States of Turkish parentage. His father, at the time, was the Consul-General in the United States. But his father, when he was the Consul-General in Marseilles during World War II, did a great deal of great work in saving Jews from the Holocaust and actually is known as the "Turkish Schindler."

His father later became Ambassador to several other countries, and Muhtar grew up in Tehran, in Thailand, in India, and ultimately completed his high school work in Turkey. From there, he got his undergraduate degree and his MBA in London at the University of London. Then he came back to the United States, the country in which he was born, and, looked for a job, and how did you look for a job in the old days? You looked through the newspapers.

So he found an ad that said Coca-Cola wants to hire bright young men. He got a job, in effect, selling Coca-Cola off of a truck. He did that for 8 months; ultimately, his talent became apparent; he worked his way up. From 1978 to 1999, he rose up to a series of very important positions in Coca-Cola.

Then, in 1999, he decided to leave, go back to Turkey, and join another beverage company, which was a large franchisee of Coca-Cola. He took that company public. In 2005, he was asked by one of his mentors to come back to Coca-Cola and to head up the Middle East/Eurasian/Asian division of Coca-Cola, which he did. Very quickly, he rose up, and in 2008, he became the CEO of Coca-Cola, and in 2009, CEO and Chairman of Coca-Cola.

While he's been running this global company, where he is on a plane, I think, more than I am — about 300 days a year — he has time as well for a lot of philanthropic activities. He's been almost from the beginning involved in the Special Olympics; he's on the board of the Special Olympics. Very importantly, he's the chairman of the corporate committee of the Kennedy Center, so many of you may be hearing from him on that as well. [Laughter.]

But he's had an incredible career; he is an incredible international businessman; speaks four languages, and he has a great sense of what really makes the business community work, and also, what makes this incredible American iconic brand sell all over the world. You're going to hear a little bit about that, so it's my honor to introduce Muhtar Kent. [Applause.]

MUHTAR KENT: Thank you, David, and good evening, everyone. What a great, wonderful privilege it is to be here at the spring dinner of The Economic Club of Washington.

What an honor it is to share tonight's program with our student scholars. Looking into the faces of those wonderful, young, incredible men and women, I see the future — a future of enormous opportunity and unlimited potential. Therefore, I want to wish my sincere best wishes to each and every one of them. I also want to applaud David, The Economic Club of Washington, the teachers, parents, and all of the wonderful members for your vision and also your support of this great program.

Your scholarship program actually reminds me very much of a similar program at Coca-Cola, at my company, called the scholar program. Back then, 24 years ago, when it was formed on the eve of The Coca-Cola Company's 100<sup>th</sup> centennial anniversary, two former, great leaders of my company wanted to help honor that anniversary with a sustainable gift. What became of those efforts is the Coca-Cola Scholars Foundation, as it is named, which has helped send over 4,500 bright, young men and women from across the nation to college. [Applause.] Thank you.

I've had the wonderful opportunity to speak at many Coca-Cola Scholar evenings and banquets, and that is also just like this one that we were able to all witness tonight, an extraordinary group of young leaders who really make us believe in the future of this great country.

Some have gone on to start their own businesses; many are here in Washington from the Coca-Cola Scholars working on Capitol Hill, K Street, the White House. Others have dedicated their lives to helping the poor in the most underserved areas of the world. We even have a few who work for Coca-Cola. Investing in education is the greatest down payment we can ever make — all of us. It's the foundation of our nation's future competitiveness and also future wellbeing.

Tonight, I'd like to spend a few moments talking about our national competitiveness, and really specifically, about the enormously important imperative to keep American businesses healthy and American businesses competitive.

I also want to express a concern. Sometimes it's a deep concern that I and many others share about some of the tax policies that are being considered right here in our country; policies that actually could potentially damage American businesses' ability to create American jobs, to invest in innovation, and to compete in a healthy, dynamic way in the global economy.

Today more than ever, our country, the U.S., needs to do everything in its power to encourage job growth right here in America. [Applause.] We also need a competitive tax structure on non-U.S. income of American companies. Non-U.S. income of American international companies keeps our businesses on a level playing field with our international competitors — and they are many and increasing by the day.

Let's be clear: In today's growing and interconnected global economy, American businesses' success internationally is essential, imperative, to our future competitiveness globally. Our success in the world is absolutely critical to our success here at home. If we are not successful internationally, we cannot be successful here at home as global, international, American businesses. And almost all of America's brand-name firms, such as mine, IBM, P&G, Microsoft, Caterpillar, to name a few, are all multinationals. Household brand names are all multinationals.

So in the world today, when you take the rest of the world, the vast majority of foreign corporations that are not based here — outside of America — that compete with American firms, pay taxes only to their home country; pay taxes only to the countries that they operate in — home country — on profits earned in those countries. In other words, profits earned outside of their home are taxed by those nations only where profits are earned.

So here is a reality that we're facing today. If you take the OECD nations, most OECD capital-exporting nations, and there are 31, have a territorial tax system for their international companies, countries such as — to name a few — Australia, Britain, Germany, France, Switzerland, and 21 more, they have a territorial system of taxation. Wherever the profits are made, it's taxed there; end of the story.

The United States is part of a very, very short list of countries that actually have a worldwide system in the way that they apply the tax rules. Very short list of countries. The

United States, our country, is one of them, and it gets to a quasi-level playing field only through a system called deferral. We've heard about that word, deferral. U.S. companies get to a quasi-level playing field with their international competitors only through this system called deferral.

Let me explain with a live example. Take a Dutch multinational company from Holland with operations in Malaysia. A Dutch company operating in Malaysia. After it does business for a year, makes a profit, it pays 25% corporate tax on the profits that the Dutch company makes in its Malaysian subsidiary. And then it can do whatever it wants — bring home the 75%, invest the 75%; it's free to do whatever it wants with the 75% after it pays Malaysian taxes.

By contrast, a U.S. corporation operating in Malaysia — take my firm operating in Malaysia — pays the same 25% tax. And if it decides to bring the profits to the U.S., it faces an additional 10% corporate tax in the United States for a total of 35%, leaving the U.S. firm with 65% instead of 75% for the Dutch firm to invest and to compete and to be competitive in the international arena.

American companies can defer the U.S. tax by keeping their profits abroad and not bringing them here. And naturally, guess what? Many do for that reason. Under proposals now being considered here in the U.S., benefits of deferral could further be restricted to put U.S. companies at an even greater disadvantage versus their foreign competitors operating under the territorial tax systems, which I just mentioned which most of the OECD countries actually have.

Please understand me. We at Coca-Cola are very much aware — cognizant — of the fiscal pressures the U.S. is facing today on a federal basis, state basis, local basis. We recognize, as all of us do, the critical need to improve our education system, to fix our healthcare system, to rebuild our aging infrastructure, promote research-and-development programs, critically strengthen national security, and a long list of other burning issues.

No question we, all of us, are asking a lot from our government every single day. And none of these needs can be addressed without revenue being generated in a sustainable manner. It's just a fact of life.

I'm not opposed to taxes. In fact, we at Coca-Cola are actually very supportive of programs that actually address the demands that we are all placing on our government. But having one of the highest corporate tax rates — one of the highest corporate tax rates — in the world today and having a system of foreign income taxation that is more onerous than that of any other developed country in the OECD actually does not bode well for the future competitiveness of our country. U.S. policies in this regard are now going to counter the rest of the world.

And it's not just me saying this. In recent years, 27 OECD countries out of 31 reduced their top corporate tax rates. A fact of life; just a statistic. The U.S. has not followed suit and it now has the second-highest rate of tax in 31 OECD nations. And many, many congressional leaders from both major parties, both Houses, agree that our corporate tax code lies well beyond the international mainstream.

Now, having said this, think about the many positive roles large, U.S. global businesses play in the U.S. economy. Forget international for a second. Today, global American-based companies like mine, like many others that I've just also referenced and those that I haven't referenced, all of these large global companies in America directly employ 22 million people here in America. They also indirectly employ another 41 million people through their supply chains. So a total of 60 million people; that's nearly 30 % — one in three — American people on the payroll. Thirty percent.

These livelihoods and jobs are totally interconnected with our global economy and also interconnected, totally linked, with the health and well-being of American companies and their ability to remain healthy and remain competitive on a global scale.

These jobs, by the way, are also the higher-paying — nearly 20% higher. These 60 million jobs — one-third — nearly 20% higher than the average private-sector job in the United States. Large U.S. global companies also account for a third, about \$3 trillion of the U.S. GDP. And these same businesses account for about 30% of all private sector capital investment. Investment drives jobs. About 30% of the capital investment in the U.S.

Then consider the impact on innovation — the historical catalyst of the American economy. Large U.S. global companies today represent three-fourths — 75% — of all private-sector R&D performed in the United States — 75%. That's a \$200-billion dollar down payment for future innovation, future products, future services, future business models, and future jobs. Seventy-five percent.

And, of course, large U.S. companies contribute directly also to the wealth of America's households — in other words, everyone in this room. Our companies have created \$20 trillion of incremental market capital over the past 5, 6 years. Almost 90% of this value created is held directly by American citizens — pension, retirement, insurance funds; individuals. And I could go on with a lot more statistics, but I hope you see the picture.

At a time when we all need to be committed fully to growth, to renewal, to innovation, as the drivers of the American economy, we cannot afford policies that actually will hinder our ability to invest in the future.

We at Coca-Cola believe in the future of this country. We always have and always will. We've grown up these past 124 years right beside America. And we've expanded globally to the benefit of America. I think that our collective history has shown that what's good for Brand America is also good for Brand Coca-Cola.

In a way, it's a symbiotic relationship like very few others. I've certainly seen this play out in my own 32 years of traveling the globe for the Coca-Cola system. And our respective reputations, as those respective reputations that we have as Coca-Cola, increase abroad, our fortunes at home will always, I believe, take a turn for the better. In fact, I think strong American business abroad is good for a strong Brand America. And I also believe personally, deeply, that a strong Brand America is good for the world and our grandchildren for many years

to come.

For sure, we're a better company today and a larger contributor to the American economy today because we succeed overseas. In fact, almost 80% of our revenue, the revenue of the Coca-Cola Company, comes from markets outside of the United States.

Here is what this global success allows us to do, operating in all those 206 countries — operating factories, distributing systems, marketing in those 206 countries that David talked about. Basically, in just the past 5 years, we have invested nearly \$20 billion in capital expenditures and acquisitions right here in the United States.

That success overseas allows us to continue to invest in our home country. And this represents well over half of the total investments of the Coca-Cola Company: \$20 billion in the past 5 years. In addition, each year, we invest over \$10 billion additionally in our supply chain in the United States, including \$208 million that was spent this past year on suppliers right here in Maryland and Virginia.

These kinds of investments here in our home market would not be possible without a strong and profitable global business. They certainly would not be possible if American businesses would not be allowed to compete on a level playing field globally and internationally.

Far from shipping jobs overseas, which is some of the paranoia that's going on, we're creating real and tangible benefits for Main Street America. It's a wrong phenomenon to think that investing abroad takes jobs overseas. In fact, let me just give you an example of the opposite.

Two weeks ago, I was down in Florida. We have a factory in Florida called Main Street Citrus Plant in Auburndale, in a little town in Florida. It is really on Main Street! I'm not sure many of you know about Auburndale. It's a pretty little town of 14,000 people in Central Florida, right in the heart of the orange grove belt.

I was down there to help inaugurate 2 weeks ago a \$115-million expansion — not a new facility but a new wing, new plant, additional expansion, \$115-million investment — of our operations there, to meet with our local suppliers across the whole state who provide us with citrus for growing our global juice business and our plant that processes the citrus. In fact, one-third of the total citrus crop in Florida is processed at that factory that we've just also helped expand.

Here is something that I think you will find interesting: That expansion that we did in our Florida plant is a direct result — that \$115-million investment that created new jobs — is a direct result of the intense demand that we are seeing for our juice beverages in Asia and China. In fact, 80% of the total production of that plant — orange pulp production of that plant — is exported to China.

So our business in China that is growing is creating jobs and economic stimulus right

here in the U.S. in Florida. And if you look at what's going on in downtown Auburndale, you'll see that our new investments are creating — just that new investment is creating 135 new Coca-Cola jobs, and will have an additional \$60 million of impact on that small local community of 14,000 people.

Many of us think about China — cheap labor producing goods to be exported to the United States to be sold in U.S. retailers to U.S. consumers. Not the case. So for all the talk we're hearing about China's rise, taking jobs, the reality is — as Fareed Zakaria from *Newsweek* has said on numerous occasions — China's rise and the rest of the world's rise are actually good for America and ultimately good for American job creation.

As I mentioned earlier, entrepreneurs, small- and medium-size American companies are tightly connected into our global operations at Coca-Cola. They play a critical, instrumental role in our success, and also our success in helping them develop and grow. I think that one of the great untold stories is just how much mutual dependency that exists between large and small businesses.

Our Coca-Cola system is a massive generator of small-business development here in the United States and also all around the world. We feel we have a deep responsibility to both promote and also protect interests of entrepreneurship and small businesses which are today actually the most-trusted business institutions in America.

Just a few days ago, I met with several of our innovative suppliers during, again, an awards program back home in Atlanta for our top minority- and also top women-owned business partners. We have an annual gathering of our top minority and also top women business suppliers and partners. We have invested nearly \$500 million, half a billion dollars, in minority and women-owned businesses in the United States last year. [Applause.] Their role will increase along with of our great small-business partners in the months and years ahead. It's not going to stay at \$500 million. It's going to go up.

Together, the insights that we actually learn, the lessons we learn, the innovations that we draw from and the top- and bottom-line benefits that we derive from our small-business partnerships are actually really immense and important and critical, to say the least.

Take, for instance, the story of a company called Harris & Ford, an African-American-owned ingredient-sourcing — we use a lot of ingredients in our business — ingredient-sourcing and trading company from Indianapolis, the heart of America. In 2002, through our supplier diversity program, we first engaged what was then a small, 20-person institution to help us source ingredients for our beverages, not just in the States but all around the world.

Harris & Ford has done such a great job for us. Last year we spent \$35 million with them. They helped us streamline our business, ensure that we're keeping with our growth on a global-demand basis for our ingredients. We helped them grow significantly and create lots of new jobs here in the U.S.



There are tens of thousands of similar examples to Harris & Ford just like that from large U.S. global companies and their small-business partners all across this country. We — all of us — are in this global economy interconnected together. That's a wonderful thing, because I believe it's going to provide meaningful, tangible growth opportunities for America's workers and also America's businesses of all sizes and dimensions over the next decade, 10 years.

As a billion people over the next decade globally enter the middle class — a billion people over the next decade enter the middle class — and as more nations subscribe to and exercise free enterprise, the opportunities for U.S. global businesses and those businesses that actually partner with and supply those U.S. global businesses will grow significantly. No question. And if we, together, collectively create the right atmosphere, climate, for entrepreneurship, for investment, for competitiveness here in the United States, there is no limit, no limit, to where we can go.

Even with the most pessimistic, modest growth projections, the most pessimistic growth projections, the United States is expected to add another China to its economy by 2020. Just think of that. We don't hear much about that. We don't hear much about the fact that the demographics of the United States is by far the best demographics of any Western nation. We don't think about the fact that the birthrate in the United States has passed that of the birthrate of Mexico for the first time since the creation of the two countries.

Just imagine if we create the climate now that would actually help us exceed those modest projections of creating a new China? Those are very much projections. Just imagine if we can do a few things that will help us get above that.

We must never lose sight of our wonderful entrepreneurial heritage and what actually has made this country, this nation great. It's going to require fair policies that keep American businesses on a level playing field internationally. And I think it is incumbent on all of us — everyone in this room and everyone in this nation, the business community — to make our voices actually heard at every single opportunity that presents itself. The Business Roundtable, the U.S. Chamber, all great places, and they are tremendously important, great, important advocates.

Collectively, we in the business community need to do a better job — no question, a better job — advocating the benefits of free enterprise, global trade. That really starts with leading with example. Nothing actually speaks louder than our actions. No actions speak louder than investing in our future, which really brings us again full circle to where we started a little while ago, which is education.

Continuous education, vigorous education, focused education is the antidote to so many challenges that face every day our society. All of that which is none more critical than job creation. We can shout the benefits of free trade, shout the benefits of free global trade until we have no voice, but that won't begin to heal the hurt of just one person whose job has been lost.

Education, retraining, lifelong initiatives have never, never been more important— never. Therefore, to our scholars tonight who were here on this stage, let me say, please never lose your

passion for learning. To those wonderful scholars, your achievement tonight is just the beginning of that wonderful, life-long journey of learning and of reinvention. I salute all of those scholars. I want them to enjoy what they've achieved so far, embrace it, and also I hope that all of that leads to a life rich in both discovery and also in fulfillment.

To all the members of The Economic Club of Washington, I hope I've left you tonight with a degree at least of clarity about my own point of view concerning the need to keep American businesses competitive at all times for the future of our country.

While our global landscape keeps shifting rapidly, while new markets start emerging, begin to emerge rapidly, as they are, we should see that not as a threat but an amazing new opportunity — not as a threat but an amazing new opportunity — to innovate, grow, and keep the American ideals of free enterprise fresh and relevant.

I really enjoyed being with you tonight and thank you so much for your time this evening. Thank you. [Applause.] Thank you. Thank you.

## **QUESTIONS AND ANSWERS**

MR. RUBENSTEIN: If you have questions, please fill out the forms and send them up and I'll also call on some people. But the first question is, there has been a lot of debate over the years about what actually is in Coca-Cola. Could you tell us what the secret formula is? [Laughter.]

MR. KENT: Well actually, tonight I met a representative from SunTrust who is their representative in the Southeast. What I'd like you to do is go and ask him. The formula for Coca-Cola is in a vault in the SunTrust bank in Atlanta, so you should go and ask him about the formula.

I don't know the formula and I don't think that what's relevant is in terms of the safe; it's in the heads of a couple of people in our company. They don't ever travel on the same plane. I actually also think of that fact when I travel with my wife and children on the same plane; I kind of think of that from time to time. But you can go and ask the SunTrust folks.

MR. RUBENSTEIN: Okay, we'll do that. [Laughter.] Next question is, in what country does Coke have the largest market share and what country does it have the smallest market share?

MR. KENT: I think rather than single out countries, as far as regions around the world are concerned, overseas we have a very, very successful business for our brands and Coca-Cola outside of North America. We outsell our nearest competitor outside of North America by a margin of more than 3-to-1. Inside North America, we, again, are by far the leading beverage brand in North America. But our margin where we have a leadership margin outside of North America is more than 3-to-1.

MR. RUBENSTEIN: The other company that you might have been referring to, Pepsi, how do you see your corporate strategy being different from that other company?

MR. KENT: Firstly, I have a great respect for that company that you've just mentioned. [Laughter.] I think that one of the pillars of competitiveness and success in the United States is competition, healthy competition. I think it's one of the best things in the world for any business, any company, small or big.

The two companies are very different. The Coca-Cola Company is a purely beverage company. Everything that we do, every minute that we have, 93,000 employees of the Coca-Cola Company, and 700,000 employees of the Coca-Cola system around the world — that means all those people who are employed by the Coca-Cola bottlers, all of them who are partners and subsidiaries of the Coca-Cola business — think every single minute about the beverage business, about the 500 brands of the Coca-Cola Company, about how to develop more successfully and grow sustainably our 500 brands, our \$14-billion brands, our 500 brands in total, whereas that company that you mentioned is not fully, obviously, a beverage company. They have snack foods, they have beverages, they have other businesses, and therefore, we are very different in terms of the structure, in terms of the model, and in terms of how we operate.

MR. RUBENSTEIN: Let me ask you this other question. Right now, you have 500 different brands and I think 3,000 different products. Do you actually taste any of the new products before they go on the market?

MR. KENT: We have a number of innovation labs —one in Shanghai for Asia; we've got one in Brussels for Europe; we've got one in Atlanta, one in Latin America — around the world. And I visit those innovation labs of the Coca-Cola business very often. I certainly — and one in Tokyo, also, by the way — and I often spend hours tasting beverages.

But I am not the consumer, so I never give an opinion. I taste, but it would be terrible and wrong for me to give any opinion about those beverages. Our people, our experts in consumer insights — I think one of the strengths of the Coca-Cola business is its ability for deep consumer insights, to understand exactly what's going on in the lives and in the habits and in the demands of our consumers worldwide.

Actually, when I visit markets around the world, I actually go and visit homes. I go to visit customers, but I also go and visit homes, talk to consumers, talk to families about how they live, what they drink, what they eat, but I am not the consumer. They are. Therefore, I'll taste, but I will not offer comment.

MR. RUBENSTEIN: Where do you see the greatest growth of your company coming from? Sale of cola products or alternative drinks like water, flavored water, iced tea, sports drinks?

MR. KENT: David, both. I always say balanced growth is the key to sustainable success. Our vision, we call it our Vision 2020, and our roadmap for winning with our bottling partners calls for us to grow in sparkling beverages, in still beverages, grow in developed markets, grow in emerging markets. We understand the growth rates will not be the same in that matrix, but we have to grow in all of them and we are growing in all of them.

MR. RUBENSTEIN: What do you think is the likelihood of a national soda tax?

MR. KENT: I think it's an important social issue in this country and in some other countries in the world. The solution to a complex social issue is far from a tax. A tax has never solved a complex social issue.

I believe that it is a triangle where government, business, and civil society have to cooperate closely to ensure that we can address the issues properly, address the issue of energy balance, address the issue of incoming calories, outgoing calories.

If we are a nation that used to take 3,000 steps as adults per day 20 years ago, and today we take 1,000 steps per day as adults, the issue is not going to be solved by a simple tax. A simple tax is also going to hinder job growth, and that is not what is the priority, I believe, in this country today.

MR. RUBENSTEIN: Do you see any animosity towards Coca-Cola around the world as an American-based company, or do you think that your company is now seen as a global company and not an American company?

MR. KENT: I think when President Clinton left office, indicators for Brand America was at 80%. This has got nothing to do with President Clinton; I'm just giving you a statistic. Brand Indicators for America was 80% approval.

Just before President Obama came into office, Brand Indicators for America was single digits around the world — a statistic done by Pew Associates. When that happened, our business did not suffer. The reason why it didn't suffer is the strength of our relationship with our local partners; is that fact that we have a wonderful, dynamic, burgeoning, developing plant, factory, in Ramallah, Palestine; and we've got a wonderful business across the border in Tel Aviv in a wonderful, old factory that has grown over the years that just celebrated its 40<sup>th</sup> anniversary where I was present in Israel. The reason why we didn't suffer is exactly that: where we have a factory with local partners, factories with local partners across the whole world. That's what Coca-Cola stands for. Coca-Cola stands for being part of the communities.

We are by far the largest local employer in the continent of Africa. Amongst our 720,000 system associates, we have 120,000 employed in the continent of Africa. In the past 10 years, we invested \$5 billion in the continent of Africa. In the next decade, we will invest \$10 billion, and we will create more jobs in Africa.

That's the reason why, when Brand America metrics went down to single digits, we did not suffer. I'm pleased to say, pleased to say that in the past year, Brand America metrics have come up. They haven't come up to 80% but they're up around 40%. That's a remarkable recovery, and I am very happy personally because of that, because, as I said in my talk, I believe a strong Brand America is synonymous with a healthy world and I like that because of my children.

MR. RUBENSTEIN: Could you tell us about the work you're doing with the Haiti Hope Project and the free beverages we have for everybody here?

MR. KENT: We all woke up recently one morning, or actually in the evening, and we saw the terrible tragedy that happened in Haiti, as other tragedies happen so quickly. The next morning, within less than 12 hours, I committed a million dollars to the American Red Cross. I called Bonnie, the head of the American Red Cross, and told her that I'm giving her a million dollars and that was the first large donation.

But as time passed and weeks passed, obviously the realization was that it's not just about money. I then stopped our factory in the Dominican Republic and converted it into making only water and shipping — so we stopped making all our other beverages and we were shipping water day and night to Haiti from the Dominican Republic across the border. That was obviously a big help because of the lack of water.

But then Luis Moreno, the head of the Inter-American Development Bank, who was here earlier, who left recently just a while ago to go and attend a dinner in the White House, he and I and President Clinton were talking over a Coca-Cola Zero — [laughter] — in Switzerland and the idea was borne. Who came up with the idea at first? I'm not sure; the idea was born. Within weeks, we launched at the United Nations a project called Haiti Hope Mango Juice.

Haiti used to have the best mango trees in the world. They used to have the best mango crop. And all of that was cut; there's hardly a mango tree in Haiti right now. The objective of Haiti Hope juice is to — all the profits we make from that and Wal-Mart, our retail partners like Whole Foods, they've all come together to help us promote this wonderful project — it will support more than 25,000 families in Haiti to plant more mango trees and have a sustainable support system for Haiti. That's why I'm so excited about it. [Applause.]

MR. RUBENSTEIN: One last question: Of the 3,300 different brands and products, what is your favorite drink?

MR. KENT: You're looking at it. [Laughter.] Haiti Hope. I love Haiti Hope Mango Juice.

MR. RUBENSTEIN: I want to thank you very much — [Applause.] — and on behalf of the Economic Club of Washington, I want to present you with a gift. I'd like to present you with a map of the historic District of Columbia. And on behalf of The Economic Club of Washington, I want to thank you very much for coming and giving us some free Coca-Cola products and enjoy your talk. Thank you very much. I appreciate your doing this.

## **MUHTAR KENT**

Muhtar Kent is Chairman of the Board and Chief Executive Officer of The Coca-Cola Company. Mr. Kent joined The Coca-Cola Company in Atlanta in 1978 and has held a variety of marketing and operations roles throughout his career. In 1985, he was appointed General Manager of Coca-

Cola Turkey and Central Asia. From 1989 to 1995, he served as President of the Company's East Central Europe Division and Senior Vice President of Coca-Cola International, with responsibility for 23 countries. Between 1995 and 1998, Mr. Kent served as Managing Director of Coca-Cola Amatil-Europe, covering bottling operations in 12 countries.

From 1999 until his return to The Coca-Cola Company in May 2005, he served as President and CEO of the Efes Beverage Group, the majority shareholder of Turkish bottler Coca-ColaIcecek. Headquartered in Istanbul and listed on the London and Istanbul Stock Exchanges, Efes is a publicly traded beverage enterprise whose Coca-Cola and beer operations extend from the Adriatic to the Pacific Ocean. Under Mr. Kent's leadership, Efes experienced extraordinary growth, with triple-digit revenue growth and a 250% increase in market capitalization. During that time, in addition to taking Efes Breweries International public on the London Stock Exchange, Mr. Kent also served as a board member of Coca-Cola Icecek.

Mr. Kent was named President and Chief Operating Officer of The Coca-Cola Company's North Asia, Eurasia and Middle East Group from 2005 until early 2006, where he was responsible for the operations across a broad and diverse geographic region that included China, Japan, and Russia. Mr. Kent served as President of Coca-Cola International through most of 2006, responsible for operations outside of North America, until his appointment as President and Chief Operating Officer of The Coca-Cola Company, overseeing all operations of the business, including Bottling Investments. He succeeded Neville Isdell as Chief Executive Officer of the Company on July 1, 2008, and as Chairman of the Board of Directors on April 23, 2009. Mr. Kent holds a Bachelor of Science degree in economics from Hull University, England, and a Master of Science degree in administrative sciences from London City University.