Finance in Global Management II

Project 2

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Part 1:
You will be studying and analyzing two companies' dividend policies. Find a company that has a dividend yield under 1% and a company that has a dividend yield of 4% or greater. Summarize your findings for the 3 issues listed below.
1) Review the last 3 years of dividend payments - note any increases, decreases, stock splits, stock dividends, and news about the company that affected dividend payments
2) Calculate the companies' expected stock price using the Dividend Discount Model - you will need to calculate g (growth) and make other assumptions
3) Assess the prospects for the companies to continue or increase their dividends in the future (concentrate on future cash flows)

Company with dividend yield under 1%

Oracle Corp. (ORCL:AR)

Background and Review (sub-question 1):

Sector: Technology
Industry: Software
Sub-Industry: Enterprise Software/Service

Oracle Corporation supplies software for enterprise information management. The Company offers databases and relational servers, application development and decision support tools, and enterprise business applications. Oracle's software runs on network computers, personal digital assistants, set-top devices, PCs, workstations, minicomputers, mainframes, and massively parallel computers.

Oracle Corp. Stock Dividend Data

Annual Payout	0.24
Dividend Yield	0.69%
Payout Frequency	Quarterly

History of Dividend Payments

Oracle is one of the companies' with dividend yield of less than 1%. While in 2009 dividend yield was 0%, it is reported to be 0.68%, 0.74%, and 0.73% in the years 2010, 2011, and 2012, respectively. Dividend pay has fractionally increased from $0.05 to $0.06 in 2011. Current dividend yield is 0.7% in 2013 quarter.

Special Dividend Payments - Accelerated Distribution of Cash

In December 2012, Oracle announced it would pre-pay $867 million worth of dividends, which were otherwise due in 2013. The government has proposed higher taxes on dividends and capital gains, which are taxed at 15 per cent, starting year 2013. So to help company's shareholders offset some of the risks of higher taxes forced by the fiscal cliff, the company announced special dividend payments. Company paid three of 2013 year's dividend early in December 2012. Last dividend paid was $0.18 instead of $0.06.

Common Stock Repurchase Policy

The company’s Stock Repurchase policy discusses the following -

- Stock repurchase authorization does not have an expiration date.
- Repurchase activity depend on factors such as –
  - Company’s working capital needs.
  - Cash requirements for acquisitions and dividend repayments.
  - Debt & Repayment obligations.
  - Stock prices and, economic and market conditions.
- Stock repurchases may be effected from time to time through open market purchases or pursuant to a Rule 10b5-1 plan.

Common Stock Repurchase History

- **December 20, 2011:** Company announced, Board of Directors approved expansion of stock repurchase program by an additional $5.0 billion.
- **June 18, 2012:** Company announced a further approved expansion by an additional $10.0 billion.
- **May 31, 2012:** Approximately $3.1 billion remained available for stock repurchases
- **June 2012:** Additional amount authorized.
- Company repurchased:
  - Fiscal 2012 - 207.3 million shares for $6.0 billion,
  - Fiscal 2011 - 40.4 million shares for $1.2 billion
  - Fiscal 2010 - 43.3 million shares for $1.0 billion

Cash Dividends

Fiscal 2012: Company declared and paid cash dividends of $0.24 per share that totaled $1.2 billion.

Company’s Stock Options

- Stock-based compensation program is a key component of the compensation package.
- Stock options granted only to employees and controlled number of stock options.
- Options generally have a 10 year exercise period, have exercise prices higher than the current market price of company’s common stock.
- At May 31, 2012, 28.0% of outstanding stock options had exercise prices in excess of the current market price.
- A separate Plan Committee, which is an executive officer committee, approves individual stock option grants of up to 100,000 shares to non-executive officers and employees

Expected Stock Price (sub-question 2):

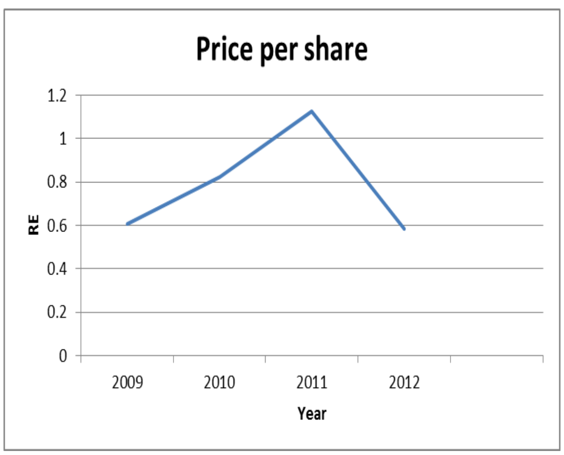
Using the Dividend Discount Model, (at 12/12/2012 when the last dividend payment was made) -

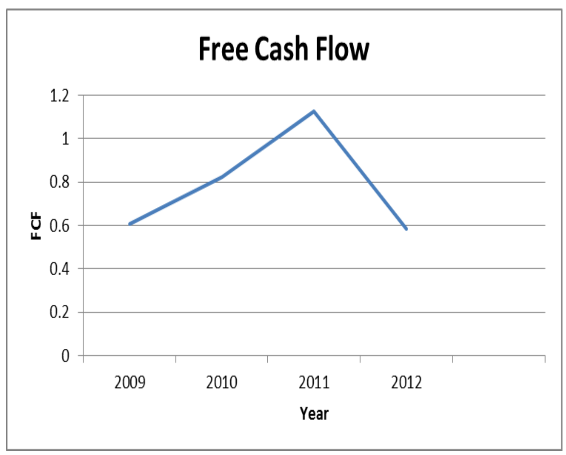
- P0 = $34
- D0 = $0.18
- R = Return on equity = 24.66%
- D1 = D0 * (1 + g)
- P0 = D1 / (r - g)
- 34 = 0.18 * (1 + g) / (.2466 - g)
- g = 23.80%
- P1 = D0* (1 + g)(1 + g) / (r - g)
- **Expected stock price = $32.25**

*Oracle's stock's estimated price at the end of 2nd quarter of year 2013 is **$32.25***

Future Assessment (sub-question 3):

It is observed that the company is holding huge free cash flow (FCF). It signals that Oracle Company has reserves to pay debt, pay dividends, buyback stock and facilitate the growth of business all important undertakings from an investor's perspective. A sharp change in Free Cash Flows is seen from 1.126 billion to 583 million is seen due to accelerated dividend distribution. On many occasions company opted for 2-to-1 and 3-to-2 common stock split. It can be a strategic decision in order to boost its share price. As seen from the chart below sharp change in price per share, apart from company's good performance, can be because of stock split.





Based on Oracle's recent performance highlight, the following facts can be noted.

- The company reported better-than-expected fiscal second quarter results last month.
- Positive earnings ~60 cents per share
- Revenue increased 3.4% year-over-year to $9.11 billion, primarily driven by strong new software license sales.

- Operating margin expanded 190 basis points (“bps”)
- Dividend yield of 0.7%

Based on the above observations, the following analysis can be presented.

- Relatively stable cash flow.
- Improved liquidity position.
- Stringent cost controls.
- Reduced operating expenses.
- Steady dividend yield.

The above factors make the stock much more attractive for investors even if dividend yield is lower than 1 percent.

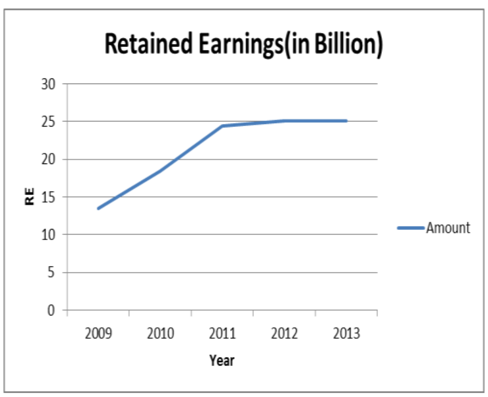
AT&T Inc.

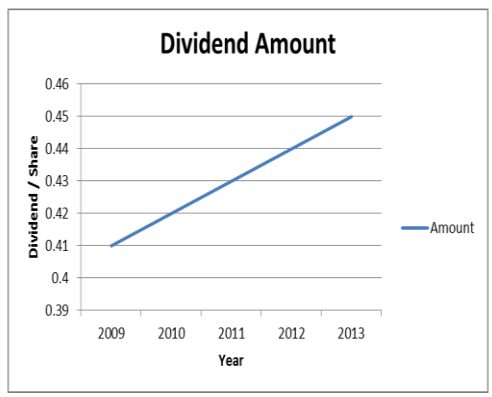
Background and Review (sub-question 1):

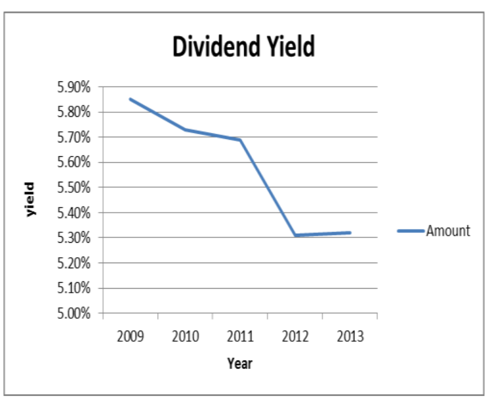
AT&T Inc. is an American multinational telecommunications company. It is one of the largest providers both of mobile and fixed telephony in the United States, and also provides broadband subscriptions and television services. As of 2012, AT&T is the seventh largest company in the United States by total revenue.

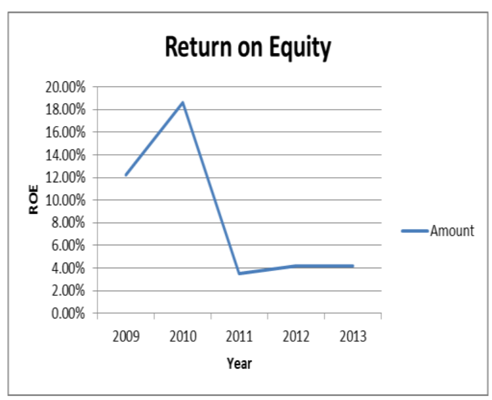
History of Dividend Payments

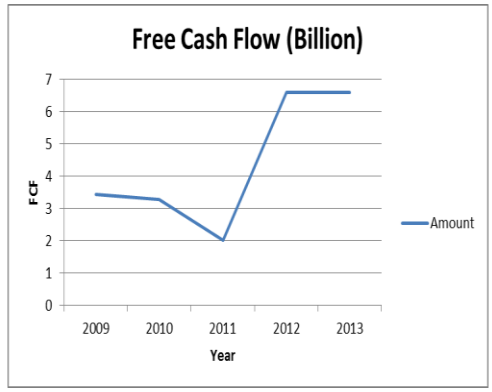
The company kept dividends pay amounts, almost constant, at 2%. The positive thing is company did not reduce the amount of dividends paid out. It is possible that the company took a conservative outlook while lacking confidence to generate target cash flows, since recent years have seen global market slow down and weakened investor's sentiment. This seems to have urged the company to keep to low dividend payout.
Retained earnings on the other hand compounded 13.54% since 2009. Dividend yield, despite a downfall, has remained above 5%, fluctuating between 5.85% (December 2009) to 5.32% (January 2013). Other important observation is company's huge free cash flow (FCF). It signals that AT&T company is positive to pay debt, pay dividends, buyback stock and facilitate the growth of business all important undertakings from an investor's perspective. On few occasions in order to boost its share price, company opted for 2-to-1 common stock split. The following graphs show the historical performance of the company.











History of Stock Splits

The following table lists a history of AT&T stock splits.

Year	Split Information
1998	March 19 — 2-for-1 common stock split
1993	May 25 — 2-for-1 common stock split
1987	May 22 — 3-for-1 common stock split

<u>Expected Stock Price (sub-question 2):</u>

Using the Dividend Discount Model, -

- P0 = $33.66
- D0 = $0.44
- R = Return on equity = 4.36%
- D1 = D0 * (1 + g)
- P0 = D1 / (r - g)
- g = 3.0%
- P1 = D0* (1 + g)(1 + g) / (r - g)
- **<u>Expected stock price = $34.66</u>**

*AT&T's stock's estimated price at the end of 2nd quarter of year 2013 is **$34.66***

<u>Future Assessment (sub-question 3):</u>

Based on the stock history, it can be assessed that the present performance provides a positive future outlook for investors:

- 10% Increase in Earning Per Share: $0.66 compared to $0.60 diluted EPS in the year 2011
- 0.3% Increase in consolidated sales revenues of $31.6 billion
- Operating income margin of 30.3 percent
- $2.5 billion in stock buybacks; 75.8 million shares repurchased
- Huge Free cash flow of 6.608Billion

All the above numbers show a strong financial position and robust cash generation which is a good indicator in terms of the future growth prospects of the company. Improved revenue margin in the

Wireless, its core business, gives investors and consumer confidence that company going stable and strong. Compared to Industry and S&P 500, AT&T is performing well.

	Company	Industry	S&P 500
Valuation Ratio			
P/E Ratio (TTM)	43.80	17.50	17.70
Profitability Ratios (%)			
Gross Margin (TTM)	56.40	58.30	46.90
Gross Margin - 5 Yr Avg	58.50	60.60	47.70
Dividends			
Dividend Yield	5.40	5.20	2.10
Dividend Yield - 5 Yr Avg	5.30	4.80	2.20

Part 2:
Find a company that is repurchasing its stock through a stock buyback program. Find articles or information in the company's annual report or press releases that discusses the stock repurchase program. Summarize the information you've acquired.

<u>The Coca-Cola Company</u>

The Coca-Cola Enterprises Inc. is the world's largest beverage company and shows a strong stock buyback activity. Companies such as Coca-Cola, commit to long-term buyback programs as a means of building the shareholder value. Such companies make ample repurchase announcements and hold the most appeal for long-term investors. Coca-Cola began its buyback program in 1984 and since, has repurchased 966 million shares. On an average the company has repurchased at least 5% of its outstanding shares over the trailing twelve month period.

Recounting some of the facts and figures, the company has, as of today, a cumulative 65 million maximum number of repurchased shares authorized by the Board of Directors. During 2012 alone, 27 million shares or $780 million in shares were repurchased. In addition, the Board of Directors has approved a new $1.5 billion share repurchase program – the third program since the 2010. At least $500 million in repurchases are expected under this program in 2013.

Since its Share buyback program in 1984, when it authorized the repurchase of 6 million shares of stock, the Coca-Cola Company has stuck to its repurchase policies with repurchases every couple of years along with increases in common stock. The company also changed common stock par value from $1 per share to $0.5 per share in 1990 and to $ .25 per share in 1992. Notably, Coca-Cola authorized the repurchase of 300 million shares in 2006 and increased its common stock to 11.2 billion shares in 2012. During the mid-period, the company was seen battling high taxes, aggressive competitive spending and negative impacts of currency translations especially in Europe.

The company prepared its new buyback programs in 2012. On October 18, 2012, Coca-Cola declared its new stock buyback program. The new share buyback program aims at 500 million additional shares of the company's common stock. The new program will begin when the company's current program ends. The company shares are trading at around $38 a share and the new buy-back will not impact the company's previously announced targeted range of $2.5 billion to $3 billion in net share repurchases in the year 2013. The new program also reaffirms Coca-Cola's continued commitment to delivering increased value to shareowners. On December 18, 2012, Coca-Cola Enterprises Board approved a $1.5 billion Stock Repurchase program. The company also forecast per-share earnings growth of 10% for 2013 with expected net sales to grow in a mid-single-digit range. It also expects to increase its 2013 dividend payout to between 30% and 35% of 2013 comparable and currency neutral earnings per share, which would mark the sixth straight year of dividend increases.

As an analysis on share repurchase, the company may repurchase its own shares for a number of reasons. Using money in a share repurchase reduces the total assets of the company, and so their metrics like Return on Assets and Return on Equity will improve. Also, reducing the total pool of shares means that the Earnings-per-Share (EPS) will grow more quickly than company-wide earnings. The same is true for revenue and cash flow. If a company pays out the same amount of total money to shareholders each year in dividends, and the number of total shares is decreasing, then each shareholder will be receiving a larger dividend each year. And if the company is actually growing earnings and its total dividend payout, decreasing the total number of shares will be able to boost the dividend growth even further. Companies with a long record of consecutively raised dividends are obligated to stick to it by the risk of losing investors. Such companies aim at low payout ratios so that substantial drop in profit does not affect the growing dividend. Share repurchases are often made to fill the gap between excess capital and dividends.

Part 3:
Find a company that has a DRIP program, and summarize the company's program. What advantages and disadvantages do you see in their DRIP program?

Johnson & Johnson

Johnson & Johnson manufactures health care products and provides related services for the consumer, pharmaceutical, and medical devices and diagnostics markets. The Company sells products such as skin and hair care products, acetaminophen products, pharmaceuticals, diagnostic equipment, and surgical equipment in countries located around the world.
The Investor Service and Automatic Dividend Reinvestment Program for Johnson & Johnson common stock is sponsored and administered by Computershare Trust Company, N.A. ("Computershare"),
The key features of the program include –

Minimum Purchase	$25.00
Minimum ongoing automatic investment	$25.00
Minimum shares required to enroll for existing accounts	1
Maximum Purchase	$50,000.00 Per Year.
Initial Setup Fee	$0.00
Cash Purchase Fee	$0.00
Ongoing Automatic Investment Fee	$1.00
Purchase Processing Fee (per share)	$0.00
Dividend Reinvestment Fee	Company Paid
Batch Sale Fee	$15.00
Batch Sale Processing Fee (per share)	$0.12
Batch Maximum Sales Fee	N/A
Market Order Sale Fee	$25.00
Market Order Processing Fee (per share)	$0.12
Market Order Maximum Sales Fee	N/A
Discount	No
Allow Non-US Participation	Yes

Based on the above data, the following advantages and disadvantages for the DRIP program can be seen -
Advantages:

- Registered shareholders are automatically eligible to participate in the Program.
- Allows Non- US participation.
- No initial set up fee, cash purchase fee or purchase processing fee.
- Investors can reinvest dividends on their Johnson & Johnson common stock in full or in part, or receive cash dividend payments by check or by direct deposit.
- Investors can also make additional purchases periodically.
- Investment amount can be automatically deducted from your bank account or investor can send by mail.

- Option for additional purchases via the Internet by authorizing one-time online bank debits from your U.S. bank account.
- Transfer shares or make gifts of Johnson & Johnson common stock at no cost.
- Current shareholders of record are not charged for enrolling in or terminating participation from the Program, Re-investing dividends or purchasing additional shares by check or by one-time online bank debit.
- There is no charge for converting certificates to un-certificated shares or for withdrawing certificates.

Disadvantage:

- Securities held in custody by Computershare are not subject to protection under the Securities Investor Protection Act.
- There is minimum purchase limit for initial enrollment and monthly purchase.
- There is maximum monthly purchase limit.
- Offers no discount.
- The Internal Revenue Service has ruled that any brokerage commissions paid by Johnson & Johnson on investor's behalf are to be treated as dividend income to the investors and that such amounts paid for brokerage commissions can be included in investors cost basis of shares purchased.
- In case a broker-dealer affiliated with Computershare to execute purchase or sale transactions. In that event, the Service User has to pay extra for that **brokerage commissions** assessed in connection with those transactions.

APPENDIX FOR PART 1 -

APPENDIX FOR ORACLE CORP.

STOCK SPLITS

Effective Date	Split Amount
October 12, 2000	2 for 1
January 18, 2000	2 for 1
February 26, 1999	3 for 2
August 15, 1997	3 for 2
April 16, 1996	3 for 2
February 22, 1995	3 for 2
November 8, 1993	2 for 1
June 16, 1989	2 for 1
December 21, 1987	2 for 1
March 9, 1987	2 for 1

Data provided by Capital IQ, except where noted.

Valuation Measures	
Market Cap (intraday)[5]:	164.40B
Enterprise Value (Jan 17, 2013)[3]:	150.06B
Trailing P/E (ttm, intraday):	16.33
Forward P/E (fye May 31, 2014)[1]:	11.77
PEG Ratio (5 yr expected)[1]:	1.07
Price/Sales (ttm):	4.40
Price/Book (mrq):	3.83
Enterprise Value/Revenue (ttm)[3]:	4.03
Enterprise Value/EBITDA (ttm)[6]:	8.67

Financial Highlights	
Fiscal Year	
Fiscal Year Ends:	May 30
Most Recent Quarter (mrq):	Nov 30, 2012

Profitability	
Profit Margin (ttm):	28.38%
Operating Margin (ttm):	38.49%
Management Effectiveness	
Return on Assets (ttm):	11.74%
Return on Equity (ttm):	24.66%
Income Statement	
Revenue (ttm):	37.23B
Revenue Per Share (ttm):	7.59
Qtrly Revenue Growth (yoy):	3.40%
Gross Profit (ttm):	29.26B
EBITDA (ttm)[6]:	17.30B
Net Income Avl to Common (ttm):	10.56B
Diluted EPS (ttm):	2.13
Qtrly Earnings Growth (yoy):	17.70%
Balance Sheet	
Total Cash (mrq):	33.70B
Total Cash Per Share (mrq):	7.12
Total Debt (mrq):	19.76B
Total Debt/Equity (mrq):	45.51
Current Ratio (mrq):	3.33
Book Value Per Share (mrq):	9.05
Cash Flow Statement	
Operating Cash Flow (ttm):	13.53B
Levered Free Cash Flow (ttm):	11.55B

Trading Information	
Stock Price History	
Beta:	1.50
52-Week Change[3]:	21.29%
S&P500 52-Week Change[3]:	12.03%
52-Week High (Jan 14, 2013)[3]:	35.00
52-Week Low (May 18, 2012)[3]:	25.33
50-Day Moving Average[3]:	33.27
200-Day Moving Average[3]:	31.58

Share Statistics	
Avg Vol (3 month)[3]:	21,679,100
Avg Vol (10 day)[3]:	16,470,000
Shares Outstanding[5]:	4.73B
Float:	3.55B
% Held by Insiders[1]:	23.00%
% Held by Institutions[1]:	60.40%
Shares Short (as of Dec 31, 2012)[3]:	22.02M
Short Ratio (as of Dec 31, 2012)[3]:	0.90
Short % of Float (as of Dec 31, 2012)[3]:	0.60%
Shares Short (prior month)[3]:	30.25M
Dividends & Splits	
Forward Annual Dividend Rate[4]:	0.24
Forward Annual Dividend Yield[4]:	0.70%
Trailing Annual Dividend Yield[3]:	0.36
Trailing Annual Dividend Yield[3]:	1.00%
5 Year Average Dividend Yield[4]:	N/A
Payout Ratio[4]:	11.00%
Dividend Date[3]:	Dec 20, 2012
Ex-Dividend Date[4]:	Dec 12, 2012
Last Split Factor (new per old)[2]:	2:1
Last Split Date[3]:	Oct 13, 2000

Oracle Dividend History -

Ex/Eff Date	Type	Cash Amount	Declaration Date	Record Date	Payment Date
12/12/2012	Cash	0.18	12/3/2012	12/14/2012	12/21/2012
10/10/2012	Cash	0.06	9/19/2012	10/12/2012	11/2/2012
7/11/2012	Cash	0.06	6/18/2012	7/13/2012	8/3/2012
4/9/2012	Cash	0.06	3/19/2012	4/11/2012	5/2/2012
1/9/2012	Cash	0.06	12/19/2011	1/11/2012	2/1/2012
10/7/2011	Cash	0.06	9/20/2011	10/12/2011	11/2/2011
7/11/2011	Cash	0.06	6/22/2011	7/13/2011	8/3/2011

4/11/2011	Cash	0.06	3/22/2011	4/13/2011	5/4/2011
1/14/2011	Cash	0.05	12/15/2010	1/19/2011	2/9/2011
10/4/2010	Cash	0.05	9/15/2010	10/6/2010	11/3/2010
7/12/2010	Cash	0.05	6/23/2010	7/14/2010	8/4/2010
4/12/2010	Cash	0.05	3/23/2010	4/14/2010	5/5/2010
1/14/2010	Cash	0.05	12/16/2009	1/19/2010	2/9/2010
10/9/2009	Cash	0.05	9/16/2009	10/14/2009	11/4/2009
7/13/2009	Cash	0.05	6/22/2009	7/15/2009	8/13/2009
4/6/2009	Cash	0.05	3/17/2009	4/8/2009	5/8/2009

Read more: http://www.nasdaq.com/symbol/orcl/dividend-history#ixzz2IFxZ5Lpe

References:
http://www.oracle.com/us/corporate/investor-relations/stock/index.html
http://www.bloomberg.com/quote/ORCL:AR
http://seekingalpha.com/article/126757-why-oracle-dividends-are-good-for-tech
http://www.dividend.com/dividend-stocks/technology/application-software/orcl-oracle-corp/
http://investing.money.msn.com/investments/financial-results/?symbol=ORCL
http://investing.businessweek.com/research/stocks/snapshot/snapshot.asp?ticker=ORCL
http://finance.yahoo.com/q/ks?s=ORCL

Appendix for Part 2 - CocaCola:

Oct 18, 2012, 3:31pm EDT
Coca-Cola gets new stock buy-back program
http://www.bizjournals.com/atlanta/news/2012/10/18/coca-cola-gets-new-stock-buy-back.html
The article discussed Coca-Cola Co.'s decision and its approval for a new share buy-back program of 500 million additional shares of the company's common stock. The new program will begin when the company's current program ends. Coca-Cola shares were trading at around $38 a share and the new buy-back will not impact the company's previously announced targeted range of $2.5 billion to $3 billion in net share repurchases in the year 2013.
"Our new share repurchase program reflects the board's continued confidence in the company's future performance and our long-term cash flow generation," saidMuhtar Kent, Coca-Cola chairman and CEO, in a statement. "This new plan, combined with 50 years of consecutive annual dividend increases, underscores our continued commitment to delivering increased value to shareowners."

December 18, 2012, 8:02 a.m. ET
http://online.wsj.com/article/BT-CO-20121218-704397.html

Coca-Cola Enterprises Board Approves $1.5 Billion Stock Repurchase Program
Coca-Cola Enterprises Inc.'s (CCE) board approved a new $1.5 billion stock repurchase program and the European bottler also expects its 2013 dividend payout to be increased by at least 15%. The company also forecast per-share earnings growth of 10% for 2013 and said it expects net sales to grow in a mid-single-digit range. Coca-Cola Enterprises had raised the low-end of its 2012 earnings guidance in October, projecting $2.20 to $2.24 a share. It backed that guidance on Tuesday. The company said it expects to repurchase at least $500 million of stock during 2013.

It also expects to increase its 2013 dividend payout to between 30% and 35% of 2013 comparable and currency neutral earnings per share, which would mark the sixth straight year of dividend increases. Coca-Cola Enterprises, which was spun out of Coca-Cola Co. (KO) in 1986, sold its North American operations to Coca-Cola in 2010. Western Europe's economic woes have posed a threat to demand for its soft drinks. The bottler also has grappled with higher taxes in France, aggressive competitive spending in the U.K. and the negative impact of currency translation. The company reported in October its third-quarter earnings fell 7.4% as revenue slid 3.3%, though volume rose. Shares closed Monday at $31.09 and were inactive premarket. The stock is up 21% so far this year.

http://www.coca-colacompany.com/investors/investors-info-authorized-share-history

1919

Original issue -- 600,000 shares
100,000 preferred, par $100 each
500,000 common without nominal or par value

1926

Eliminated 100,000 preferred in November.

1927

Increased 1,000,000 shares by 100% stock dividend on April 25

1929

Distribution of 1,000,000 shares of Class "A" stock share-for-share to owners of common stock on January 15.

1935

Common stock increased from 1,000,000 to 4,000,000 shares
Four-for-one stock split effective November 15

1944

Authorized increase from 4,000,000 to 5,000,000 shares

1950

600,000 shares of Class "A" either exchanged for common stock on the basis of three shares of Class "A" for one share of common stock or redeemed at call price $52.60
(over 80% of Class "A" was exchanged)
167,140 additional common shares issued in exchange for Class "A" in May

1960

Common stock increased from 5,000,000 to 15,000,000 shares
Three-for-one stock split effective January 22

1960

906,405 shares authorized for issuance in exchange for Minute Maid Corporation stock
2 2/10 shares of Minute Maid Corporation stock exchanged for 1 share of KO

1964

259,770 shares authorized for issuance in exchange for Duncan Coffee Company stock
5.5 shares of Duncan Coffee Company stock exchanged for 1 share of KO

1965

Common stock increased from 15,000,000 to 35,000,000 shares
Two-for-one stock split effective January 22

1968

Common stock increased from 35,000,000 to 70,000,000 shares
Two-for-one stock split effective May 13

1970

1,754,000 shares authorized for issuance in exchange for Aqua-Chem Inc. stock
1.3115 shares of Aqua-Chem Inc. stock exchanged for 1 share of KO

1977

Common stock increased from 70,000,000 to 140,000,000 shares
Two-for-one stock split effective May 9

1978

1,000,300 shares authorized for issuance in exchange for Presto Products Inc.

1 share of Presto Products stock exchanged for 0.385 share of KO

1982

12,200,000 shares authorized for issuance in exchange for Columbia Pictures Industries Inc.
1 share of Columbia Pictures Industries, Inc. exchanged for 2.174 shares of KO

1983

Authorized increase from 140,000,000 to 180,000,000 shares

1984

Authorized repurchase for 6,000,000 shares of stock of The Coca-Cola Company

1985

Authorized repurchase for 5,000,000 shares of stock of The Coca-Cola Company

1986

Common stock increased from 180,000,000 to 700,000,000 shares
Three-for-one stock split effective June 16
Changed from no par value common stock to $1.00 par value per share

1987

Authorized repurchase for 40,000,000 shares of stock of The Coca-Cola Company

1988

Distribution of a dividend in-kind of Columbia Pictures Entertainment Inc. common stock
0.092 share of Columbia Pictures Entertainment Inc. stock issued at a cost basis of $7.4375 per share for each 1 share of KO owned

1989

Authorized repurchase for 20,000,000 shares of stock of The Coca-Cola Company

1990

Common stock increased from 700,000,000 to 1,400,000,000 shares
Two-for-one stock split effective May 1
Changed common stock par value from $1.00 per share to $.50 per share

1992

Common stock increased from 1,400,000,000 to 2,800,000,000 shares
Two-for-one stock split effective May 1
Changed common stock par value from $.50 per share to $.25 per share
Authorized repurchase for 100,000,000 shares of stock of The Coca-Cola Company

1996

Common stock increased from 2,800,000,000 to 5,600,000,000 shares
Two-for-one stock split effective May 1
Common stock par value remained $.25 per share

Authorized repurchase for 206,000,000 shares of stock of The Coca-Cola Company

2006

Authorized repurchase for 300,000,000 shares of stock of The Coca-Cola Company

2012

Common stock increased from 5,600,000,000 to 11,200,000,000 shares
Two-for-one stock split effective July 27
Common stock par value remained $.25 per share

http://www.aaii.com/journal/article/what-to-look-for-in-a-stock-repurchase-program
Companies committed to long-term buyback programs as a means of building shareholder value. Thisgroup can be counted on to fulfill their promise when they make a repurchase announcement, and it is this group that holds the most appeal for long-term investors. A prime example of the third type of company is Coca-Cola, perhaps the ultimate buyback company. Since beginning its buyback program in 1984, it has repurchased 966 million shares (adjusted for splits). The company states in its annual report that it has "always viewed its stock as a consistent bargain for long-term holders."
Coca-Cola Enterprises Inc (NYSE: CCE) ranks high on for strong stock buyback activity. On average, company has repurchased at least 5% of its outstanding shares over the trailing twelve month period.
The company has as of today a cumulative 65 million maximum number of repurchased shares authorized by the Board of Directors. During 2012 alone, 27 million shares or $780 million in shares were repurchased.In addition, the Board of Directors has approved a new $1.5 billion share repurchase program – the third program since the 2010. At least $500 million in repurchases are expected under this program in 2013. These plans may be adjusted depending on economic, operating, or other factors, including acquisition opportunities.

Repurchase Shares
A company can choose to repurchase its own shares. There are several reasons to do this:

Improve Company Metrics
Using money in a share repurchase reduces the total assets of the company, and so their metrics like Return on Assets and Return on Equity will improve (compared to not repurchasing shares).

Demonstrate Per-Share Growth
Reducing the total pool of shares means that Earnings-per-Share (EPS) will grow more quickly than company-wide earnings. The same is true for revenue and cash flow. If a stock's P/E ratio remains constant, but EPS increases, then the stock price will increase.The company affirms its long-term growth targets, with net sales growth of 4 percent to 6 percent, operating income growth of 6 percent to 8 percent, high single-digit earnings per sharegrowth, and an annual increase of at least 20 basis points for return on invested capital.

Fuel Dividend Growth
If a company pays out the same amount of total money to shareholders each year in dividends, and the number of total shares is decreasing, then each shareholder will be receiving a larger dividend each year. And if the company is actually growing earnings and its total dividend payout, decreasing the total number of shares will be able to boost the dividend growth even further.
CCE also expects to increase its 2013 dividend payout to a range of 30 percent to 35 percent of 2013 comparable and currency neutral earnings per share. This would be the sixth straight year of dividend increases and represents an expected annualized 2013 dividend increase of at least 15 percent above 2012.

Flexibly Return Value to Shareholders
American companies that pay regular dividends are basically obligated to keep doing so. Many companies are very proud of their long records of consecutively raised dividends, perhaps stretching back 10, 25, or even 50 years. If they ever encounter a period where they have to cut their dividend, they'll ruin their long record, generate bad press, and anger dividend investors. So, companies typically keep their payout ratios fairly low, perhaps in the 20-70% range, so that even if their profit drops substantially, they'll be able to keep growing their dividend. Share

repurchases are often used to the fill the gap between excess capital and dividends, so that the company can return more to shareholders without being locked into a pattern.

So, for instance, if a company wishes to return 75% of its earnings to shareholders, but wants to keep its dividend payout ratio at 50%, then it could return the other 25% in the form of share repurchases to complement the dividend

QUARTER ENDING	30-SEP 2011	31-DEC 2011	31-MAR 2012	30-JUN 2012	30-SEP 2012
Treasury Stock	-30.5B	-31.3B	-32.4B	-33.3B	-34.2B
Total Shareholder's Equity	33.2**B**	31.6B	32.8B	32.3B	33.2B