JOE CAHILL
ON BUSINESS

Say on pay, schmay on pay

It took a year, but Mondelez finally disclosed what it plans to do about a lavish 2017 CEO pay package that infuriated shareholders: nothing.

Mondelez's recently filed proxy statement reveals the snackmaker is taking no action to address the main concern that led shareholders to reject its executive pay program last year. The compensation plan won only 45 percent of the votes in a nonbinding "say on pay referendum." Rarely do pay plans fail to carry a majority; a favorable vote of less than 90 percent is considered a poor showing.

The proxy confirms that shareholder ire focused on a $42.4 million pay package for Dirk Van de Put, who joined Mondelez as CEO in November 2017. In conversations with management, "shareholders consistently raised concerns relating to the compensation actions supporting the CEO succession and transition in 2017," the proxy says. Particularly galling, according to the filing, were "substantial make-whole awards for our new CEO, a small proportion of which was considered to be performance-based."

Sounds like a clear mandate from Mondelez's owners to do something about Van de Put's 2017 pay. Here's how Van de Put and his fellow directors are responding: "We have taken the feedback into consideration and will continue to do so when structuring compensation in similar circumstances in the future." Oh, and the board "will endeavor to emphasize performance-based recruitment compensation going forward."

In other words, the board won't try to recoup, adjust or offset any aspect of a deal shareholders so vehemently oppose. It won't even promise not to enter into similar arrangements in the future.

Calling concerns about Van de Put's 2017 pay "one-time issues," Mondelez spokesman Thomas Armitage says "our CEO compensation is competitive with similar public companies, operating globally with a similar level and complexity, and, with nearly 90 percent of the CEO's total compensation at-risk based on performance, we feel sets the appropriate incentives to align performance and shareholder value creation."

Mondelez is shrugging off legitimate shareholder objections to a pay package that makes a mockery of its "pay for performance" mantra. Some $38 million of Van de Put's 2017 payout represents "make whole" payments for money he supposedly "forfeited" by leaving his previous employer. That forces Mondelez shareholders to pay Van de Put for work he did for the owners of McCain Foods.

On top of that, $28 million of the make-whole pay isn't subject to any performance standards. Van de Put got $10 million in cash and $18 million in "deferred stock units" that vest over two years regardless of how well Mondelez performs under his leadership.

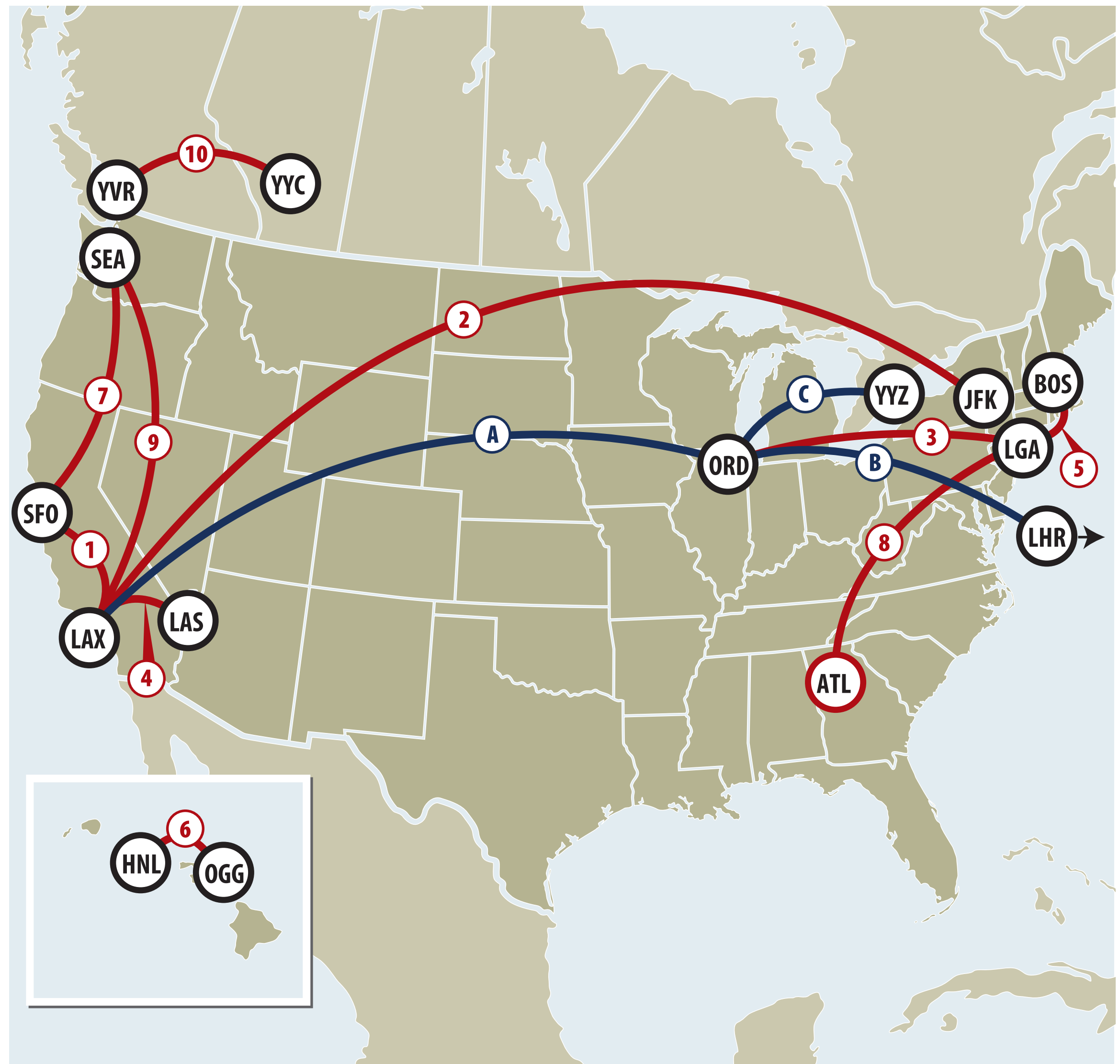
A board that puts shareholders first never would have agreed to such a deal. But the say-on-pay vote created an opening for Mondelez directors to reconsider their generosity to Van de Put and uphold their stated belief in performance-based pay.

MONDELEZ BOARD CHOOSES TO IGNORE SHAREHOLDER VOTE.

Perhaps it's unrealistic to expect Van de Put to return any of the $10 million cash payment. But Mondelez could have modified other elements of his compensation. For example, imposing some performance standards on the unvested portion of the $18 million in deferred stock would have been appropriate and should have been doable if Van de Put were willing to subordinate his short-term personal interests to his obligations to shareholders. It didn't happen.

Another option: reducing Van de Put's 2018 compensation to offset some portion of his excessive 2017 package. Not on your life. Mondelez paid Van de Put the full $15 million he was entitled to last year under company salary, cash bonus and equity award plans.

Clearly, Mondelez directors felt no obligation to rectify shareholders' complaints about Van de Put's pay. That's an ominous message for investors everywhere. If Mondelez's board can ignore a decisive say-on-pay defeat, why would directors at other public companies pay any attention to their shareholders' views on executive compensation?



UP IN THE AIR

O'Hare recently reclaimed the title of the nation's busiest airport, ranked by the number of flights, but how about routes? These are the busiest U.S. routes, based on flights. **By John Pletz**

TOP NORTH AMERICAN DOMESTIC ROUTES

1. Los Angeles (LAX) to San Francisco (SFO)	35,365
2. New York (JFK) to Los Angeles (LAX)	26,286
3. New York (LGA) to Chicago (ORD)	24,188
4. Las Vegas (LAS) to Los Angeles (LAX)	23,783
5. Boston (BOS) to New York (LGA)	20,426
6. Honolulu (HNL) to Kahului (OGG)	19,905
7. Los Angeles (LAX) to Seattle (SEA)	19,778
8. Atlanta (ATL) to New York (LGA)	19,203
9. Seattle (SEA) to San Francisco (SFO)	19,070
10. Vancouver (YVR) to Calgary (YYC)	18,964

OTHER TOP O'HARE ROUTES

MEDIUM-HAUL
A. Los Angeles (LAX): 16,612 flights, the third-busiest in North America

LONG-HAUL
B. London (LHR): 6,036 flights, the ninth-busiest in North America

INTERNATIONAL
C. Toronto (YYZ): 13,503 flights, the 18th-busiest in the world

Note: Data is for March 2018-February 2019

Source: OAG