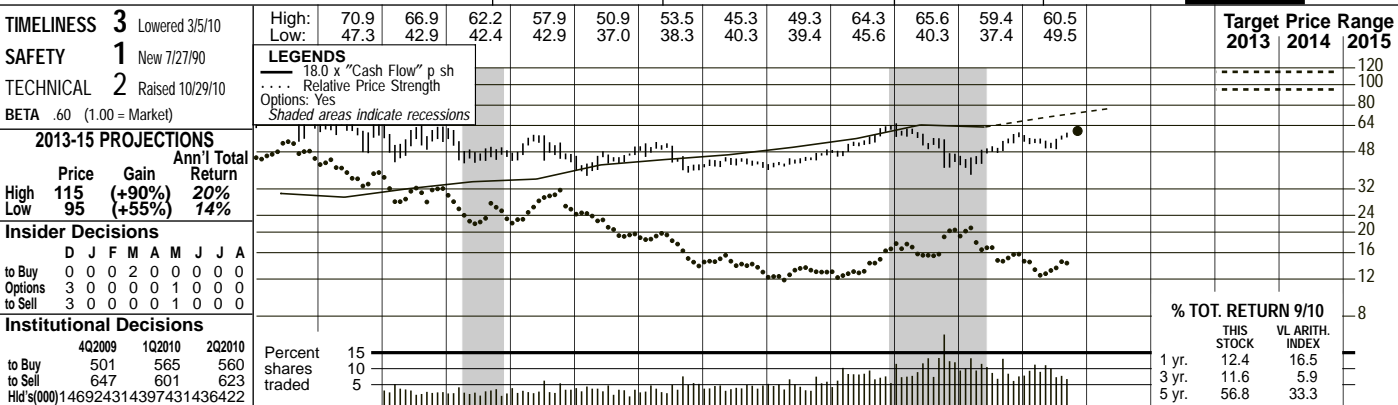


# COCA-COLA NYSE-KO

RECENT PRICE **60.34** P/E RATIO **17.5** (Trailing: 18.6; Median: 21.0) RELATIVE P/E RATIO **1.11** DIV'D YLD **3.0%** VALUE LINE



Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 <sup>E</sup>	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
Price	6.34	7.19	7.48	7.64	7.63	8.01	8.23	7.06	7.92	8.62	9.12	9.75	10.39	12.45	13.82	13.46	14.15	15.20	Sales per sh	18.80
Gain	1.16	1.37	1.60	1.92	1.69	1.63	1.79	1.92	1.99	2.31	2.45	2.59	2.81	3.08	3.58	3.55	3.95	4.30	"Cash Flow" per sh	5.65
Ann'l Total Return	.99	1.19	1.40	1.64	1.42	1.30	1.48	1.60	1.65	1.95	2.06	2.17	2.37	2.57	3.02	2.93	3.35	3.75	Earnings per sh <sup>A</sup>	4.95
Options to Buy	.39	.44	.50	.56	.60	.64	.68	.72	.80	.88	1.00	1.12	1.24	1.36	1.52	1.64	1.76	1.88	Div'ds Decl'd per sh <sup>B</sup>	2.48
Options to Sell	.34	.37	.40	.44	.35	.43	.30	.31	.34	.33	.31	.38	.61	.71	.85	.87	.85	.90	Cap'l Spending per sh	1.05
Options to Buy	2.05	2.15	2.48	2.96	3.41	3.85	3.75	4.57	4.78	5.33	6.61	6.90	7.30	9.38	8.85	10.77	11.65	13.50	Book Value per sh <sup>C</sup>	18.20
Options to Sell	2551.9	2504.6	2481.0	2470.6	2465.5	2471.6	2484.8	2486.2	2471.0	2441.5	2409.3	2369.0	2318.0	2318.0	2312.0	2303.0	2285	2285	Common Shs Outst'g <sup>D</sup>	2200
Options to Buy	22.5	26.8	32.8	38.1	NMF	47.5	37.5	30.5	30.2	22.6	22.6	19.7	18.5	21.0	17.8	16.3			Avg Ann'l P/E Ratio	21.0
Options to Sell	1.48	1.79	2.05	2.20	NMF	2.71	2.44	1.56	1.65	1.29	1.19	1.05	1.00	1.11	1.07	1.09			Relative P/E Ratio	1.40
Hld's(000)	1.7%	1.4%	1.1%	.9%	.8%	1.0%	1.2%	1.5%	1.6%	2.0%	2.2%	2.6%	2.8%	2.5%	2.8%	3.4%			Avg Ann'l Div'd Yield	2.4%

Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 <sup>E</sup>	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
Total Debt	20458	17545	19564	21044	21962	23104	24088	28857	31944	30990	32345	34755	Sales (\$mill)	41395						
LT Debt	28.9%	35.1%	32.0%	31.6%	32.2%	30.8%	31.3%	30.0%	30.3%	30.7%	33.5%	36.5%	Operating Margin	37.5%						
Total Int.	773.0	803.0	806.0	850.0	893.0	932.0	938.0	1163.0	1228.0	1236.0	1250	1275	Depreciation (\$mill)	1510						
Total Interest Coverage	3669.0	3979.0	4100.0	4790.0	5014.0	5196.0	5568.0	5981.0	7050.0	6940.0	7800	8575	Net Profit (\$mill)	10890						
(15% of Cap'l)	27.1%	29.8%	27.0%	21.1%	24.5%	23.5%	22.4%	24.0%	22.2%	22.7%	24.0%	22.7%	Income Tax Rate	25.0%						
Pension Assets	17.9%	22.7%	21.0%	22.8%	22.8%	22.5%	23.1%	20.7%	22.1%	22.4%	24.1%	24.7%	Net Profit Margin	26.3%						
Obblig.	d2701	d1258	11.0	510.0	1123.0	414.0	d449.0	d1120	d812.0	3830.0	4635	7500	Working Cap'l (\$mill)	9500						
Common Stock	835.0	1219.0	2701.0	2517.0	1157.0	1154.0	1314.0	3277.0	2781.0	5059.0	13600	13000	Long-Term Debt (\$mill)	8000						
MARKET CAP	9316.0	11366	11800	14900	15935	16355	16920	21744	20472	24799	26580	30855	Shr. Equity (\$mill)	40035						
MARKET CAP: \$140 billion (Large Cap)	36.4%	31.9%	28.8%	29.2%	29.5%	29.8%	30.7%	24.2%	30.6%	23.8%	19.0%	19.0%	Return on Total Cap'l	22.0%						
CURRENT POSITION (SMILL.)	39.4%	35.0%	34.7%	34.0%	31.5%	31.8%	32.9%	27.5%	34.4%	28.0%	29.5%	28.0%	Return on Shr. Equity	27.0%						
Cash Assets	21.3%	19.3%	17.9%	18.6%	16.2%	15.4%	15.7%	13.0%	17.2%	12.7%	14.0%	14.0%	Retained to Com Eq	13.5%						
Receivables	46%	45%	48%	45%	48%	52%	52%	53%	50%	55%	52%	50%	All Div'ds to Net Prof	50%						

**CAPITAL STRUCTURE as of 10/1/10**  
 Total Debt \$13393.0 mill. Due in 5 Yrs. \$8616.0  
 LT Debt \$4456.0 mill. Total Int. \$265.0 mill.  
 (Total interest coverage: 15x)

**Pension Assets-12/09** \$3.03 bill. **Obblig.** \$3.99 bill.

**Pfd Stock** None

**Common Stock** 2,315,000,000 shs.

**MARKET CAP: \$140 billion (Large Cap)**

**CURRENT POSITION (SMILL.)**

Cash Assets	4979	9151	13265
Receivables	3090	3758	3720
Inventory (Avg Cst)	2187	2354	2259
Other	1920	2288	3861
Current Assets	12176	17551	23105
Accts Payable	6205	6657	7691
Debt Due	6531	6800	8937
Other	252	264	643
Current Liab.	12988	13721	17271

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '07-'09 to '13-'15

Sales	5.5%	9.0%	5.5%
"Cash Flow"	7.0%	8.5%	7.0%
Earnings	7.0%	8.5%	8.0%
Dividends	9.5%	11.0%	7.0%
Book Value	11.0%	11.0%	12.5%

**BUSINESS:** The Coca-Cola Company is the world's largest beverage company. It distributes major brands (Coca-Cola, diet Coke, Sprite, Barq's, Mr. Pibb Xtra, Fanta, Fresca, Dasani, Evian, Full Throttle, Powerade, Minute Maid, and others) through bottlers around the world. Business outside North America accounted for 74% of net sales in 2009. 2009 depreciation rate: 3.9%. Advertising expenses, 9.0% of revenues. Has approximately 92,800 employees; Directors and Officers as a group own 5.4% of stock; Berkshire Hathaway, 8.7%; BlackRock, Inc., 5.4% (3/10 Proxy). Chairman and CEO: Muhtar Kent. Incorporated: Delaware. Address: One Coca-Cola Plaza, Atlanta, Georgia 30313. Telephone: 404-676-2121. Internet: www.coca-cola.com.

**The Coca-Cola Company now has greater control of its North American beverage business,** having recently acquired key bottling assets from global distribution partner Coca-Cola Enterprises (CCE). Under the deal, Coke took ownership of a bottling and direct-store distribution network that spans 46 U.S. states and Canada. In return, it ceded its 34% equity stake in CCE (valued at approximately \$3.4 billion) and assumed nearly \$9 billion of that company's debt load. Concurrently, CCE also bought Coke's bottling operations in Norway and Sweden for \$822 million, and has secured the right to acquire a majority interest in Coke's German bottler.

**The deal is expected to yield approximately \$350 million in annual cost savings and revenue synergies by 2014.** It should add to Coke's earnings (by a few cents a share), starting in 2012. One-time integration costs are expected to approach \$450 million.

**Much of the company's long-term growth is still likely to be generated outside of North America.** Market opportunities in Asia remain especially attractive. In China and India, for example, per-capita consumption (PCC) of Coke products is modest, at just 20 or so individual servings a year. Comparatively, annual PCC in Mexico is upward of 660.

**We look for Coca-Cola to be active on the share-buyback front,** now that it has cinched the CCE deal. Indeed, management is hoping to repurchase approximately \$2.0 billion worth of stock in just the fourth quarter alone. Strong recurring cash flow should enable additional buybacks, as well as dividend hikes, over the pull to 2013-2015.

**There are risks here.** Soft drink companies are under increased fire by some consumer groups for selling empty calories and contributing to the growing obesity problem in developed markets. **Coca-Cola shares are ranked 3 (Average) for year-ahead relative price performance.** At the current quotation, they have attractive long-term total return potential, partly thanks to a well-covered (and growing) dividend. Coke remains a good core holding for conservative investors.

*Nils C. Van Liew* *October 29, 2010*

(A) Based on primary shs. through '96, diluted shs. thereafter. Next earnings report due late January. Excls. nonrec. losses: '99, (32c); '00, (60c); '01, (2c); '02, (43c); '03, (18c); '04, (6c); '05, (13c); '06, (21c) '08 (53c).	(B) Div'ds historically paid about April 1, July 1, Oct. 1, Dec. 1. ■ Div'd reinvestment plan avail.	(C) Incl. intangibles. In '09: \$12.8 bill., \$5.55/sh. (D) In millions. (E) Reflects reclassification of sales and expenses.	Company's Financial Strength	A++
			Stock's Price Stability	100
			Price Growth Persistence	40
			Earnings Predictability	100