Our Company

The Coca-Cola Company

Financial Highlights

Year Ended December 31,	**1995**	1994	Percent Change
(In millions except per share data and ratios, as reported)			
Total return (share price appreciation plus reinvested dividends)	**45.9%**	17.1%	—
Closing market price per share	**$ 74.25**	$ 51.50	44 %
Total market value of common stock	**$ 92,983**	$ 65,711	42 %
Net operating revenues	**$ 18,018**	$ 16,181	11 %
Operating income	**$ 4,092**	$ 3,716	10 %
Net income	**$ 2,986**	$ 2,554	17 %
Net income per share	**$ 2.37**	$ 1.98	20 %
Cash dividends per share	**$ .88**	$ .78	13 %
Average shares outstanding	**1,262**	1,290	(2)%
Share-owners' equity at year-end	**$ 5,392**	$ 5,235	3 %
Return on equity	**56.2%**	52.0%	—

For a discussion of nonrecurring items affecting 1995 amounts reported above, please refer to the quarterly data on page 71.

Cover: The Dynamic Ribbon device is a registered trademark of The Coca-Cola Company.
Page 1: The infinity symbol is an *un*registered trademark of our growth potential.

Our Opportunity

Dear fellow share owners:

The other day, after I spoke to a group of engineering students at my alma mater, one of them asked me a simple question: "Which area of the world offers The Coca-Cola Company its greatest growth potential?"

Without hesitation, I replied, "Southern California."

They all laughed, thinking I was trying to be funny.

So to drive home the point, I shared with them one very interesting fact. The per capita consumption of bottles and cans of Coca-Cola is actually lower in the southern part of California than it is in Hungary, a country which is one of our supposedly "emerging" markets, while the U.S. is supposedly a "matured" soft drink market.

The students went silent for several seconds. I'm sure they had never before pondered our virtually *infinite* opportunity for growth.

But, as you might guess from the opening of this annual report, we have. So has one of our best bottlers, which is hard at work seizing that opportunity in California.

And that's why the solid performance of The Coca-Cola Company in 1995 did not surprise us in the least. In 1995, our results met or exceeded our publicly stated long-term goals. We extended our already strong leadership of the worldwide soft drink industry. We invested more aggressively than ever before in our long-range future, particularly the future of our brands. And we were very happy to see the stock market positively recognize all of this.

Over the past decade and a half, we have worked to earn your trust by using a three-step process – 1) State expectations. 2) Meet or exceed those expectations. 3) Repeat.

The third step, of course, is the toughest. But a look back at our annual reports of the past 14 years reveals that we have yet to over-promise. Instead, we have built credibility by consistently hitting our publicly stated long-term growth targets in retail case sales, share, earnings and economic profit, while producing exceptional returns on your investment.

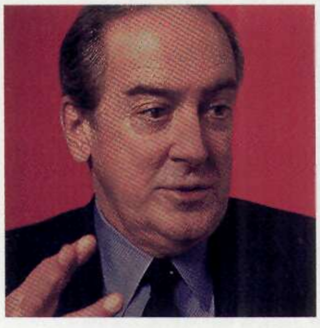
In 1985, we projected our unit case volume outside North America would grow 8-10 percent annually over the long term, and since then it has grown at an average annual compound rate of 8.2 percent.

We also projected we would outgrow the rest of the U.S. soft drink industry over the long term. Since 1985, our U.S. soft drink business has grown at an average annual rate of 4.2 percent, indeed outpacing the 2.7 percent average unit volume growth rate of the rest of the industry.

In 1991, we projected our earnings per share would grow in the upper-teens-to-20 percent range over the long term. Since then, annual net income per share has grown at an average rate of 18.4 percent, and since 1985, it has grown at 17.8 percent.

That kind of consistency does not happen by accident. It happens because we understand the universe of our business.

We understand that, as a practical matter, our universe is *infinite*, and that we, ourselves, are the key variable in just how much of it we can capture.



Seeing ourselves as the key variable, we opened 1996 by intentionally shedding our prior operating management structure. Appropriate for its day, that structure divided our core soft drink business into two units – "North America" and "International." But given that some of our individual operating groups outside of North America now generate income equal to that of our entire Company in the mid-1980s, bundling those units under the title of "International" had become artificial and impractical. Consequently, we now see the units of our worldwide soft drink operations simply as five groups, including North America, each headed by a group president. In addition, our Coca-Cola Foods division continues to operate highly focused on juices and juice-drink products.

This move flattens our management structure. It also reflects that we not only *see* our business as global, but we *manage* it that way, as well. Most important, it organizes us most effectively to build our universe by methodically and relentlessly converting "new worlds of opportunity"– those in our emerging markets, as well as those in our leading-edge markets – into new worlds of reality.

What else do we know about our universe?

Well, we know it is *infinite* because of five enduring realities. Those are the five realities that have made us such a consistently strong investment because they are the realities that have made us such a consistently strong business.

These realities are sometimes forgotten by those who find doom in the trying circumstances that accompany every day of life. The members of this group change from year to year, and so do the reasons for their concerns. In 1995, for example, they worried about Mexico's falling peso, Japan's difficult economy and Argentina's economic travails – real business challenges, but challenges we are managing.

Some were concerned about what they called the rich price of our stock and others about our ability to maintain our growth record, favorite subjects of worry every year for the last 60 years. As a prominent business publication pointed out back in 1938 in the face of the very same concerns: "But Coca-Cola steadily sweeps on."

Last year, some worried about the fact that our 1995 results would have to be compared with our stellar 1994 performance. And most likely, once again this year there will be those who will find new reasons to worry about our 1996 results. But if that's the way it is, so be it, for we will continue to focus our attention on the five enduring *realities* of our *infinite* universe.

Reality #1 – *We sell a product that not only has universal appeal and accessibility, but also meets the fundamental, frequently recurring human need for refreshment.*

By universal appeal, I mean we sell a product with physical attributes that the human palate enjoys, no matter what the culture or demographic status. Five or six decades ago, we stopped listening to those who said that Coca-Cola simply would not be accepted in certain societies, where centuries-old beverage consumption habits would surely lock us out. But, just as consumption of Coca-Cola surpassed the combined consumption of the two leading teas in Great Britain some time ago, so will the per capita consumption of Coca-Cola surpass that of the leading bottled water in France this year, two milestones most people said would never come to pass.

Yet, such milestones do come to pass, and one of the primary reasons is the "delicious and refreshing" nature of the product that comes in a bottle, can, glass or cup of Coca-Cola.

That's of great importance, but so is the universal accessibility of Coca-Cola. Not only does Coca-Cola satisfy a basic human need, it is also highly affordable to an overwhelming majority of people worldwide.

Most important, though, we have become increasingly mindful of one undeniable fact – the average human body requires at least 64 ounces of liquid every day just to survive, and our beverages currently account for not even 2 of those ounces. For every person on this planet, consuming at least 64 ounces is not an option; but choosing where those ounces come from *is*. And that is why our second reality is so important.

Reality #2 – *We are rapidly adding strength to the world's strongest brand.*

Remember, when we say "brand strength," we're not talking about the marketing research results and the balance sheet calculations that point to Coca-Cola as the world's most powerful and valuable brand. We're talking solely about the brand's ability to deliver value in the marketplace – the brand's ability to inspire people to pay more for it, based on its ability to deliver more value to them. In other words, we define a brand's true strength based on its ability to command a premium price in exchange for the very real and obvious value it delivers in return. That definition took on particular poignancy in 1995, a year when the faulty ideology of so-called "premium" private label soft drinks began to crack and crumble.

That's why I am always surprised that some people still insist on seeing brand strength as a liability. They make the curious assumption that we would be short-sighted enough to milk the brand by stretching its price/value relationship to a point where people would eventually reject it in the marketplace.

Granted, a handful of prominent companies have been guilty of doing just that. But we're not about to go down that dangerous road, because we understand what drives the long-term strength of our business. Instead, we will continue to push relentlessly to find new ways of building relevant value into Coca-Cola and all our other brands by further differentiating them, making them unique and distinctive.

You have heard us talk before about the power of *differentiation*, but I can assure you that our attention is riveted more than ever on the importance of making our brands different, better and special. For years, we built our business by concentrating on the "Three A's," – Availability, Affordability and Acceptability of our products. That focus served us well, but we are leaving it behind, as we now have raised our sights and strive for the "Three P's," if you will. Mere "availability" has given way to *Pervasive penetration* in the marketplace. Mere "affordability" has given way to offering consumers the best *Price relative to value*. And mere "acceptability" has given way to making Coca-Cola the *Preferred* beverage everywhere.

This year, we generated many victories in differentiating our brands, as Doug Ivester, my partner and our president and chief operating officer, reports in detail in the "Sales, Marketing & Operations" section beginning on page 30.

Reality #3 – *Our financial fundamentals are superior and reliable.*

Having a powerful brand can make for *good* financials. But having a powerful brand attached to a highly accessible and universally appealing product distributed through an unmatched business system can make for *outstanding* financials.

By that, I mean that our brands are not attached to luxury automobiles, computers or high-performance athletic shoes, items most of the world cannot afford on a regular basis. Our brands are attached to products that billions of people can afford to buy several times a day.

That's one of the key reasons I have never heard anybody say, "I sure am glad my grandfather sold his Coca-Cola stock." Another reason is that we run our operations so that our average return on capital is more than triple our average cost of that capital. That impressive ratio clearly reflects the inherent strength of our core soft drink business and how we have structured it.

In recent years, we have further sharpened our focus on that core business, and our 1995 results testify to that focus. Underpinned by 7 percent growth in our oldest market, the United States, our worldwide unit case volume increased 8 percent, to 12.7 billion unit cases. And Coca-Cola, that 110-year-"young" brand, grew by more than 425 million additional cases last year. As we have said before, volume growth is our key to generating economic profit, and economic profit is the key to driving the value of your investment. And once again, sales volume growth drove corresponding gains in every important financial measurement. Operating income grew 10 percent. Earnings per share grew 20 percent. Economic profit grew 15 percent.

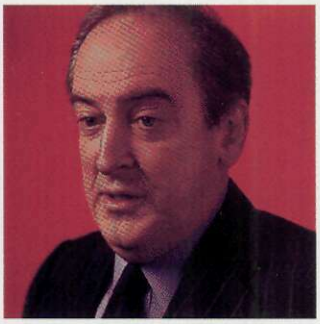
For a couple of years prior to 1995, our stock price lagged behind its average performance for the preceding decade, after gaining more than 70 percent in 1991. But last year, the financial markets compensated by rewarding our shares with a price appreciation of 44 percent, clearly outpacing the 34 percent growth generated by the S&P 500 Index. As a result, the total return on your investment – stock price appreciation plus dividends – came in at a strong 46 percent.

We understand that some years our business will outperform our stock, and other years our stock will outperform our business. But we believe the two will never wander too far from each other, and – over the long term – they will track each other very closely.

Accordingly, we have always viewed our own stock as a consistent bargain for long-term holders, and we continued to buy back our own shares, purchasing 29 million shares in 1995. Since 1984, we have purchased 483 million shares at an average price, adjusted for stock splits, of $18.21, capturing some $17 billion in value and accelerating our average annual earnings per share growth rate over that period to 18 percent. Had we not purchased those shares, the rate would have been 14 percent.

At year-end 1995, the market value of our Company stood at nearly $93 billion, an increase of $27 billion over 1994.

Saying it the way that matters most to you, $27 billion of additional wealth was created for our share owners during the course of 1995.



The consistency of our business also manifested itself in two recent actions by our Board of Directors. First, at its December 1995 meeting, the Board recommended a 2-for-1 stock split, which will be voted on by share owners at our annual meeting. Second, at its February 1996 meeting, the Board voted to raise our quarterly dividend 14 percent to 25 cents per share, our 34th consecutive annual increase.

At the end of the day, we never forget that our ultimate responsibility is to create value for you, the owners of our Company. To do that, we must further ingrain throughout our business system the practice of "value-based management," a simple methodology that evaluates the economic value created or destroyed by every decision we consider.

We must also remain mindful of our fourth reality.

Reality #4 – *Coca-Cola provides value to everyone who touches it.*

We know we can create superior value for you only when we're able to create superior value for our bottling partners, our customers and, ultimately, the people who buy and drink our products. We believe *everybody* should sell Coca-Cola, and *everybody* should get value from it. We've worked hard to make sure we operate in partnership with some of the world's very best business persons, and today we have the best of the best.

That is particularly true of our bottling partners. More than ever, our bottling partners share our appetite for accelerated, profitable growth, and we saw our bottling system take several important steps forward in 1995. In Japan, our bottling partners created a significant competitive advantage for themselves by forming the Coca-Cola National Sales Company, a move that will greatly enhance our ability to capitalize on the rapidly changing Japanese marketplace. In Germany, our system is in the process of making comparable progress through consolidation, further unifying what was once the most highly fragmented bottling network in our global system. And we are taking similar actions in several other countries around the world.

We have prompted many such changes over the past 13 years, primarily to strengthen our system's position as the premier supplier to a radically changing customer base. Such moves, coupled with strong consumer demand for our brands, make us a key sales and profit contributor to virtually every customer we serve.

In recent years, we have put a great deal of emphasis on developing programs that uniquely contribute to the long-term profitability of our customers. In addition to the traditional elements of superior customer service, we also now provide "category management" programs and "activity-based cost analysis" models, complex-sounding tools that produce very simple, tangible benefits.

Those benefits can be startling. We witness retailer after retailer reaching the solid conclusion that our brands drive long-term profitability, while private label products offer only short-lived sales increases, ultimately squeezing customer profitability out of the soft drink category.

We continue to work long and hard to help make our customers successful. For instance, some quick-service restaurants in the United States must sell as many as three regular hamburgers to generate the same profit that they generate by selling one large serving of Coca-Cola. Looking forward, we have committed ourselves to becoming even better skilled at contributing to the profitability of our customers.

Reality #5 – *Our people know how to find opportunity others cannot see.*

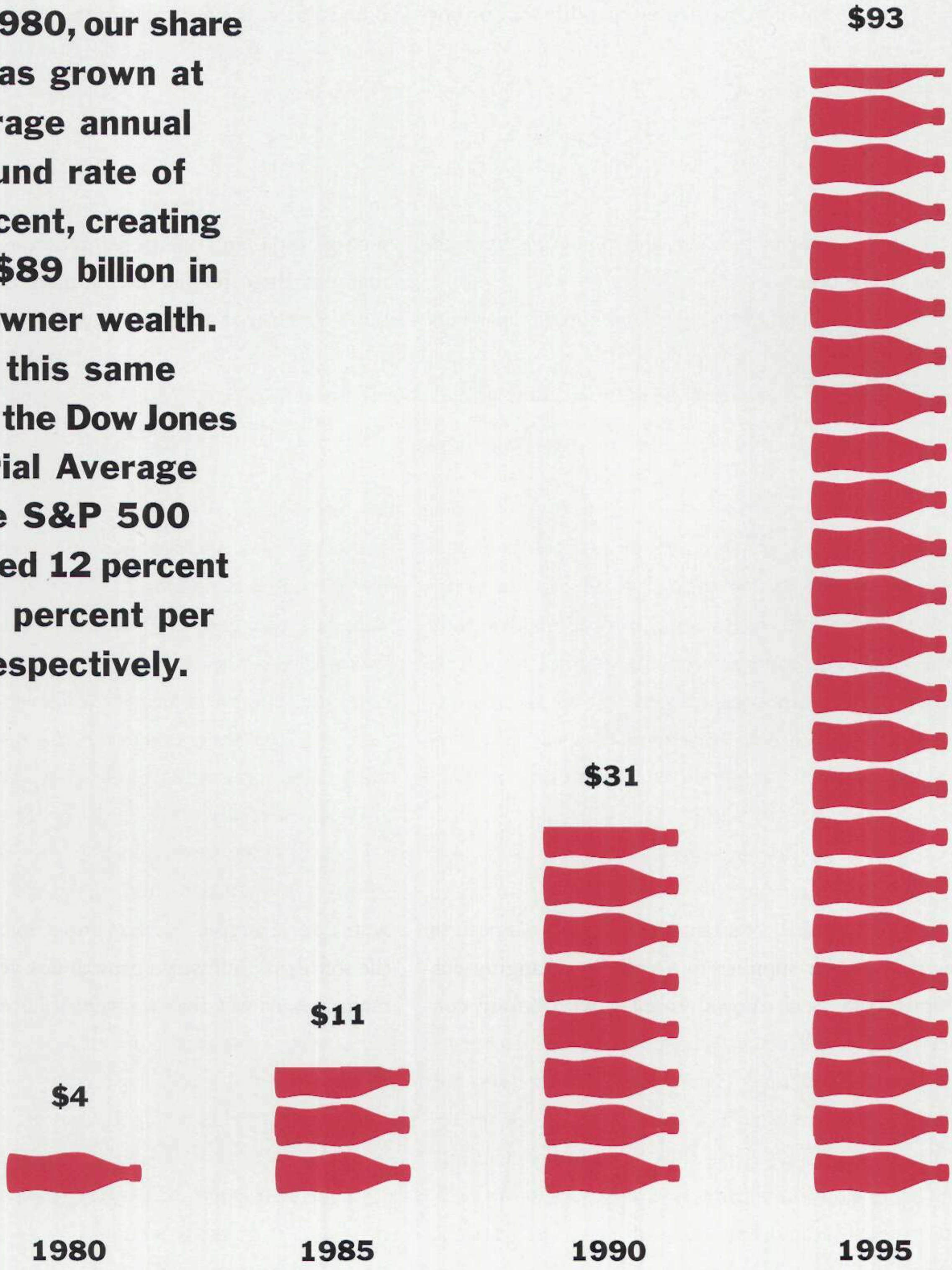
This is my favorite reality because it is embodied by real people I know well. With *my* own eyes, I have seen my colleagues all over the world identify with *their* own eyes the growth opportunities that nobody else knew existed. When these people walk into any environment, they don't see Coca-Cola; they see where Coca-Cola is *not*. They see an *infinite* universe, and they see those 64 daily ounces of opportunity.

As a result, we have found some of our best opportunities right under our own noses. In the United States, for example, we accounted for 80 percent of the soft drink industry's growth last year. One of the main reasons was that we were able to generate significant unit case sales volume through venues where we had never set foot before.

The truth is, however, that we are only just now really focusing on developing this skill – the skill of seeing new opportunities – as a true strategic capability. "Seeing where Coca-Cola is not" has to be more than just a knack that some people have and some people don't. It must be a required, self-sharpening skill.

Putting our realities to the long-term test.

Since 1980, our share price has grown at an average annual compound rate of 24 percent, creating nearly $89 billion in share-owner wealth. During this same period, the Dow Jones Industrial Average and the S&P 500 increased 12 percent and 11 percent per year, respectively.



Year-end market value of our common stock (in billions).

Roberto Goizueta, Chairman, Board of Directors, and Chief Executive Officer, and M. Douglas Ivester, President and Chief Operating Officer.

How will we do that?

Not with our existing culture, no matter how well it has served us to this point. Instead, we must continue to move to a "learning culture," a worldwide company culture that will institutionalize the process of rapidly learning from every aspect of our environment: our consumers, our customers, our partners, our competitors, seemingly unrelated organizations, and, yes, our own mistakes.

Is this just another flavor-of-the-month business fad? It had better not be.

While we've followed these principles instinctively for years, this is the first time we've ever set out to institute them in our daily operating philosophies, and our commitment to making this cultural refinement is as deep and concrete as, for example, our commitment to building new bottling plants in China. That commitment to a "learning culture" should extend to every one of our people worldwide, all of whom should feel personal responsibility for driving their *own* learning.

That, of course, includes me. And I'm proud to say that I learned more in 1995 than any year before, but not as much as I will this year.

There is, however, one piece of wisdom I learned many years ago: always express gratitude to those who deserve it, never forgetting the importance of the words "thank you." In line with that wisdom, I wish to thank my talented, committed associates for the great value they continue to generate. I thank our customers and bottling partners for helping us grow and learn.

I also thank my fellow members of our Board of Directors for their wise counsel, especially William B. Turner, who retires on the date of our upcoming annual meeting in accordance with our bylaws, after 16 years of providing sound advice and strong support. With his soft-spoken wisdom, unwaveringly solid principles and disciplined business philosophies, Bill exerted a distinctive, positive influence, initially as a member of the Board's audit and retirement plan committees, and most recently as a decade-long member of our Board's executive, finance and compensation committees. We wish him the best.

Finally, I thank you, my fellow share owners, for the trust you have shown in our ability to create value. In a single word, our appreciation for your growing support could be described as nothing other than ... well, *infinite*.

Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer

February 26, 1996

Here are our five enduring realities:

REALITY CHECK #1

We sell a universally appealing product that meets a fundamental human need.

REALITY CHECK #2

We're rapidly strengthening the world's strongest brand.

REALITY CHECK #3

Our financial fundamentals are superior and reliable.

REALITY CHECK #4

Coca-Cola provides value to everyone who touches it.

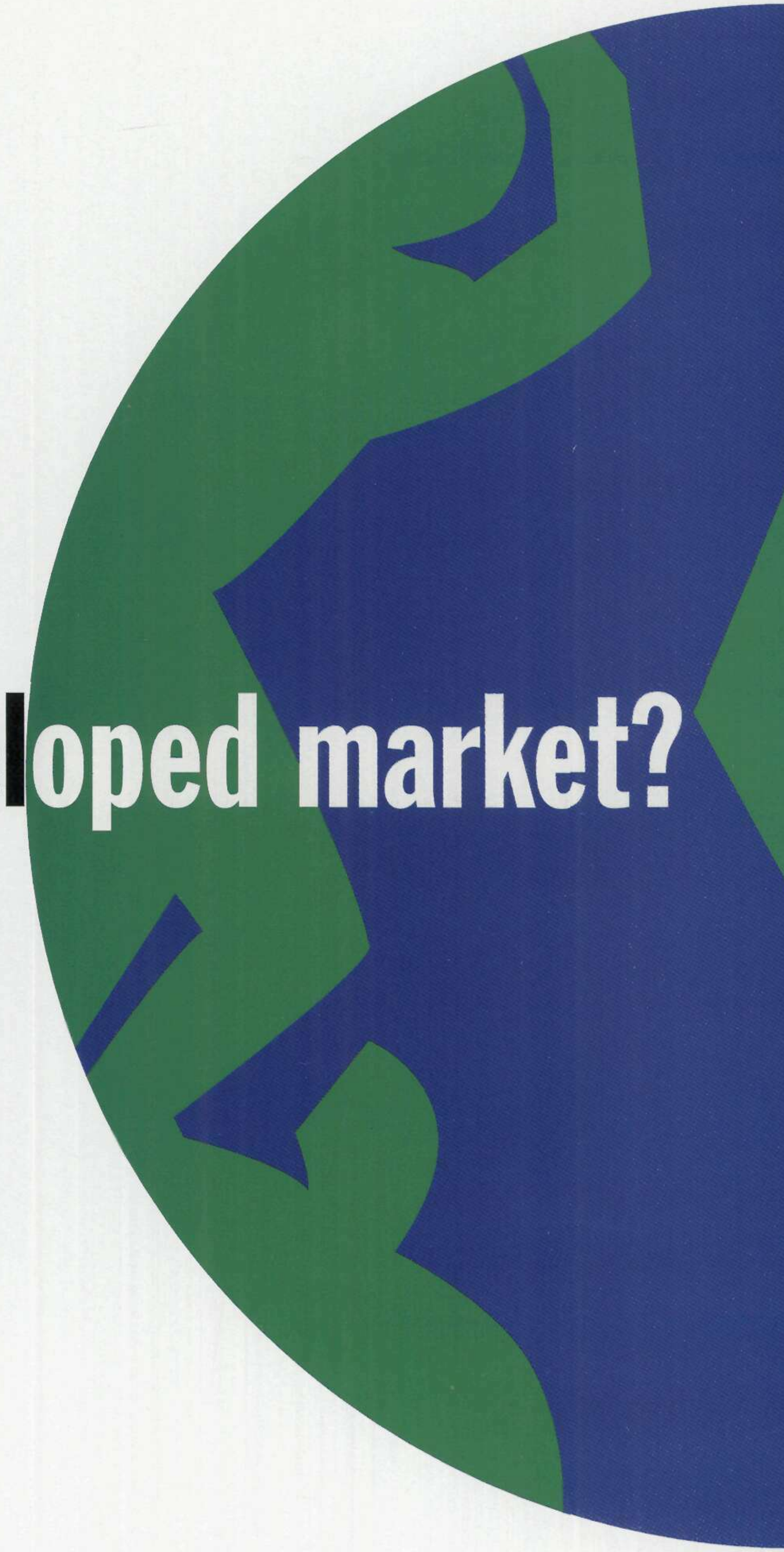
REALITY CHECK #5

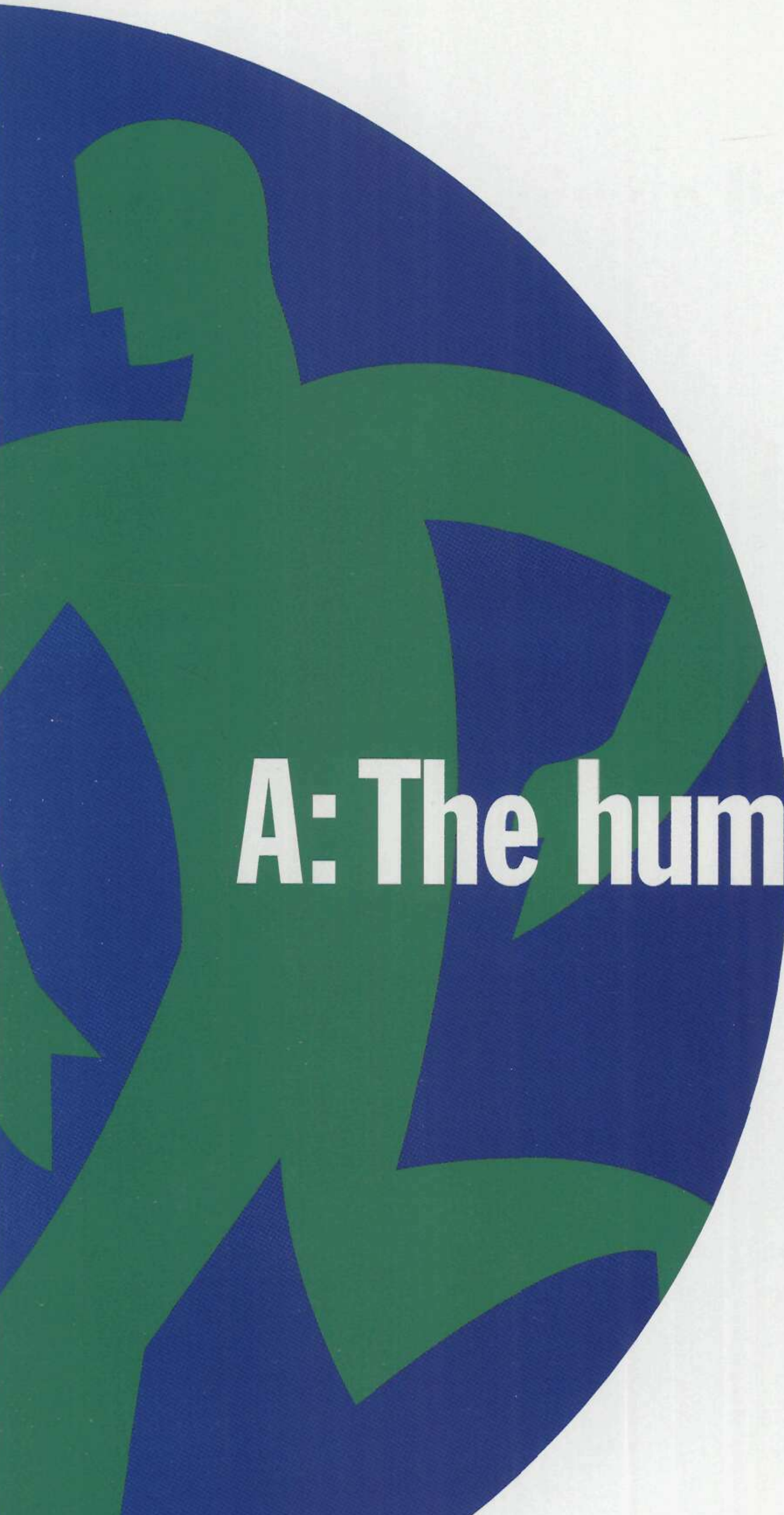
Our people know how to find opportunity others cannot see.

To check our realities, turn the page.

REALITY CHECK #1

Q: What's our most underdeveloped market?





A: The human body.

People can do without most things for an entire day. But every day, every one of the 5.7 billion people on this planet must consume roughly 64 ounces of fluid to live. We currently account for less than 2 of those ounces.

REALITY CHECK #1

We sell a universally appealing product that meets a fundamental human need.

Isn't your worldwide market share 47 percent? That's just our share of soft drink sales. But we no longer measure ourselves in such a narrow way. Instead, we're focused on expanding our share of every human being's fluid intake – the some 1 trillion gallons of liquid people around the world consume each year. In some cases, that means taking on other international soft drink companies. In other cases, indigenous beverages are our biggest contenders. When it comes to availability and accessibility, however, only one beverage is our true rival: tap water.

But your real growth potential lies in markets such as China and India, right? Those are promising markets for us. But our opportunities for growth in leading-edge markets such as the United States are just as abundant. On average, consumers in several major metropolitan markets, including Detroit, Philadelphia and Honolulu, for example, drink fewer than 190 bottles and cans of our products per year. That's less than what consumers in Budapest, Hungary, or Santiago, Chile, drink. And we have thousands of similar opportunities around the world, just waiting to be tapped.

Doesn't there come a point when you simply can't expand any further? No. As long as people continue to consume approximately 64 ounces of fluid per day, our growth opportunities will be virtually unlimited. Our U.S. business is testimony to that. Our oldest market grew 7 percent in 1995 – its 109th year – capturing 80 percent of the soft drink industry's growth.

But you'll never be able to match the level of growth you've achieved in the U.S., will you? We already have. Five markets have per capita consumption rates that exceed those of our U.S. business. Those markets are as diverse as Luxembourg and Aruba and also include Iceland, which proves that our ability to achieve growth is not limited to hot climates alone. But with 60 percent of the world's population living in markets where the average person consumes less than 10 8-ounce servings of our products per year, we're just beginning to scratch the surface of our potential.

You can't really hope to achieve that kind of success in all markets, can you? Cynics have long questioned our ability to penetrate markets where local beverages are deeply entrenched. But the truth of the matter is, we've yet to encounter any market anywhere in the world where people haven't developed a taste for Coca-Cola. In Korea, for example, sales of Coca-Cola surpass that of tea. And in Brazil, the world's leading coffee-producing nation, Coca-Cola outsells the leading coffee manufacturer.

REALITY CHECK #2

Q: Is "Coca-Cola" the world's most recognized expression?

A: No...

...but it's "OK."

Coca-Cola is not the world's most widely recognized expression. Actually, it's second behind "OK," a global affirmation understood just about anywhere. And we have the trademark rights to it in many markets, too.

REALITY CHECK #2

We're rapidly strengthening the world's strongest brand.

So people buy Coca-Cola because of its name recognition? Partly. Name recognition offers us the opportunity to make our case. It's up to us to make that case relevant and compelling enough to win people over. For brand Coca-Cola, we're doing that in at least three ways. First, we're focusing renewed energy on marketing the taste of the product itself – its unparalleled ability to refresh and the uniquely satisfying sensation at the back of the throat that Coca-Cola provides. Second, we're cultivating and perpetuating the brand's personality and heritage – its mystique, its magic and its special ability to connect with consumers. And third, we're re-igniting the symbols that encapsulate the essence of the brand – including the curvy shape of the contour bottle, the instantly recognizable Coca-Cola script, the familiar Dynamic Ribbon device and, of course, the color red.

Then it all comes down to good advertising? No, it comes down to the total value offered by the brand. In fact, the reintroduction of our contour-shaped bottle did as much to directly drive our volume growth in 1995 as any of our advertisements. In the U.S., for example, our 20-ounce plastic contour bottle racked up 40 to 90 percent growth rates over prior-year packaging in markets where it was launched in 1995, while sustaining a strong 20 percent growth rate among all markets that have launched the package since 1994. The package, which is now available nationwide, has also sparked increases in the frequency and quantity of consumer purchases, which bodes well for our future growth.

The Coca-Cola trademark must be worth billions, right? Actually, it's worth $1 – from an accounting standpoint, that is. According to some valuation sources, however, its real value is closer to $39 billion. We don't really know how much it's worth. We do know this: If our Company burned to the ground, we'd have no trouble borrowing the money to rebuild, based on the strength of our trademarks alone.

But aren't "alternative" beverages where your real future lies? No. Coca-Cola is our engine of growth – past, present and future – a fact clearly evidenced by its more than 425 million unit case volume increase in 1995. Alternative beverages, by comparison, represent a tiny portion of our overall sales, and that's not likely to change. We're determined never to get caught in the trap of chasing the fad of the month, but we will put the full weight of our resources behind any emerging trend that will contribute positively to our overall growth. Fruitopia, for example, continues to excel, as does POWERaDE.

REALITY ∞ CHECK #3

Q: What do we produce with our secret formula?

A: Superior cash flow.

With a return on capital that's more than three times the average cost of that capital, we've built a track record for consistently delivering enviable financial results.

REALITY CHECK #3

Our financial fundamentals are superior and reliable.

What makes your cash flow so strong? Three factors contribute to our ability to generate superior cash flow. First, our capital requirements are low for a business our size. Second, our business is not labor intensive; we employ just 32,000 people worldwide. And third, unlike products such as wine, our beverages can go from production to consumption in a matter of hours.

What do you do with your cash? We reinvest our operating cash flow in three ways: by channeling it back into our own business, by paying dividends and by buying back our own stock. And because virtually all of our investment opportunities worldwide offer potential returns well in excess of our cost of capital, we have more choices than you might think.

Why don't you just put it all into dividends? Everybody likes dividend checks, but the fact is, our strong return on capital creates an extremely efficient vehicle for reinvesting our share owners' resources. Our total return to share owners – 46 percent in 1995 – clearly reflects this.

So why do you buy your own stock? Because investing in our own stock offers our share owners the potential for a significantly higher long-term return than other investment alternatives and is clearly superior to maintaining excess cash, which provides a relatively low after-tax return.

Is there ever a time when you wouldn't consider buying your own stock? Yes – whenever securities laws say we can't. Otherwise, we've yet to encounter a time when we felt our stock wasn't a long-term investment bargain for us.

How can there be any place left to invest when you're already nearly as global as the United Nations? That's just "horizontal" expansion. The real growth opportunities come from "vertical" expansion. As we continue to strengthen our global business system and step up the pace of our marketing efforts, our investment opportunities continue to multiply. In 1995, for example, we invested nearly $940 million in capital projects and another $3.8 billion in aggressive marketing initiatives.

Isn't it risky to be operating in so many markets? No, because the more we're in, the less risky it generally becomes. If one market falters, we have dozens more that can take up the slack. In 1995, for example, robust growth in Brazil and China helped offset the impact of economic difficulties in Mexico and Argentina.

Can you really keep generating such attractive cash flows with such simple, inexpensive products? Actually, the simplicity of our business and the affordability of our products are two of the reasons we are able to generate such consistently attractive cash flows. After all, billions of people can afford our products every day, a fact few other companies can claim.

REALITY CHECK #4

Q: When our customers look at us, what color do they see?

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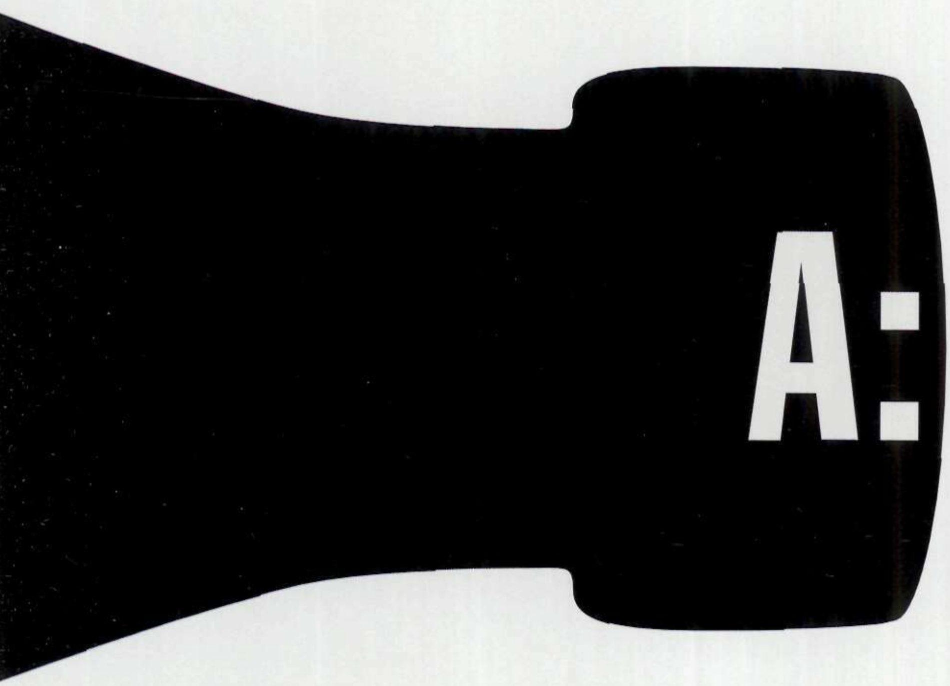


A: Green.

That's because our customers associate us with value. Even though "green" isn't the color of money in every country, there is no country where Coca-Cola does not bring value to our customers.

REALITY CHECK #4

Coca-Cola provides value to everyone who touches it.

From a consumer's standpoint, what value does Coca-Cola offer that other beverages don't? We work very hard to ensure that Coca-Cola is different in *every* respect. Four of the ways we do that are: one, by investing heavily to ensure that Coca-Cola is always within easy reach, virtually anywhere in the world; two, by offering consumers a wide variety of packaging choices; three, by consistently delivering beverages of the highest quality; and four, by linking the brand with one-of-a-kind events and activities, such as the Olympic Games.

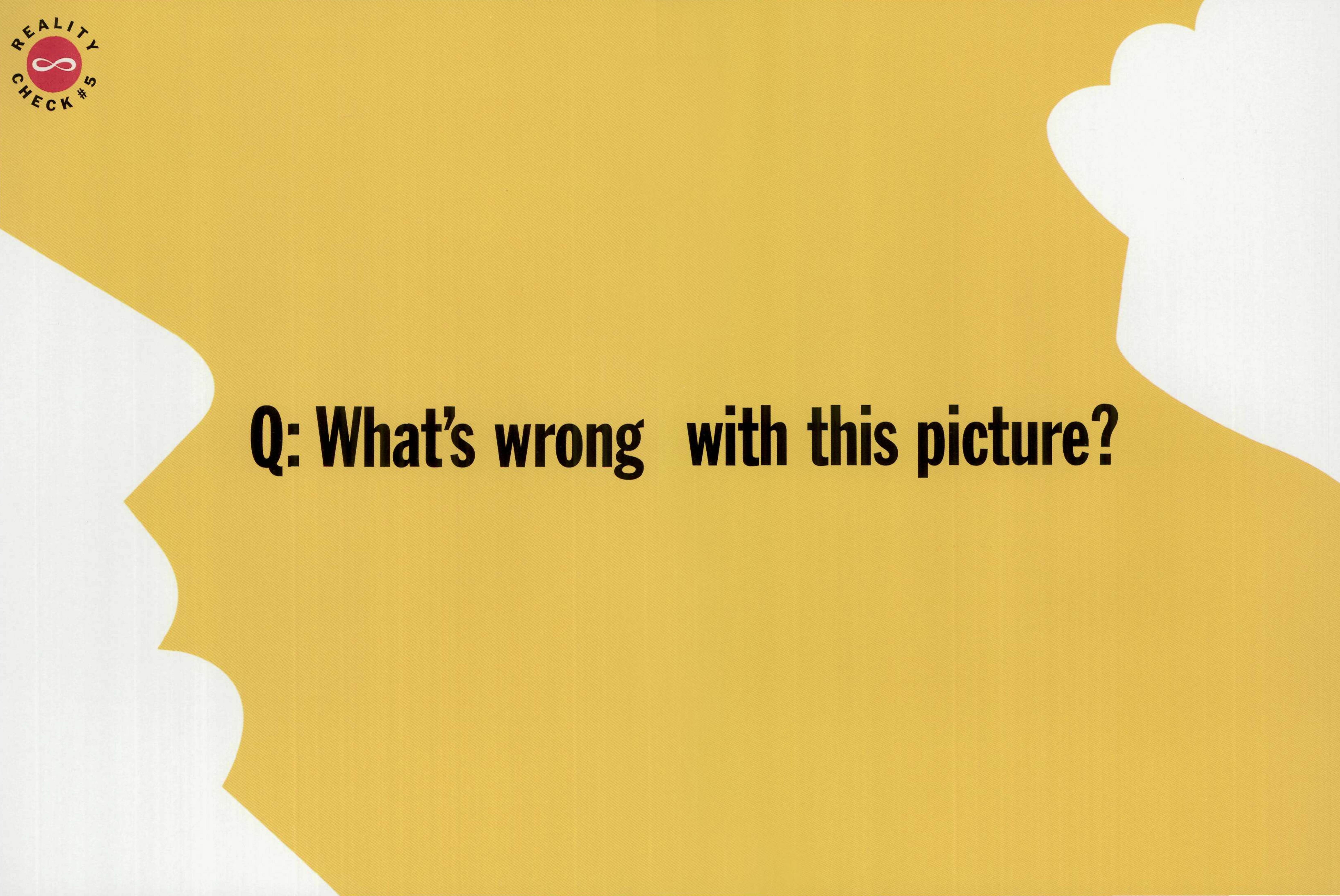
Does that mean price is inconsequential to consumers? No, price is clearly an important consideration. But people judge the appropriateness of a given price based on the value they receive in return. And the fact is, Coca-Cola is always a great value. In U.S. food stores, for example, the average retail price of Coca-Cola is less than two cents per ounce, which is less than it was 10 years ago.

From a customer's viewpoint, aren't brands becoming anachronistic? Those that don't offer value are. But ours are actually increasing in importance. That's because we're continually giving the people who drink our brands better reasons to drink more of them more often.

So, you help customers by stimulating consumer demand. Is that all? No, we also offer customers superior delivery, promotional services and sales support. But we really shine when it comes to what matters most to our customers: our ability to help them generate sustained, profitable growth. In the U.S., for example, the typical convenience store has to sell as many as two ice cream bars, three medium-sized salty snacks or six newspapers to equal the profit that a large, 44-ounce serving of Coca-Cola generates.

What about your bottling partners? Aren't they getting squeezed? With the right people and the right systems in place, the bottling business offers attractive margins. Our bottling partners have worked very hard to streamline their operations, to the point where our system is now arguably the low-cost producer virtually everywhere we do business. Now, they're also expanding our system's ability to capitalize on the profitable cold-drink segment of the soft drink market. We've actively prompted and supported such changes, for one very simple reason: Our bottlers are ultimately responsible for getting our products into the hands of our consumers. We never lose sight of that fact.

If everyone else profits from Coca-Cola, doesn't that eat into your margins? No, it actually helps sustain them. Profitable volume increases are the key to our long-term success. The larger and more diverse our customer base, and the more those customers have an incentive to help us grow, the greater our chances for continued success become.


REALITY CHECK #5
Q: What's wrong with this picture?

A: Nothing our people can't fix.

Identifying new opportunities and converting those opportunities into sales is a challenge our people relish. And we're working harder than ever to make sure that skill permeates our entire organization.

REALITY CHECK #5

Our people know how to find opportunity others cannot see.

You're already in supermarkets, convenience stores and gas stations. What's left? Plenty. In 1995, our U.S. business identified several profitable new channels for growth, forging partnerships with important new customers including a nationwide video chain and home improvement retailers. These efforts, combined with our continued efforts to penetrate existing channels, led our U.S. business to one of its best years in recent history. Our non-North American operating groups are also constantly searching for innovative new ways to reach consumers. In South Africa, for example, we're equipping special trademarked taxis with coolers filled with Coca-Cola and other Company products.

So, seeing opportunities comes down to expanding into new channels? No, it's more than that. Seeing opportunities means finding better ways to handle even the most ordinary tasks. In 1995, for example, our U.S. fountain business began rolling out new attention-catching display units shaped like bright red Coca-Cola cups. The units, which fit over existing fountain dispensers, have boosted sales by as much as 35 percent when combined with ongoing marketing programs. We also developed customized pavilions for theme parks and other outdoor venues where consumers can go to get relief from the heat and enjoy refreshing Company products in the process. The computer-controlled pavilions cool consumers with misty air.

Aren't there limits to your growth? Only if we let today's success define our boundaries, and we have no intention of doing that. For example, annual consumption of our products in Iquique, a small town in northern Chile, is 506 servings per person – more than twice our national average in Chile – and, thanks to the creative thinking and perseverance of our bottler, still growing. We see no reason why we can't achieve similar successes in other parts of the world.

Can you teach people to identify opportunities, or is that an innate skill? It's a combination of both, but we've made the development of "business assessment" skills a priority. That's why we've hired more than 50 senior consumer marketing professionals over the past two years, infusing our business with fresh energy and new perspectives. It's also why we've hired a chief learning officer, whose primary responsibility is to develop the culture, systems and processes we need to enable all of our people to take responsibility for their own learning.

Aren't you really just talking about training? No. Training is passive. Learning is active. Learning is about giving people the right experiences at the right time so that they develop the knowledge and skills they need to discover and act upon opportunities better and faster than ever before.

Report of the President and Chief Operating Officer, M. Douglas Ivester

In his letter, Roberto describes five of the fundamental realities that make The Coca-Cola Company a superior investment opportunity. He asked me to comment on how we translate those realities into results in the marketplace on a daily basis.

Moving Beyond Restructuring

Just a few years ago, that kind of request would almost certainly have prompted an "operations review." After all, in the 1980s and early 1990s, we devoted a great deal of our time and resources to restructuring our global bottling network – and rightly so, because the alignment of our system was then the single biggest factor restraining our growth.

Today, the major components of that systems-restructuring process have been completed. We have strong, capable bottling partners in place in virtually every corner of the globe, and those partners are well-aligned to meet our system's goals for profitable growth. Importantly, they also have the financial and managerial resources to achieve our shared goals.

Obviously, a growing company's need for structural improvements never entirely disappears, and we continue to make the necessary enhancements. In 1995, for example, we acquired bottling interests in Italy and Venezuela and took steps to further consolidate our system in Germany. The difference is, those kinds of moves no longer dominate our energies and resources. They're now simply a regular, ongoing component of our everyday business.

Our improvements have not been confined to our bottling system alone. As Roberto says in his letter, we realigned our own management team at the beginning of 1996 to more accurately reflect the global nature of our business. As a result, we have carved our business into five operating groups plus Coca-Cola Foods, and eliminated the terms "international" and "domestic." Jack Stahl leads our North America Group; Neville Isdell leads our Greater Europe Group; Douglas Daft leads our Middle and Far East Group; Weldon Johnson leads our Latin America Group; Carl Ware leads our Africa Group; and Ralph Cooper leads Coca-Cola Foods.

A Sales and Marketing Company

Never before have we been in such a good position to focus on our true business – sales and marketing.

People define "marketing" in different ways. We define marketing as anything we do to create consumer demand for our brands. We believe good consumer marketing boils down to just one thing: differentiating our brands in ways that are relevant to our consumers. Not surprisingly, we are pursuing differentiation with a vengeance.

How? By challenging every assumption and preconceived notion that have ever been made about our brands, and by viewing all of our actions within the context of intelligent risk-taking. That perspective says that the only true failure is one in which we do not learn from our mistakes.

Two years ago, for example, we marketed Sprite using a fairly nebulous consumer proposition: Sprite is the world's best-tasting lemon-lime soft drink. The trouble with that proposition wasn't its veracity; it is true. The problem was that consumers were not interested in whether Sprite was the best-tasting lemon-lime soft drink. They simply wanted to know how we were going to quench their thirst. So, we created a precise, relevant positioning for the brand and gave it a distinctive, active personality. And as a result, the brand's sales have grown by more than 224 million unit cases in the last two years alone.

We're applying the same kind of precision and clarity to other aspects of our marketing efforts, including the ad-making process. Three years ago, we abandoned our long-held approach of entrusting all of our creative assignments to a single agency. Instead, we now use multiple creative sources, each selected on the basis of the expertise it has to offer to a specific brand. This year, we took that process a step further by beginning to tie the compensation those agencies receive to the results their ads produce.

These actions and others like them have produced gratifying results. In 1995, for example, sales of Coca-Cola jumped more than 425 million unit cases, an increase of 6 percent; Sprite rose 106 million unit cases, a strong 10 percent increase; Fanta grew 83 million unit cases, rising a healthy 8 percent; and diet Coke grew 50 million unit cases, an increase of 4 percent.

The most dramatic aspect of our consumer marketing efforts, however, is that we're really just getting started. We're just beginning to understand fully how to strengthen and capitalize on powerful brand equities such as our Dynamic Ribbon device, which is featured on our cover, our "dimpled" bottle for Sprite, the color red and, especially, the contour bottle for Coca-Cola.

And we are just beginning to understand fully how to "activate" the power of our associations with some of the world's premier sporting events and happenings, including the upcoming Centennial Olympic Games in Atlanta.

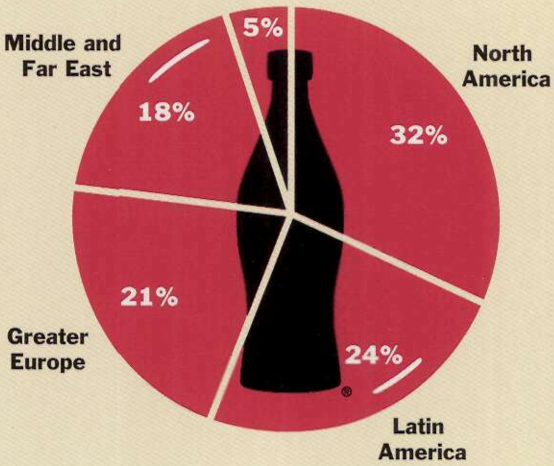
Per Capita Consumption and Market Populations

Per Capita*	Markets	Population in Millions
179	Argentina	35
292	Australia	18
169	Benelux/Denmark	31
122	Brazil	162
181	Canada	29
248	Chile	14
4	China	1,221
107	Colombia	35
30	Egypt	63
71	France	58
201	Germany	82
114	Great Britain	56
125	Hungary	10
2	India	936
8	Indonesia	198
232	Israel	6
87	Italy	58
136	Japan	125
71	Korea	45
322	Mexico	94
45	Morocco	27
256	Norway	4
105	Philippines	68
65	Romania	23
6	Russia	147
147	South Africa	41
179	Spain	40
60	Thailand	59
343	United States	263
60	Zimbabwe	11

*8-ounce servings of Company beverages per person per year (excludes products distributed by Coca-Cola Foods).

1995 Worldwide Unit Case Volume by Region

Worldwide Total: 12.7 Billion



Activating Our Marketing Investments

Activation means making meaningful, relevant connections with consumers in ways that stimulate consumption and sales of our products. It can be as complicated as creating special attractions that allow more consumers to enjoy events such as the Olympics, or as simple as livening up a drab menu board with colorful, attractive displays of our trademarks. You'll be seeing more evidence of both types of activities from us in the months to come.

Never Underestimating Sales

While marketing creates consumer demand, the "sales" function converts that demand into cash, the lifeblood of any successful business. Consequently, we know we must have a business system in place that makes it virtually impossible for consumers *not* to be able to act on any desire they have for our brands.

And that's why we are so focused on serving our customers, the businesspeople who make our products available at the retail level. We know our customers determine our success or failure in reaching out to 5.7 billion people worldwide, and we continue to strengthen our ability to provide them with superior service.

In emerging markets, that means driving deeper into remote, hard-to-reach locations by expanding our infrastructure. In 1995, our system opened a total of 34 new plants in cities such as Wuhan, China; Rajahmundry, India; and St. Petersburg, Russia. And we expanded our placement of cold-drink and vending equipment in hundreds more.

In more developed markets, we do much more. In 1995, for example, we focused special attention on how and where people spend their time, which led us to form dozens of alliances with new partners, including a major railway line in the South of Holland, which now provides commuters with ice-cold Coca-Cola through specially designed vending machines we've installed on its trains.

Over the course of 1996, we plan to pump another $1.5 billion into our business, in what will be the largest single one-year capital investment program in our history.

We anticipate that our bottling partners will invest as much or more, further driving our mutual growth.

How strong is brand Coca-Cola?

	Market Leader	Leadership Margin*	Second Place
Australia	Coca-Cola	3.9:1	diet Coke
Belgium	Coca-Cola	7.7:1	Coca-Cola light
Brazil	Coca-Cola	3.3:1	Brazilian Brand
Chile	Coca-Cola	4.6:1	Fanta
France	Coca-Cola	4.3:1	French Brand
Germany	Coca-Cola	3.1:1	Fanta
Great Britain	Coca-Cola	1.9:1	diet Coke
Greece	Coca-Cola	3.8:1	Fanta
Italy	Coca-Cola	3.1:1	Fanta
Japan	Coca-Cola	2.3:1	Fanta
Korea	Coca-Cola	2.1:1	Korean Brand
Norway	Coca-Cola	3.3:1	Coca-Cola light
South Africa	Coca-Cola	4.1:1	Sparletta
Spain	Coca-Cola	3.0:1	Spanish Brand
Sweden	Coca-Cola	3.8:1	Fanta

Share of soft drink sales. Source: Company data/store audit data.
*Over second-place brand.

Institutionalizing Our Best Instincts

Identifying new opportunities and then converting those opportunities into reality requires strong business assessment skills, something our people have – but not yet in sufficient number to capitalize on our universe of opportunities.

As Roberto made clear, we're moving quickly to fill any gaps our people have by creating a learning culture within our organization. Learning is not new for us. We have been doing it instinctively for years. What is new is that we are moving to institutionalize it as a tangible, distinctive competitive capability.

One of the competencies we will be working to reinforce is the ability to anticipate and respond to the questions and issues that await us. Thus far in this report, we have answered a great many questions about our future growth potential. For answers to pertinent questions about our sales, marketing and operations, please turn the page. –

Selected Market Results
Estimated 1995 Volume

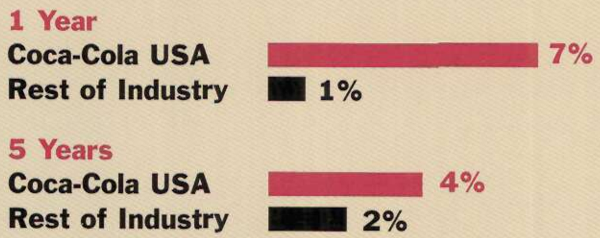
	Unit Case[1] Growth						Soft Drinks	Total Beverages[2]	
	10-Year Average Annual Growth		5-Year Average Annual Growth		1995 Annual Growth		1995 Company Share[4]	1995	
	Company[3]	Industry[4]	Company[3]	Industry[4]	Company[3]	Industry[4]		Company Share[5]	Company Per Capita Consumption
Worldwide	7%	5%	6%	3%	8%	5%	47%	2%	54
North America Group[6]	5	3	4	3	6	3	42	11	326
United States	5	3	4	3	7	3	42	12	343
Greater Europe Group	9	4	7	1	8	6	45	3	76
East Central Europe	17	6	21	6	25	8	40	1	42
France	13	7	9	4	8	7	46	2	71
Germany	6	5	6	1	4	1	56	7	201
Great Britain	12	6	3	4	11	5	32	4	114
Italy	5	4	0	1	(10)	(4)	52	3	87
Nordic & Northern Eurasia	12	(2)	11	(14)	13	9	30	1	19
Spain	8	4	4	2	5	3	53	6	179
Middle and Far East Group[7]	9	7	8	9	10	7	39	1	16
Australia	8	4	7	3	4	2	65	10	292
China	49	21	40	15	38	12	23	0	4
Japan[7]	6	0	4	(1)	2	(7)	34	5	136
Korea	5	4	2	(2)	3	(5)	56	2	71
Middle East	9	7	17	19	15	9	23	1	18
Philippines	7	5	4	3	10	9	75	4	105
Africa Group	6	4	5	1	9	8	80	1	24
Northern Africa	6	2	6	0	16	10	77	0	13
Southern Africa	6	5	4	1	4	6	83	2	73
Latin America Group	7	5	6	5	8	6	55	5	157
Argentina	5	4	13	13	(7)	(15)	62	6	179
Brazil	10	10	6	9	34	45	51	4	122
Chile	16	13	13	9	16	9	68	8	248
Colombia	3	1	1	0	4	10	42	4	107
Mexico	6	4	5	2	(1)	(8)	61	11	322

[1]Unit case equals 24 8-ounce servings.
[2]Consists of all beverages, including tap water.
[3]Consists of all Company beverages (excluding those distributed by Coca-Cola Foods).
[4]Includes soft drinks only.
[5]Derived by dividing our unit case sales in ounces in a given market (excluding products distributed by Coca-Cola Foods) by the product of that market's population multiplied by the commonly accepted norm for daily fluid intake, 64 ounces, multiplied by the number of days in a year.
[6]Consists of United States and Canada.
[7]Company share of soft drinks includes our noncarbonated beverages in Japan; conforms with Japanese industry standards.

North America Group

M. Douglas Ivester: The North America Group comprises the United States and Canada and includes our well-developed U.S. fountain business. Annual per capita consumption of our products is 343 and 181 servings in the U.S. and Canada, respectively. Fueled by the ongoing rollout of the contour bottle for Coca-Cola and the "dimpled" bottle for Sprite, we sold a record 3.8 billion unit cases in the U.S. in 1995, a billion unit cases more than any other competitor. That translated into a 7 percent increase in unit case sales and a 5 percent increase in gallon shipments. Strong growth from our core brands, coupled with renewed emphasis on new accounts and the "immediate" consumption market, also contributed to these gains.

Average Annual Growth
U.S. Unit Case Volume*



**Rest of Industry includes soft drinks only.*

Q: The contour bottle has fueled much of your recent growth. What will you do for an encore?

MDI: As far as we are concerned, we have only just begun to tap the latent potential of this powerful icon. In 1995, we continued rolling out new sizes of the bottle and extended its reach with the introduction of a new six-pack carrier. To understand what we plan to do next, you have to understand the secret to the contour bottle's success: It encapsulates and instantly communicates the core values of brand Coca-Cola. For an encore, look for us to begin tapping into other unique and enduring attributes of the brand, such as our powerful association with the color red, our familiar red disk and our instantly recognizable script logo.

Q: What are you doing to ensure that your Olympic investments pay off?

MDI: Our strategy is actually very simple: We plan to drive volume increases by providing customers and consumers with unique opportunities to experience the passion and excitement of the Games. In addition to building Coca-Cola Olympic City, a one-of-a-kind participatory attraction in downtown Atlanta, we are also staging a series of promotions to help select runners in the official 1996 Olympic Torch Relay, presented exclusively by Coca-Cola.

Q: Will diet soft drinks grow again?

MDI: Diet Coke already is. In 1995, the brand broke out of the slump that has plagued the low-calorie segment with a 3 percent unit case sales increase in the U.S. and a 4 percent increase worldwide. Those gains, which were driven largely by our contour packaging, prompted us to reach an important conclusion: The best way to sell diet Coke is to make it appear more like it really is, the Coca-Cola brand entry in the low-calorie segment. As our momentum builds, our strategy for diet Coke will continue to evolve.

Q: Is your Canadian business turning around?

MDI: Yes. Our system has struggled in Canada for several years, but we're beginning to re-establish real momentum. In 1995, our unit case volume in Canada climbed 4 percent, and we're especially encouraged by agreements our bottler recently signed with two major grocery retailers there. Canada has served as a valuable training ground for our worldwide business. We left ourselves vulnerable there because our system allowed the retail prices of our products to outpace their value in the eyes of our consumers. That is a lesson we will not repeat, in Canada or anywhere else.

Q: Is packaging the only reason for your growth?

MDI: No. We and our U.S. bottlers, led by Coca-Cola Enterprises, have never been stronger or more aligned behind common goals. This has been one of the biggest factors behind our recent success.

Greater Europe Group

M. Douglas Ivester: Our Greater Europe Group encompasses the strong cash-generating markets of Western Europe and the rapid-growth markets of Eastern Europe. Annual per capita consumption of our products ranges from a low of 1 to a high of 380. In 1995, unit case sales grew 8 percent and gallon shipments rose 9 percent on the strength of aggressive marketing initiatives, including new product and package introductions. Operating income grew 11 percent on an as-reported basis, and 13 percent on a comparable basis, adjusting for the sale of several Company-owned bottling operations.

Growth Rate
(1995 vs. 1994)

Greater Europe Group	Gallon Sales	Unit Case Sales
East Central European Division	31%	25%
France	7%	8%
Germany	5%	4%
Great Britain	11%	11%
Italy	(13)%	(10)%
Nordic & Northern Eurasia Division	14%	13%
Spain	6%	5%
Total	**9%**	**8%**

Q: How can you keep up your rapid growth in East Central Europe?

MDI: We are still at the early end of a very steep opportunity curve in Eastern Europe. For the past few years, we have focused primarily on establishing a world-class production and distribution system. That system is now beginning to run smoothly, so we have turned our attention to driving consumer demand. In 1996, we will tap into Eastern Europeans' passion for sports with an under-the-cap promotion tied to our sponsorship of the Olympic Games. Through activities of that kind, we are confident that we will be able to continue our swift expansion of the market.

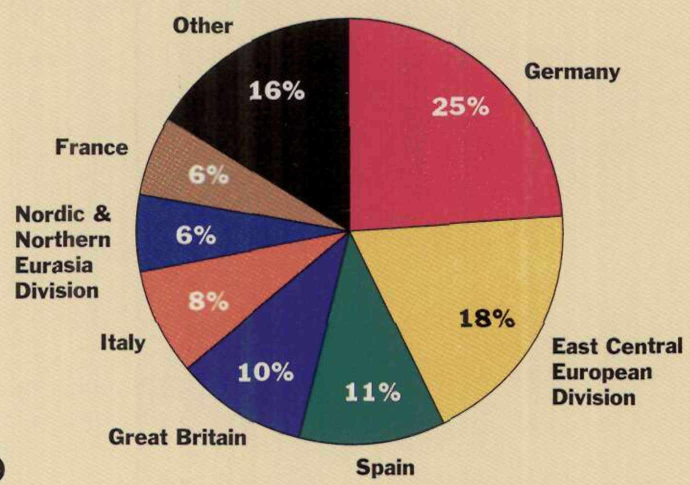
Q: I read about your plans to raise your investment in Russia; isn't it risky to be doing business there right now?

MDI: We have two choices in Russia. We can drive the growing demand for consumer goods or we can react to it. In 1991, we made a commitment to be a driver. That may sound risky to some, but to us, being absent from a market of 147 million people at a critical point in its development would represent a far greater long-term risk. Since we began our current investment plan, our sales have more than quadrupled, far exceeding even our own optimistic expectations. These results have given us and our bottling partners the confidence to announce our intention to raise our total investment in the country to $500 million by 1997.

Q: Germany is an important market; how do you plan to accelerate your growth there?

MDI: Historically, Germany has been a very strong market for us, and we lead the soft drink industry there by a large margin. We are working to extend that lead and recapture our growth momentum in two ways. First, by streamlining our bottling network, and second, by stepping up our marketing activities. In 1995, we launched seven new products and eight new packages – a sum greater than all of our new introductions in any of the previous 10 years. Our plans for 1996 are equally as aggressive.

Greater Europe Group
1995 Unit Case Sales



Middle and Far East Group

M. Douglas Ivester: Our most populous group and one of the most diverse, the Middle and Far East covers more than 48 markets, including Japan, Australia, China and India. Annual per capita consumption of our products ranges from a low of 2 to a high of 335. In 1995, unit case sales grew 10 percent and gallon sales grew 11 percent on the strength of strong marketing activities and expanded production capacity. Operating income advanced 19 percent for the year in the Middle and Far East Group and Canada.

Growth Rate
(1995 vs. 1994)

Middle and Far East Group	Gallon Sales	Unit Case Sales
Australia	5%	4%
China	36%	38%
India	25%	31%
Japan	3%	2%
Korea	(4)%	3%
Middle East Division	13%	15%
Philippines	13%	10%
Total	**11%**	**10%**

Q: Japan's economy continues to struggle and evolve; how are you managing your business there?

MDI: We're very encouraged by our 1995 results. We had an excellent year in Japan in 1994, so we knew 1995 would be tough. Given the natural and man-made disasters that plagued the country, it turned out to be even tougher than expected, but our business system rose to the occasion with significant share gains and unit case volume increases of 7 percent in the fourth quarter and 2 percent for the full year. That momentum bodes well for 1996.

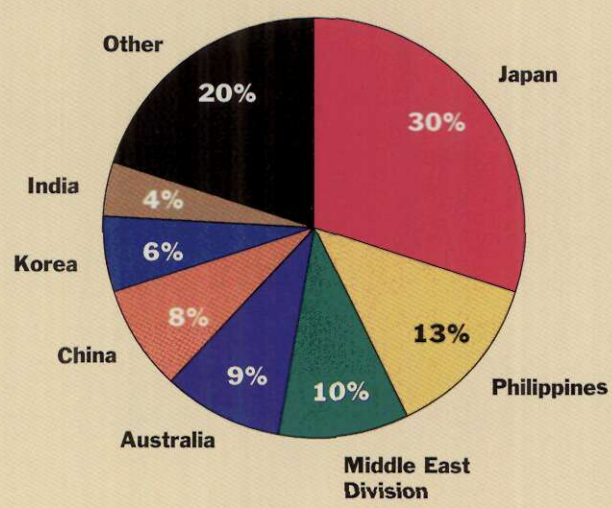
Q: Are your expansion plans in China still on track?

MDI: Not only are they on track, they continue to pick up speed. In 1995, we opened three new state-of-the-art facilities. Five additional plants are scheduled to open in 1996 and another two are slated to open by year-end 1997, bringing our total number of plants in China to 23. Our marketing efforts are proceeding with equal speed, as evidenced by two independent surveys issued in 1995, each of which named Coca-Cola and Sprite the two leading soft drink brands in China.

Q: Now that you have a large, visible presence in India, are you concerned about the anti-multinational sentiment there?

MDI: We take every potential threat to our business seriously, but we are not overly concerned about the situation in India for three reasons. First, the vast majority of the people in India are committed to making their nation an economic powerhouse. Second, the economic reforms that began nearly five years ago are already firmly imbedded in local planning and decision-making processes. Third – and perhaps most important from our perspective – consumers in India have developed an appetite for quality – and there's nobody with a better track record when it comes to providing quality, world-class products.

Middle and Far East Group
1995 Unit Case Sales



Latin America Group

M. Douglas Ivester: Our Latin America Group stretches from Tijuana, Mexico in the north to Tierra del Fuego in the south and includes all of our operations in Central and South America. Annual per capita consumption of our products ranges from a low of 7 to a high of 522. In 1995, strong volume gains in Brazil and Chile helped offset declines in Mexico and Argentina, where economic difficulties continue to dampen consumer purchasing power. Despite the volume declines, our share of sales in both Mexico and Argentina grew significantly. As a whole, operating income for the group grew 12 percent while unit case sales and gallon shipments both climbed 8 percent.

Growth Rate
(1995 vs. 1994)

Latin America Group	Gallon Sales	Unit Case Sales
Argentina	(7)%	(7)%
Brazil	31%	34%
Chile	17%	16%
Colombia	3%	4%
Mexico	(1)%	(1)%
Total	**8%**	**8%**

Q: What accounts for the strong gains in Brazil? Do you expect your strong growth there to continue?

MDI: We prospered in Brazil because we maintained our confidence in its long-term potential – even during the economic turbulence of the early '90s – and acted on that conviction with sizable investments. As a result, we were well positioned to capitalize on the economic recovery that is currently under way. In 1995, our products flew off the shelves faster than we could produce them, and we had to import product to meet the soaring demand. We have now resolved those production capacity issues and, as a result, anticipate another strong year in 1996.

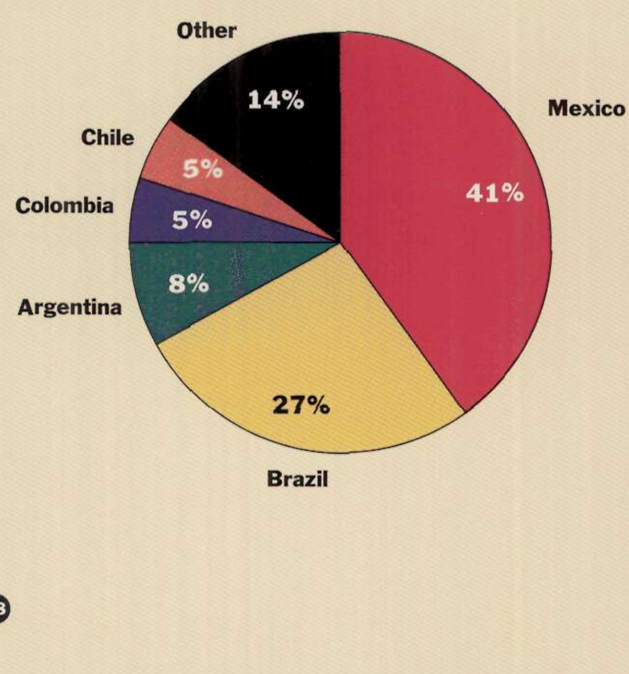
Q: You've weathered the tough situation in Mexico better than most other consumer goods companies. How have you managed that?

MDI: We are managing that situation in much the same way we've managed every difficult situation in Latin America over the past 15 years – we continue to invest for the long term. We also shifted to marketing tactics appropriate to the economic conditions, focusing particular attention on packaging, where our range of options is a strong competitive advantage. As a result, our share of soft drink sales rose 4 share points in 1995 to 61 percent.

Q: What about Argentina?

MDI: Argentina is at the midway point along its transition to a free-market economy, so the fact that it has stumbled in the wake of the economic turmoil in Mexico is not surprising. We are used to dealing with challenges in Argentina, having successfully managed our way through inflation rates ranging from 3 to 5,000 percent over the last 10 years. The fundamentals of our business are strong, and we are continuing to plow ahead with new products and new packages.

Latin America Group
1995 Unit Case Sales



Africa Group

M. Douglas Ivester: The Africa Group is responsible for the 47 countries that make up our business in sub-Saharan Africa. Annual per capita consumption of our products ranges from a low of 2 to a high of 157. In 1995, we continued to expand our strong base in Africa, where we are already the largest U.S. business presence. Major initiatives included naming our first anchor bottler for the continent, increasing the efficiency of our business systems and improving customer service. These actions, coupled with aggressive marketing initiatives, fueled a 13 percent increase in operating income, a 9 percent gain in unit case sales and a 16 percent increase in gallon shipments.

Growth Rate
(1995 vs. 1994)

Africa Group	Gallon Sales	Unit Case Sales
Northern Africa Division	19%	16%
Southern Africa Division	14%	4%
Total	**16%**	**9%**

Q: The competitive environment in South Africa has intensified; how do you plan to maintain your leadership position?

MDI: As in any market, the first step is making sure we have a strong bottling network in place. In 1995, we named our first anchor bottler on the continent of Africa, Coca-Cola Sabco. Coca-Cola Sabco combines our bottling interests in Kenya, Tanzania, Uganda and Namibia with the operations of the South African Bottling Company (Sabco) in South Africa and Mozambique. The result is an extensive bottling network backed by a strong and experienced management team. At the same time, we are stepping up our marketing initiatives and working even harder to reach consumers in innovative ways.

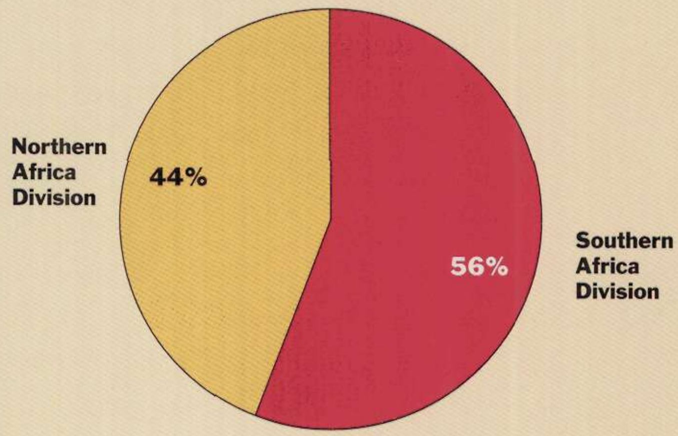
Q: How is your business in Nigeria?

MDI: Much better. We had a difficult year in 1994, due largely to the economic impact of an oil strike that nearly crippled the nation's economy. In 1995, the economy rallied, and our unit case sales recovered along with it, climbing 15 percent for the year.

Q: What's the long-term outlook for your business in Africa as a whole?

MDI: Very favorable, for four reasons. First, the business climate in Africa is steadily improving, as evidenced by the steps that Ghana, Mozambique, Namibia and other nations have taken to open up their economies. Second, our products account for 80 percent of all soft drink sales in Africa, which gives us a rock-solid base on which to build. Third, per capita consumption of our products still averages a low 24, leaving ample room for growth. And fourth, simple as it may sound, much of Africa is hot, which bodes well for our sales.

Africa Group
1995 Unit Case Sales



Coca-Cola Foods

M. Douglas Ivester: Coca-Cola Foods, based in Houston, Texas, is the world's leading marketer of juice and juice-drink products. In 1995, unit case volume declined 4 percent, as the Division implemented a strategy to reduce short-term price promotions and increase long-term brand-building and marketing investments.

Q: What steps are you taking to turn this business around?

MDI: We are executing the fundamental changes necessary to realize the full potential of this business. First, we are revitalizing the Minute Maid orange juice business through a consumer positioning that reinforces the brand's premium image with consumers. Second, we are substantially increasing availability of our refrigerated juice products in the U.S. through a network of production and distribution alliances with premier regional dairies. Third, we are driving the rapid expansion of our juice products internationally. As a result, we are confident that Coca-Cola Foods will add economic value over the long term.

Q: What are your plans for your other noncarbonated beverages – those not managed by Coca-Cola Foods? What's the outlook for the category as a whole?

MDI: The noncarbonated beverage category has not grown as rapidly as many expected, but our major entries all performed exceptionally well in 1995, as evidenced by their worldwide unit case increases: Fruitopia, 197 percent; POWERaDE, 45 percent; Minute Maid Juices To Go, 15 percent; and Nestea, 13 percent. We are committed to continuing to offer consumers a variety of noncarbonated options, but Coca-Cola, diet Coke, Sprite and Fanta are the heart and soul of our business and will remain so.

Bottling Partners

Q: Why do you invest in bottlers?

MDI: Bottling soft drinks is a great business, but it is not our business; marketing and selling soft drink concentrates and syrups is. We get involved in the bottling business only to the extent necessary to fuel the continued growth of our soft drink business. There are three cases when we will invest: one, when we need to move quickly to establish a presence in a new or emerging market where local resources are lacking or limited; two, when an existing bottler lacks the necessary resources to meet our business objectives; and three, to help ensure long-term strategic alignment with our key bottling partners.

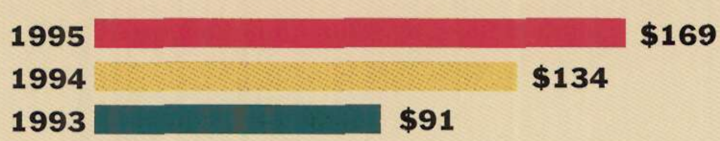
Q: How do you benefit from your ownership positions in bottlers?

MDI: First and foremost, we benefit from the incremental concentrate sales that we are able to generate by strengthening our bottlers. Beyond that, we also participate in the income generated by our equity method investee bottlers. Finally, when we reduce or sell our stake in a bottler, we generally recognize a profit from the increase created in its market value.

Q: What's an "anchor" bottler?

MDI: Anchor bottlers are a handful of large, geographically diverse bottling partners who are completely aligned with our strong commitment to growth. These bottlers are companies in which we hold an ownership interest, such as Coca-Cola Amatil or Coca-Cola Enterprises.

Equity Income (in Millions)



Financial Review Incorporating Management's Discussion and Analysis

We exist for one reason: to maximize share-owner value over time. To accomplish this mission, The Coca-Cola Company and its subsidiaries (our Company) have developed a comprehensive business strategy focused on four key objectives: (1) increasing volume, (2) expanding share of worldwide beverage sales, (3) maximizing long-term cash flows, and (4) improving economic profit and creating economic value added. We achieve these objectives by investing aggressively in the high-return beverages business and by optimizing our cost of capital through appropriate financial policies.

Investments

With a global business system that operates in nearly 200 countries and generates superior cash flows, our Company is uniquely positioned to capitalize on profitable new investment opportunities. Our criterion for investment is simple but strict: We seek to invest in opportunities that strategically enhance our existing operations and offer cash returns that exceed the Company's long-term after-tax weighted average cost of capital, estimated by management to be approximately 11 percent.

Because it consistently generates high returns on capital, our beverages business is a particularly attractive area for investment. In new and emerging markets, where increasing the penetration of our products is our primary goal, the bulk of our investments is dedicated to infrastructure enhancements: facilities, distribution networks, sales equipment and technology. These investments are made by acquiring or forming strategic business alliances with local bottlers, and by matching local expertise with our Company's experience and focus. In highly developed beverage markets, where our primary goals include increasing consumer awareness and broadening the appeal of our products, the bulk of our expenditures is dedicated to marketing activities, such as creating new products and serving sizes, and improving the efficiency of production and distribution.

Currently, 60 percent of the world's population live in markets where the average person consumes less than 10 servings of our products per year, offering high-potential growth opportunities for our Company and its bottlers. In fact, the emerging markets of China, India, Indonesia and Russia represent approximately 44 percent of the world's population, but, on a combined basis, their average per capita consumption of our products is approximately 1 percent of the United States level. As a result, we will continue aggressively investing to ensure that our products are *pervasive*, *preferred* and offer the best *price* relative to value.

Our investment strategy focuses primarily on capital expenditures, bottling operations and marketing activities.

Capital Expenditures

Capital expenditures on property, plant and equipment and the percentage distribution by geographic area for 1995, 1994 and 1993 are as follows (dollars in millions):

Year Ended December 31,	**1995**	1994	1993
Capital expenditures	**$ 937**	$ 878	$ 800
United States	**33%**	32%	23%
Africa	**2%**	3%	1%
Greater Europe	**45%**	42%	51%
Latin America	**10%**	16%	19%
Middle & Far East and Canada	**10%**	7%	6%

Bottling Operations

We invest heavily in bottling operations to maximize the strength and efficiency of our production, distribution and marketing systems around the world. These aggressive investments result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased gallon shipments for the Company's concentrate business. As a result, both the Company and our bottlers benefit from long-term growth in volume, cash flows and share-owner value.

We designate certain bottling operations in which we have invested as anchor bottlers due to their level of responsibility and performance. Anchor bottlers, which include Coca-Cola Amatil Limited (Coca-Cola Amatil) and Coca-Cola Enterprises Inc. (Coca-Cola Enterprises), are strongly committed to the strategic goals of the Company and to furthering the interests of our worldwide production, distribution and marketing systems. They tend to be large and geographically diverse, and have strong financial and management resources.

In addition to our anchor bottlers, we will continue making investments in bottling operations of new and emerging markets and in existing bottling operations that require restructuring or rebuilding. Our investments in a bottler can represent either a noncontrolling or a controlling interest, depending on the bottler's capital structure and its available resources at the time of our investment.

Through noncontrolling investments in bottling companies, we provide expertise and resources to strengthen those businesses. Specifically, we help improve sales and marketing programs, assist in the development of effective business and information systems and help establish appropriate capital

Financial Review Incorporating Management's Discussion and Analysis

structures. In 1995, we increased our economic interest in Panamerican Beverages, Inc. (Panamerican Beverages) from 7 to 13 percent and designated it as an anchor bottler. Panamerican Beverages owns bottling operations in Mexico, Brazil, Colombia and Costa Rica. Also in 1995, we contributed assets to a new joint venture, Coca-Cola Sabco (Proprietary) Limited (Coca-Cola Sabco), also an anchor bottler, in return for a 16 percent economic interest and notes receivable. Coca-Cola Sabco will strengthen our distribution system in south and east Africa. During 1994, we formed a joint venture known as the Coca-Cola Bottling Companies of Egypt following the privatization of the Egyptian public sector bottler. In 1993, our Company purchased a 30 percent economic interest in another anchor bottler, Coca-Cola FEMSA, S.A. de C.V. (Coca-Cola FEMSA), to assist in further strengthening strategic bottling territories in Latin America.

The following table illustrates the excess of the calculated fair values, based on quoted closing prices of publicly traded shares, over our Company's carrying values for selected equity method investees (in millions):

December 31,	Carrying Value	Fair Value	Excess
1995			
Coca-Cola Amatil Limited	$ 682	$ 1,579	$ 897
Coca-Cola Enterprises Inc.	556	1,513	957
Coca-Cola FEMSA, S.A. de C.V.	86	264	178
Coca-Cola Beverages Ltd.	11	123	112
Coca-Cola Bottling Co. Consolidated	84	97	13
			$ 2,157

Equity income, primarily from investments in unconsolidated bottling investments, reached $169 million in 1995.

In certain situations, it is advantageous to acquire a controlling interest in bottling operations. Although not our primary long-term business strategy, owning a controlling interest allows us to compensate for limited local resources or facilitate improvements in customer relationships while building or restructuring the bottling operations. While bottling businesses typically generate lower margins on revenue than our concentrate business, they can increase revenues and operating profits on a per-gallon basis. In 1995, we acquired controlling interests in certain bottling operations in Italy and Venezuela. By providing capital and marketing expertise to these newly acquired bottlers, we intend to strengthen our bottling territories and market positions in those countries.

In line with our long-term bottling strategy, we will consider options for reducing our ownership interest in a consolidated bottler. One such option is to sell our interest in a consolidated bottling operation to one of our equity investee bottlers. In these situations, we continue participating in the previously consolidated bottler's earnings through our portion of the equity investee's income.

Currently, we are holding preliminary discussions to sell our bottling and canning operations located in Belgium and France to Coca-Cola Enterprises. During 1995, we sold our controlling interests in certain bottling operations in Poland, Croatia and Romania to Coca-Cola Amatil. In 1994, our Company sold a controlling 51 percent interest in the previously wholly owned bottler in Argentina, Coca-Cola S.A. Industrial, Comercial y Financiera, to Coca-Cola FEMSA.

In 1995, consolidated bottling and fountain operations produced and distributed approximately 16 percent of our worldwide unit case volume. Bottlers in which we own a noncontrolling interest produced and distributed an additional 36 percent of our worldwide unit case volume.

Marketing Activities

In addition to investments in bottling and distribution infrastructure, we also make significant expenditures in support of our trademarks. Through prudent expenditures on marketing activities, we enhance global consumer awareness of our products. Enhancing consumer awareness builds consumer preference for our products, which produces growth in volume, per capita consumption of our products and our share of worldwide beverage sales.

We build consumer awareness and product appeal for our trademarks using integrated marketing programs. These programs include activities such as advertising, point of sale merchandising and product sampling. Each of these activities contributes to building consumer awareness and product preference.

Through our bottling investments and strategic alliances with other bottlers of Company products, we are able to develop and implement integrated marketing programs on a global basis. In developing a global strategy for a Company trademark, we perform product and packaging research, establish brand positioning, develop precise consumer communications and seek consumer feedback. Examples of recent successes with our global brand strategies include the Coca-Cola Classic theme, "Always," and, for Sprite, "Obey Your Thirst."

As part of our ongoing efforts to maximize the impact of our advertising expenditures, we recently began assigning specific brands to individual advertising agencies. This approach enables us to enhance each brand's global

Financial Review Incorporating Management's Discussion and Analysis

positioning, increase accountability and use the Company's marketing expenditures more efficiently and effectively.

During 1995, our Company's direct marketing expenses, which include our expenditures on consumer marketing activities, increased 11 percent to reach $3,834 million.

Financial Strategies

We use several strategies to optimize our cost of capital, which is a key component of our ability to maximize share-owner value.

Debt Financing

We maintain debt levels considered prudent based on our cash flow, interest coverage and percentage of debt to total capital. We use debt financing to lower our overall cost of capital, which increases our return on share-owners' equity.

Our capital structure and financial policies have earned long-term credit ratings of "AA" from Standard & Poor's and "Aa3" from Moody's, and the highest credit ratings available for our commercial paper programs.

Financial Risk Management

We use derivative financial instruments to reduce our exposure to financial risks.

With approximately 82 percent of our 1995 operating income generated outside the United States, weakness in one particular currency is often offset by strengths in others.

Most of our foreign currency exposures are managed on a consolidated basis, which allows us to net certain exposures and thus take advantage of any natural offsets. We use forward exchange contracts to adjust the currency mix of our recorded assets and liabilities, which further reduces our exposure from adverse fluctuations in exchange rates. In addition, we enter into forward exchange and swap contracts and purchase options to hedge both firmly committed and anticipated transactions, as appropriate, and net investments in certain international operations.

We use primarily liquid spot, forward, option and swap contracts. Our Company does not enter into leveraged or structured contracts. Additionally, we do not enter into derivative financial instruments for trading purposes. As a matter of policy, all of our derivative positions are used to hedge underlying economic exposures by mitigating certain risks such as changes in currency, interest rates and other market factors on a matched basis. Gains or losses on hedging transactions are offset by gains or losses on the underlying exposures being hedged.

Share Repurchases

In July 1992, our Board of Directors authorized a plan to repurchase up to 100 million shares of our Company's common stock through the year 2000. In 1995, we repurchased 29 million shares under this plan at a total cost of approximately $1.8 billion. As of December 31, 1995, we have repurchased 67 million shares under the July 1992 plan.

Since the inception of our initial share repurchase program in 1984 through our current program as of December 31, 1995, our Company has repurchased 483 million shares, representing 30 percent of the shares outstanding as of January 1, 1984, at an average price per share of $18.21.

Dividend Policy

Because of our continually strong earnings growth, our Board of Directors has increased the cash dividend per common share by an average annual compound growth rate of 13 percent since December 31, 1985. Our annual common stock dividend was $.88 per share, $.78 per share and $.68 per share in 1995, 1994 and 1993, respectively. At its February 1996 meeting, our Board of Directors again increased our quarterly dividend per share to $.25, equivalent to a full-year dividend of $1.00 in 1996, the 34th consecutive annual increase.

Our 1995 dividend payout ratio was approximately 37 percent of our net income. It is the intention of our Board of Directors to gradually reduce our dividend payout ratio to 30 percent over time.

Measuring Performance

Economic profit and economic value added provide a framework for measuring the impact of value-oriented actions. We define economic profit as net operating profit after taxes in excess of a computed capital charge for average operating capital employed. Economic value added represents the growth in economic profit from year to year.

Recently, we began expanding the use of economic value added as a performance measurement tool. Both annual incentive awards and long-term incentive awards for most eligible employees are now determined, in part, by comparison against economic profit target levels. These changes in performance measures were made to ensure that our management team is clearly focused on the key drivers of our business. We intend to continue expanding the use of economic profit and the related concept of value creation in measuring performance. We believe that a clear focus on the components of economic profit, and the resultant growth in economic value added over time, leads to the creation of share-owner wealth.

Financial Review Incorporating Management's Discussion and Analysis

Over the last 10 years, we have increased our economic profit at an average annual compound rate of 23 percent, resulting in economic value added to the Company of $1.9 billion. Over the same period, our Company's stock price has increased at an average annual compound rate of 27 percent.

Total Return to Share Owners

Share owners of our Company have received an excellent return on their investment over the past decade. A $100 investment in our Company's common stock on December 31, 1985, together with reinvested dividends, was worth approximately $1,287 on December 31, 1995, an average annual compound return of 29 percent.

Management's Discussion and Analysis

Lines of Business

Beverages

Our beverages business is the largest manufacturer, marketer and distributor of soft drink and noncarbonated beverage concentrates and syrups in the world. We manufacture beverage concentrates and syrups, and in certain instances, finished beverages, which we sell to bottling and canning operations, authorized fountain wholesalers and some fountain retailers. In addition, we have substantial ownership interests in numerous bottling and canning operations.

Foods

Our foods business produces, markets and distributes principally juice and juice-drink products. It is the largest marketer of juice and juice-drink products in the world.

Volume

Beverages

We measure beverage volume in two ways: (1) gallon shipments of concentrates and syrups and (2) equivalent unit cases of finished product. Gallon shipments represent our primary business, since they measure the volume of concentrates and syrups we sell to our bottling system. Most of our revenues are based on this measure of "wholesale" activity. We also measure volume in unit cases, which represent the amount of finished product our bottling system sells to retail customers. We believe unit case volume more accurately measures the underlying strength of our business system because it measures trends at the retail level and is less impacted by inventory management practices at the wholesale level. Fountain syrups sold directly to our customers are included in both measures simultaneously.

Operations

Net Operating Revenues and Gross Margin

In 1995, revenues from our beverages business increased 13 percent, reflecting an increase in gallon shipments, selective price increases and continued expansion of our bottling and canning operations. Revenues from our foods business decreased 7 percent in 1995, resulting from implementation of a strategy to reduce short-term price promotions and increase long-term brand-building and marketing investments.

In 1994, revenues from our beverages business increased 18 percent, primarily due to increased gallon shipments, selective price increases, continued expansion of our bottling and canning operations and a weaker U.S. dollar versus key currencies. Revenues for our foods business increased 3 percent in 1994 as a result of price increases for orange juice products.

On a consolidated basis, our net revenues grew 11 percent and our gross profit grew 11 percent in 1995. Our gross margin declined to 61 percent in 1995 from 62 percent in 1994, primarily due to higher costs for materials such as sweeteners and packaging.

On a consolidated basis, our worldwide net revenues grew 16 percent in 1994, while gross profit grew 14 percent. Our gross margin contracted to 62 percent in 1994 from 63 percent in 1993, primarily due to the acquisition of bottling and canning operations, which typically have lower gross profit to net revenue relationships, but offer strong cash flows.

Selling, Administrative and General Expenses

Selling expenses were $5,399 million in 1995, $4,931 million in 1994 and $4,360 million in 1993. The increases in 1995 and 1994 were primarily due to higher marketing investments in support of our Company's volume growth.

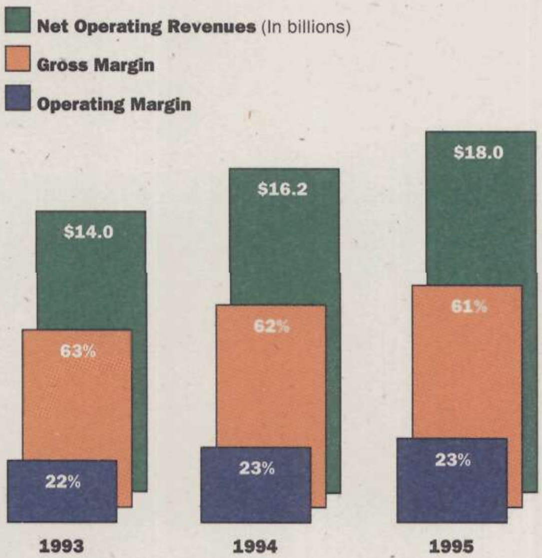
Administrative and general expenses were $1,587 million in 1995, $1,366 million in 1994 and $1,335 million in 1993. The increase in 1995 reflects higher expenses related to stock-based employee benefits and a nonrecurring provision of $86 million to increase efficiencies in the Company's operations in the United States and Europe. The increase in 1994 was due primarily to expansion of our business, particularly newly formed Company-owned bottling operations. Administrative and general expenses, as a percentage of net operating revenues, were approximately 9 percent in 1995, 8 percent in 1994 and 10 percent in 1993.

Financial Review Incorporating Management's Discussion and Analysis

Operating Income and Operating Margin

On a consolidated basis, our operating income grew 10 percent in 1995, on top of a 20 percent increase in 1994. During 1995, operating income for our beverages business rose approximately 14 percent primarily as a result of increased revenues. Our foods business reported a modest loss of $14 million in 1995, due to its decline in net revenues and a nonrecurring provision for increasing efficiencies. Our consolidated operating margin was 23 percent in 1995 and 1994.

Margin Analysis



Our Company's gross profit and operating income growth are a result of increasing revenues.

Interest Income and Interest Expense

In 1995, our interest income increased 35 percent as a result of higher average interest rates outside of the United States. Interest expense increased 37 percent in 1995, reflecting higher commercial paper balances.

Interest income increased 26 percent in 1994, due primarily to rising interest rates and higher average investments in cash equivalents and marketable securities. Interest expense increased 18 percent in 1994 as a result of rising interest rates.

Equity Income

Equity income increased 26 percent to $169 million in 1995, due primarily to improved results at Coca-Cola FEMSA, Coca-Cola Nestlé Refreshments, Coca-Cola Bottlers Philippines, Inc. and Coca-Cola Beverages Ltd.

Equity income increased 47 percent to $134 million in 1994, resulting from increased earnings from Coca-Cola Enterprises and Coca-Cola & Schweppes Beverages Ltd. and improved results from Coca-Cola Beverages Ltd.

Other Income (Deductions)-Net

In 1995, other income (deductions)-net increased $124 million, and includes gains recorded on the sale of bottling operations in Poland, Croatia and Romania.

In 1994, other income (deductions)-net decreased $102 million, primarily due to recognition in 1993 of approximately $84 million of pretax gains on sales of real estate and bottling investments. These 1993 gains include a $50 million pretax gain recognized on the sale of citrus groves in the United States and a $34 million pretax gain recognized on the sale of property no longer required as a result of a consolidation of manufacturing operations in Japan. No transactions resulting in significant gains occurred in 1994.

Gain on Issuance of Stock by Coca-Cola Amatil

In July 1995, Coca-Cola Amatil completed a public offering in Australia of approximately 97 million shares of common stock. In connection with the offering, our ownership in Coca-Cola Amatil was reduced to approximately 40 percent. We recognized a non-cash pretax gain of approximately $74 million as a result of this transaction.

In the fourth quarter of 1993, Coca-Cola Amatil purchased a bottling operation in Indonesia by issuing approximately 8 million shares of common stock, resulting in a non-cash pretax gain of $12 million for our Company.

Income Taxes

Our effective tax rates of 31.0 percent in 1995, 31.5 percent in 1994 and 31.3 percent in 1993 reflect the tax benefit we derive from having significant operations outside the United States that are taxed at rates lower than the U.S. statutory rate of 35 percent.

Transition Effect of Changes in Accounting Principles

In 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121). We will adopt the provisions of SFAS 121 on January 1, 1996. SFAS 121 standardizes the accounting practices for the recognition and measurement of impairment losses on certain long-lived assets. We do not expect the adoption of SFAS 121 to have a material impact on our results of operations or financial position. However, the provisions of SFAS 121 will require certain charges historically recorded by our Company in other income (deductions)-net to be included in operating income.

Financial Review Incorporating Management's Discussion and Analysis

We adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115) as of January 1, 1994, resulting in an after-tax increase to share-owners' equity of $60 million, with no effect on net income. SFAS 115 changed our method of accounting for certain debt and marketable equity securities from a historical cost basis to a fair value approach.

Income Per Share

Accelerated by our Company's share repurchase program, our net income per share grew 20 percent and 19 percent in 1995 and 1994, respectively. Income per share before changes in accounting principles grew 18 percent in 1994.

Liquidity and Capital Resources

Our ability to generate cash from operations in excess of our capital reinvestment and dividend requirements is one of our chief financial strengths. We anticipate that our operating activities in 1996 will continue to provide us with sufficient cash flows to capitalize on opportunities for business expansion and to meet all of our financial commitments.

Free Cash Flow

Free cash flow is the cash remaining from operations after we have satisfied our business reinvestment opportunities. We focus on increasing free cash flow to achieve our primary objective, maximizing share-owner value over time. We use free cash flow, along with borrowings, to pay dividends and make share repurchases. The consolidated statements of our cash flows are summarized as follows (in millions):

Year Ended December 31,	**1995**	1994	1993
Cash flows provided by (used in):			
Operations	**$ 3,115**	$ 3,183	$ 2,508
Investment activities	**(1,013)**	(1,037)	(885)
Free Cash Flow	**2,102**	2,146	1,623
Cash flows provided by (used in):			
Financing			
Share repurchases	**(1,796)**	(1,192)	(680)
Other financing activities	**(482)**	(600)	(860)
Exchange	**(43)**	34	(41)
Increase (decrease) in cash	**$ (219)**	$ 388	$ 42

Cash provided by operations amounted to $3.1 billion, a 2 percent decrease from 1994. This 1995 decrease primarily resulted from increases in accounts receivable and inventories related to the increase in our net revenues, and an increase in prepaid expenses and other assets. In 1994, cash from operations totaled $3.2 billion, a 27 percent increase over 1993, resulting primarily from growth in our net income before non-cash charges for depreciation and amortization and increased dividends from equity method investments.

As compared to 1994, net cash used in investment activities decreased in 1995, primarily attributable to an increase in proceeds from disposals of investments and other assets. Specifically, during 1995, we sold our interests in the bottling operations of Poland, Croatia and Romania.

While cash used for acquisitions and investments, principally bottling companies, declined in 1994, that decline was more than offset by a reduction in proceeds from disposals of property, plant and equipment and investments and other assets, resulting in a net increase in cash used in investment activities in 1994.

The 1995 increase in cost method investments includes an increased investment in Panamerican Beverages. In 1995, goodwill and other intangible assets increased in association with our acquisitions during the year, such as Barq's, Inc. and certain fountain syrup manufacturing operations. The increase in 1994 in marketable securities and the carrying value of cost method investments was due, in part, to our Company's adoption of SFAS 115, which reflects a non-cash adjustment to fair value. A portion of the 1994 increase was attributable to an increase in securities held in accordance with a negotiated income tax exemption grant for the Company's manufacturing facilities in Puerto Rico. The balance also increased due to deferred tax assets generated in 1994.

Financing Activities

Our financing activities include net borrowings, dividend payments and share repurchases. Net cash used in financing activities totaled $2.3 billion in 1995, $1.8 billion in 1994 and $1.5 billion in 1993. The change between years was due, in part, to net borrowings of debt in 1995 and 1994, compared to net reductions of debt in 1993. Cash used to purchase common stock for treasury increased to $1.8 billion in 1995, from $1.2 billion in 1994.

Our global presence and strong capital position afford us easy access to key financial markets around the world, enabling us to raise funds with a low effective cost. This posture, coupled with the aggressive management of our mix of short-term and long-term debt, results in a lower overall cost of borrowing. Our debt management policies, in conjunction with our share repurchase program and investment activity, typically result in current liabilities exceeding current assets.

Financial Review Incorporating Management's Discussion and Analysis

We manage our debt levels based on the following financial measurements and ratios:

Year Ended December 31,	**1995**	1994	1993
Net debt (in billions)	**$ 2.2**	$ 1.5	$ 1.6
Net debt-to-net capital	**29%**	23%	26%
Free cash flow to net debt	**96%**	141%	100%
Interest coverage	**16x**	19x	18x
Ratio of earnings to fixed charges	**14.5x**	16.8x	15.7x

Net debt excludes the debt entered into on behalf of the Company's finance subsidiary, and is net of cash, cash equivalents and marketable securities in excess of operating requirements and net of temporary bottling investments.

Commercial paper is our primary source of short-term financing. On December 31, 1995, we had $3.3 billion in lines of credit and other short-term credit facilities available, under which $2.4 billion was outstanding. Included was $2.2 billion outstanding in commercial paper borrowings. The 1995 and 1994 increases in loans and notes payable were primarily attributable to additional commercial paper borrowings resulting from the management of our short-term and long-term debt mix.

Exchange

Our international operations are subject to certain opportunities and risks, including currency fluctuations and government actions. We monitor our operations in each country closely so that we can respond to changing economic and political environments quickly and decisively, and take full advantage of changing foreign currencies and interest rates.

We use approximately 48 functional currencies. In 1995, we expanded the calculation of the impact of weighted average exchange rates versus the U.S. dollar to include the Mexican and Philippine pesos and the South African rand. The 1994 and 1993 calculation for key currencies now reflects this change. In 1995, 1994 and 1993, the weighted average exchange rates for certain key foreign currencies strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	**1995**	1994	1993
Key currencies	**Even**	2 %	(3)%
Australian dollar	**1 %**	9 %	(7)%
British pound	**3 %**	2 %	(15)%
Canadian dollar	**Even**	(5)%	(8)%
French franc	**13 %**	(1)%	(3)%
German mark	**13 %**	2 %	(5)%
Japanese yen	**9 %**	9 %	15 %
Mexican peso	**(46)%**	(8)%	(1)%

The change in our foreign currency translation adjustment in 1995 was due primarily to the revaluation of net assets located in countries where the local currency significantly weakened versus the U.S. dollar. Exchange losses amounting to $21 million in 1995, $25 million in 1994 and $74 million in 1993 were recorded in other income (deductions)-net. Exchange losses include the remeasurement of certain currencies into functional currencies and the costs of hedging certain transaction and balance sheet exposures.

Additional information concerning our hedging activities is presented on pages 60 through 61.

Impact of Inflation and Changing Prices

Inflation is a factor that impacts the way we operate in many markets around the world. In general, we are able to increase prices to counteract the effects of increasing costs and generate sufficient cash flows to maintain our productive capability.

Outlook

As a global business that generates the majority of its operating income outside the United States, our Company is uniquely positioned to benefit from operating in a variety of currencies, as downturns in any one region are often offset by strengths in others. Additionally, we have various operational initiatives available to offset the unfavorable impact of such events.

While we cannot predict future economic events, we believe continued expansion into the developing population centers of the world presents further opportunity for growth. The strength of our brands, our broad global presence and our strong financial condition allow our Company the flexibility to take advantage of growth opportunities and to continue increasing share-owner value.

Additional Information

For additional information about our operations, cash flows, liquidity and capital resources, please refer to the information on pages 50 through 70 of this report. Additional information concerning our operations in different lines of business and geographic areas is presented on pages 67 and 68.

The Coca-Cola Company and Subsidiaries

Selected Financial Data

(In millions except per share data, ratios and growth rates)	Compound Growth Rates 5 Years	Compound Growth Rates 10 Years	Year Ended December 31, 1995	1994[2]	1993[3]	1992[4,5]	1991[5]	1990[5]	1989[5]	1988	1987	1986	1985
Summary of Operations													
Net operating revenues	12.0%	11.9%	**$ 18,018**	$ 16,181	$ 13,963	$ 13,074	$ 11,572	$ 10,236	$ 8,622	$ 8,065	$ 7,658	$ 6,977	$ 5,879
Cost of goods sold	10.5%	9.1%	**6,940**	6,168	5,160	5,055	4,649	4,208	3,548	3,429	3,633	3,454	2,909
Gross profit	12.9%	14.1%	**11,078**	10,013	8,803	8,019	6,923	6,028	5,074	4,636	4,025	3,523	2,970
Selling, administrative and general expenses	11.4%	12.4%	**6,986**	6,297	5,695	5,249	4,604	4,076	3,348	3,038	2,701	2,626	2,163
Operating income	16.0%	17.6%	**4,092**	3,716	3,108	2,770	2,319	1,952	1,726	1,598	1,324	897	807
Interest income			**245**	181	144	164	175	170	205	199	232	154	151
Interest expense			**272**	199	168	171	192	231	308	230	297	208	196
Equity income			**169**	134	91	65	40	110	75	92	64	45	52
Other income (deductions)-net			**20**	(104)	(2)	(82)	41	13	66	(33)	—	35	69
Gain on issuance of stock by equity investees			**74**	—	12	—	—	—	—	—	40	375	—
Income from continuing operations before income taxes and changes in accounting principles	16.5%	17.2%	**4,328**	3,728	3,185	2,746	2,383	2,014	1,764	1,626	1,363	1,298	883
Income taxes	16.3%	15.6%	**1,342**	1,174	997	863	765	632	553	537	496	471	314
Income from continuing operations before changes in accounting principles	16.7%	18.0%	**$ 2,986**	$ 2,554	$ 2,188	$ 1,883	$ 1,618	$ 1,382	$ 1,211	$ 1,089	$ 867	$ 827	$ 569
Net income	16.7%	15.3%	**$ 2,986**	$ 2,554	$ 2,176	$ 1,664	$ 1,618	$ 1,382	$ 1,537	$ 1,045	$ 916	$ 934	$ 722
Preferred stock dividends			**—**	—	—	—	1	18	21	7	—	—	—
Net income available to common share owners	17.0%	15.3%	**$ 2,986**	$ 2,554	$ 2,176	$ 1,664	$ 1,617	$ 1,364	$ 1,516[7]	$ 1,038	$ 916	$ 934	$ 722
Average common shares outstanding			**1,262**	1,290	1,302	1,317	1,333	1,337	1,384	1,458	1,509	1,547	1,573
Per Common Share Data													
Income from continuing operations before changes in accounting principles	18.4%	20.7%	**$ 2.37**	$ 1.98	$ 1.68	$ 1.43	$ 1.21	$ 1.02	$ .86	$ .74	$ .57	$ .53	$ .36
Net income	18.4%	17.8%	**2.37**	1.98	1.67	1.26	1.21	1.02	1.10[7]	.71	.61	.60	.46
Cash dividends	17.1%	13.4%	**.88**	.78	.68	.56	.48	.40	.34	.30	.28	.26	.25
Market price on December 31	26.1%	26.6%	**74.25**	51.50	44.63	41.88	40.13	23.25	19.31	11.16	9.53	9.44	7.04
Total Market Value of Common Stock	24.5%	23.9%	**$ 92,983**	$ 65,711	$ 57,905	$ 54,728	$ 53,325	$ 31,073	$ 26,034	$ 15,834	$ 14,198	$ 14,534	$ 10,872
Balance Sheet Data													
Cash, cash equivalents and current marketable securities			**$ 1,315**	$ 1,531	$ 1,078	$ 1,063	$ 1,117	$ 1,492	$ 1,182	$ 1,231	$ 1,489	$ 895	$ 843
Property, plant and equipment–net			**4,336**	4,080	3,729	3,526	2,890	2,386	2,021	1,759	1,602	1,538	1,483
Depreciation			**421**	382	333	310	254	236	181	167	152	151	130
Capital expenditures			**937**	878	800	1,083	792	593	462	387	304	346	412
Total assets			**15,041**	13,873	12,021	11,052	10,189	9,245	8,249	7,451	8,606	7,675	6,341
Long-term debt			**1,141**	1,426	1,428	1,120	985	536	549	761	909	996	801
Total debt			**4,064**	3,509	3,100	3,207	2,288	2,537	1,980	2,124	2,995	1,848	1,280
Share-owners' equity			**5,392**	5,235	4,584	3,888	4,239	3,662	3,299	3,345	3,187	3,479	2,948
Total capital[1]			**9,456**	8,744	7,684	7,095	6,527	6,199	5,279	5,469	6,182	5,327	4,228
Other Key Financial Measures[1]													
Total debt-to-total capital			**43.0%**	40.1%	40.3%	45.2%	35.1%	40.9%	37.5%	38.8%	48.4%	34.7%	30.3%
Net debt-to-net capital			**28.8%**	22.6%	26.2%	31.9%	19.2%	23.7%	14.7%	18.9%	15.4%	10.9%	15.6%
Return on common equity			**56.2%**	52.0%	51.7%	46.4%	41.3%	41.4%	39.4%	34.7%	26.0%	25.7%	20.0%
Return on capital			**34.9%**	32.7%	31.2%	29.4%	27.5%	26.8%	26.5%	21.3%	18.3%	20.1%	16.8%
Dividend payout ratio			**37.2%**	39.4%	40.6%	44.3%	39.5%	39.2%	31.0%[7]	42.1%	46.0%	43.1%	53.8%
Economic profit[6]			**$ 2,172**	$ 1,881	$ 1,488	$ 1,300	$ 1,038	$ 918	$ 817	$ 717	$ 490	$ 331	$ 266

[1]See Glossary on page 74.
[2]In 1994, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."
[3]In 1993, the Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits."
[4]In 1992, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."
[5]The Company adopted SFAS No. 109, "Accounting for Income Taxes," in 1992 by restating financial statements beginning in 1989.
[6]The calculation of economic profit has been simplified and amounts prior to 1995 have been restated.

[7]Net income available to common share owners in 1989 included after-tax gains of $604 million ($.44 per common share) from the sales of the Company's equity interest in Columbia Pictures Entertainment, Inc. and the Company's bottled water business and the transition effect of $265 million related to the change in accounting for income taxes. Excluding these nonrecurring items, the dividend payout ratio in 1989 was 39.9 percent.

Consolidated Balance Sheets

December 31,	1995	1994
(In millions except share data)		
Assets		
Current		
Cash and cash equivalents	**$ 1,167**	$ 1,386
Marketable securities	**148**	145
	1,315	1,531
Trade accounts receivable, less allowances of $34 in 1995 and $33 in 1994	**1,695**	1,470
Finance subsidiary receivables	**55**	55
Inventories	**1,117**	1,047
Prepaid expenses and other assets	**1,268**	1,102
Total Current Assets	**5,450**	5,205
Investments and Other Assets		
Equity method investments		
Coca-Cola Enterprises Inc.	**556**	524
Coca-Cola Amatil Limited	**682**	694
Other, principally bottling companies	**1,157**	1,114
Cost method investments, principally bottling companies	**319**	178
Finance subsidiary receivables and investments	**351**	255
Marketable securities and other assets	**1,246**	1,163
	4,311	3,928
Property, Plant and Equipment		
Land	**233**	221
Buildings and improvements	**1,944**	1,814
Machinery and equipment	**4,135**	3,776
Containers	**345**	346
	6,657	6,157
Less allowances for depreciation	**2,321**	2,077
	4,336	4,080
Goodwill and Other Intangible Assets	**944**	660
	$ 15,041	$ 13,873

December 31,	**1995**	1994
Liabilities and Share-Owners' Equity		
Current		
Accounts payable and accrued expenses	**$ 2,894**	$ 2,564
Loans and notes payable	**2,371**	2,048
Current maturities of long-term debt	**552**	35
Accrued taxes	**1,531**	1,530
Total Current Liabilities	**7,348**	6,177
Long-Term Debt	**1,141**	1,426
Other Liabilities	**966**	855
Deferred Income Taxes	**194**	180
Share-Owners' Equity		
Common stock, $.25 par value		
Authorized: 2,800,000,000 shares		
Issued: 1,711,839,497 shares in 1995; 1,707,627,955 shares in 1994	**428**	427
Capital surplus	**1,291**	1,173
Reinvested earnings	**12,882**	11,006
Unearned compensation related to outstanding restricted stock	**(68)**	(74)
Foreign currency translation adjustment	**(424)**	(272)
Unrealized gain on securities available for sale	**82**	48
	14,191	12,308
Less treasury stock, at cost (459,540,663 shares in 1995; 431,694,661 shares in 1994)	**8,799**	7,073
	5,392	5,235
	$ 15,041	$ 13,873

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Year Ended December 31,	1995	1994	1993
(In millions except per share data)			
Net Operating Revenues	**$ 18,018**	$ 16,181	$ 13,963
Cost of goods sold	**6,940**	6,168	5,160
Gross Profit	**11,078**	10,013	8,803
Selling, administrative and general expenses	**6,986**	6,297	5,695
Operating Income	**4,092**	3,716	3,108
Interest income	**245**	181	144
Interest expense	**272**	199	168
Equity income	**169**	134	91
Other income (deductions)-net	**20**	(104)	(2)
Gain on issuance of stock by Coca-Cola Amatil	**74**	—	12
Income before Income Taxes and Change in Accounting Principle	**4,328**	3,728	3,185
Income taxes	**1,342**	1,174	997
Income before Change in Accounting Principle	**2,986**	2,554	2,188
Transition effect of change in accounting for postemployment benefits	**—**	—	(12)
Net Income	**$ 2,986**	$ 2,554	$ 2,176
Income per Share			
Before change in accounting principle	**$ 2.37**	$ 1.98	$ 1.68
Transition effect of change in accounting for postemployment benefits	**—**	—	(.01)
Net Income per Share	**$ 2.37**	$ 1.98	$ 1.67
Average Shares Outstanding	**1,262**	1,290	1,302

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Year Ended December 31,	**1995**	1994	1993
(In millions)			
Operating Activities			
Net income	**$ 2,986**	$ 2,554	$ 2,176
Transition effect of change in accounting principle	**—**	—	12
Depreciation and amortization	**454**	411	360
Deferred income taxes	**157**	58	(62)
Equity income, net of dividends	**(25)**	(4)	(35)
Foreign currency adjustments	**(23)**	(6)	9
Gains on sales of assets	**—**	—	(84)
Other noncash items	**(29)**	41	78
Net change in operating assets and liabilities	**(405)**	129	54
Net cash provided by operating activities	**3,115**	3,183	2,508
Investing Activities			
Additions to finance subsidiary receivables	**(144)**	(94)	(177)
Collections of finance subsidiary receivables	**46**	50	44
Acquisitions and investments, principally bottling companies	**(338)**	(311)	(611)
Purchases of securities	**(190)**	(201)	(245)
Proceeds from disposals of investments and other assets	**580**	299	690
Purchases of property, plant and equipment	**(937)**	(878)	(800)
Proceeds from disposals of property, plant and equipment	**44**	109	312
Other investing activities	**(74)**	(11)	(98)
Net cash used in investing activities	**(1,013)**	(1,037)	(885)
Net cash provided by operations after reinvestment	**2,102**	2,146	1,623
Financing Activities			
Issuances of debt	**754**	491	445
Payments of debt	**(212)**	(154)	(567)
Issuances of stock	**86**	69	145
Purchases of stock for treasury	**(1,796)**	(1,192)	(680)
Dividends	**(1,110)**	(1,006)	(883)
Net cash used in financing activities	**(2,278)**	(1,792)	(1,540)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(43)**	34	(41)
Cash and Cash Equivalents			
Net increase (decrease) during the year	**(219)**	388	42
Balance at beginning of year	**1,386**	998	956
Balance at end of year	**$ 1,167**	$ 1,386	$ 998

See Notes to Consolidated Financial Statements.

Consolidated Statements of Share-Owners' Equity

Three Years Ended December 31, 1995	Number of Common Shares Outstanding	Common Stock	Capital Surplus	Reinvested Earnings	Outstanding Restricted Stock	Foreign Currency Translation	Unrealized Gain on Securities	Treasury Stock
(In millions except per share data)								
Balance December 31, 1992	1,307	$ 424	$ 871	$ 8,165	$ (100)	$ (271)	$ —	$ (5,201)
Stock issued to employees exercising stock options	7	2	143	—	—	—	—	—
Tax benefit from employees' stock option and restricted stock plans	—	—	66	—	—	—	—	—
Stock issued under restricted stock plans, less amortization of $19	—	—	6	—	15	—	—	—
Translation adjustments	—	—	—	—	—	(149)	—	—
Purchases of stock for treasury	(17)[1]	—	—	—	—	—	—	(680)
Net income	—	—	—	2,176	—	—	—	—
Dividends (per share–$.68)	—	—	—	(883)	—	—	—	—
Balance December 31, 1993	1,297	426	1,086	9,458	(85)	(420)	—	(5,881)
Transition effect of change in accounting for certain debt and marketable equity securities, net of deferred taxes	—	—	—	—	—	—	60	—
Stock issued to employees exercising stock options	4	1	68	—	—	—	—	—
Tax benefit from employees' stock option and restricted stock plans	—	—	17	—	—	—	—	—
Stock issued under restricted stock plans, less amortization of $13	—	—	2	—	11	—	—	—
Translation adjustments	—	—	—	—	—	148	—	—
Net change in unrealized gain on securities, net of deferred taxes	—	—	—	—	—	—	(12)	—
Purchases of stock for treasury	(25)[1]	—	—	—	—	—	—	(1,192)
Net income	—	—	—	2,554	—	—	—	—
Dividends (per share–$.78)	—	—	—	(1,006)	—	—	—	—
Balance December 31, 1994	1,276	427	1,173	11,006	(74)	(272)	48	(7,073)
Stock issued to employees exercising stock options	**4**	**1**	**85**	**—**	**—**	**—**	**—**	**—**
Tax benefit from employees' stock option and restricted stock plans	**—**	**—**	**26**	**—**	**—**	**—**	**—**	**—**
Stock issued under restricted stock plans, less amortization of $12	**—**	**—**	**7**	**—**	**6**	**—**	**—**	**—**
Translation adjustments	**—**	**—**	**—**	**—**	**—**	**(152)**	**—**	**—**
Net change in unrealized gain on securities, net of deferred taxes	**—**	**—**	**—**	**—**	**—**	**—**	**34**	**—**
Purchases of stock for treasury	**(29)[1]**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,796)**
Treasury stock issued in connection with an acquisition	**1**	**—**	**—**	**—**	**—**	**—**	**—**	**70**
Net income	**—**	**—**	**—**	**2,986**	**—**	**—**	**—**	**—**
Dividends (per share–$.88)	**—**	**—**	**—**	**(1,110)**	**—**	**—**	**—**	**—**
Balance December 31, 1995	**1,252**	**$ 428**	**$ 1,291**	**$ 12,882**	**$ (68)**	**$ (424)**	**$ 82**	**$ (8,799)**

[1]Common stock purchased from employees exercising stock options amounted to 280 thousand, 208 thousand and 2.7 million shares for the years ending December 31, 1995, 1994 and 1993, respectively.

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Accounting Policies

The significant accounting policies and practices followed by The Coca-Cola Company and subsidiaries (the Company) are as follows:

Organization

The Company is predominantly a manufacturer, marketer and distributor of soft drink and noncarbonated beverage concentrates and syrups. Operating in nearly 200 countries worldwide, the Company primarily sells its concentrates and syrups to bottling and canning operations, fountain wholesalers and fountain retailers. The Company has significant markets for its products in all of the world's geographic regions.

Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries except where control is temporary or does not rest with the Company. The Company's investments in companies in which it has the ability to exercise significant influence over operating and financial policies are accounted for by the equity method. Accordingly, the Company's share of the net earnings of these companies is included in consolidated net income. The Company's investments in other companies are carried at cost or fair value, as appropriate. All significant intercompany accounts and transactions are eliminated.

Certain amounts in the prior years' financial statements have been reclassified to conform to the current year presentation.

Advertising Costs

The Company generally expenses production costs of print, radio and television advertisements as of the first date the advertisements take place. Advertising expenses included in selling, administrative and general expenses were $1,333 million in 1995, $1,142 million in 1994 and $1,002 million in 1993. As of December 31, 1995 and 1994, advertising costs of approximately $299 million and $259 million, respectively, were recorded primarily in prepaid expenses and other assets in the accompanying balance sheets.

Net Income per Share

Net income per share is computed by dividing net income by the weighted average number of shares outstanding.

On December 21, 1995, the Board of Directors authorized a two-for-one stock split. The stock split is subject to share-owner approval in April 1996. If approved, the stock split will be payable to share owners of record on May 1, 1996. These financial statements have not been restated to reflect the proposed stock split.

Cash Equivalents

Marketable securities that are highly liquid and have maturities of three months or less at the date of purchase are classified as cash equivalents.

Inventories

Inventories are valued at the lower of cost or market. In general, cost is determined on the basis of average cost or first-in, first-out methods.

Property, Plant and Equipment

Property, plant and equipment are stated at cost and are depreciated principally by the straight-line method over the estimated useful lives of the assets.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets are stated on the basis of cost and are amortized, principally on a straight-line basis, over the estimated future periods to be benefited (not exceeding 40 years). Goodwill and other intangible assets are periodically reviewed for impairment based on an assessment of future operations to ensure that they are appropriately valued. Accumulated amortization was approximately $117 million and $77 million on December 31, 1995 and 1994, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Changes in Accounting Principles

In 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121). The Company's required adoption date is January 1, 1996. SFAS 121 standardizes the accounting practices for the recognition and measurement of impairment losses on certain long-lived assets. The Company anticipates the adoption of SFAS 121 will not have a material impact on its results of operations or financial position. However, the provisions of SFAS 121 will require certain charges historically recorded by the Company in other income (deductions)-net to be included in operating income.

Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115), was adopted as of January 1, 1994.

Notes to Consolidated Financial Statements

SFAS 115 requires that the carrying value of certain investments be adjusted to their fair value. Upon adoption of SFAS 115, the Company recorded an increase to share-owners' equity of $60 million, which is net of deferred income taxes of $44 million.

Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112), was adopted as of January 1, 1993. SFAS 112 requires employers to accrue the costs of benefits to former or inactive employees after employment, but before retirement. Upon adoption, the Company recorded an accumulated obligation of $12 million, which is net of deferred income taxes of $8 million.

Stock-Based Compensation

The Company currently accounts for its stock-based compensation plans using the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25).

In 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). Under the provisions of SFAS 123, companies can elect to account for stock-based compensation plans using a fair-value-based method or continue measuring compensation expense for those plans using the intrinsic value method prescribed in APB 25. SFAS 123 requires that companies electing to continue using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair-value-based method of accounting had been applied. The adoption of SFAS 123 will be reflected in the Company's 1996 consolidated financial statements.

As the Company anticipates continuing to account for stock-based compensation using the intrinsic value method, SFAS 123 will not have an impact on the Company's results of operations or financial position.

2. Inventories

Inventories consist of the following (in millions):

December 31,	**1995**	1994
Raw materials and supplies	**$ 784**	$ 728
Work in process	**7**	4
Finished goods	**326**	315
	$ 1,117	$ 1,047

3. Bottling Investments

Coca-Cola Enterprises Inc.

Coca-Cola Enterprises is the largest soft drink bottler in the world. The Company owns approximately 44 percent of the outstanding common stock of Coca-Cola Enterprises, and accordingly, accounts for its investment by the equity method of accounting. A summary of financial information for Coca-Cola Enterprises is as follows (in millions):

December 31,	**1995**	1994
Current assets	**$ 982**	$ 809
Noncurrent assets	**8,082**	7,928
Total assets	**$ 9,064**	$ 8,737
Current liabilities	**$ 859**	$ 1,088
Noncurrent liabilities	**6,770**	6,310
Total liabilities	**$ 7,629**	$ 7,398
Share-owners' equity	**$ 1,435**	$ 1,339
Company equity investment	**$ 556**	$ 524

Year Ended December 31,	**1995**	1994	1993
Net operating revenues	**$ 6,773**	$ 6,011	$ 5,465
Cost of goods sold	**4,267**	3,703	3,372
Gross profit	**$ 2,506**	$ 2,308	$ 2,093
Operating income	**$ 468**	$ 440	$ 385
Operating cash flow	**$ 997**	$ 901	$ 804
Net income (loss)	**$ 82**	$ 69	$ (15)
Net income (loss) available to common share owners	**$ 80**	$ 67	$ (15)
Company equity income (loss)	**$ 35**	$ 30	$ (6)

The Company's net concentrate/syrup sales to Coca-Cola Enterprises were $1.3 billion in 1995, $1.2 billion in 1994 and $961 million in 1993. Coca-Cola Enterprises purchases sweeteners through the Company under a pass-through arrangement, and accordingly, related collections from Coca-Cola Enterprises and payments to suppliers are not included in the Company's consolidated statements of income. These transactions amounted to $242 million in 1995, $254 million in 1994 and $211 million in 1993. The Company also provides certain administrative and other services to Coca-Cola Enterprises under negotiated fee arrangements.

The Company's direct support for certain marketing activities of Coca-Cola Enterprises and participation with Coca-Cola Enterprises in cooperative advertising and other marketing programs amounted to approximately $343 million in 1995, $319 million in 1994 and $256 million in 1993. Additionally, in 1995 and 1994, the Company

Notes to Consolidated Financial Statements

committed to provide approximately $55 million and $34 million, respectively, to Coca-Cola Enterprises under a Company program which encourages bottlers to invest in building and supporting beverage infrastructure.

If valued at the December 31, 1995, quoted closing price of publicly traded Coca-Cola Enterprises shares, the calculated value of the Company's investment in Coca-Cola Enterprises would have exceeded its carrying value by approximately $957 million.

Other Equity Investments

On December 31, 1995, the Company owned approximately 40 percent of Coca-Cola Amatil Limited (Coca-Cola Amatil), an Australian-based bottler of Company products that operates in 16 countries. Accordingly, the Company accounts for its investment in Coca-Cola Amatil by the equity method.

In July 1995, Coca-Cola Amatil completed a public offering in Australia of approximately 97 million shares of common stock. This transaction resulted in a non-cash pretax gain of approximately $74 million for the Company.

In the fourth quarter of 1993, Coca-Cola Amatil issued approximately 8 million shares of stock to acquire the Company's franchise bottler in Jakarta, Indonesia. This transaction resulted in a pretax gain for the Company of approximately $12 million.

On December 31, 1995, the excess of the Company's investment over its equity in the underlying net assets of Coca-Cola Amatil was approximately $91 million, which is being amortized on a straight-line basis over 40 years.

During 1995, the Company's finance subsidiary invested $160 million in The Coca-Cola Bottling Company of New York, Inc. (CCNY), in return for redeemable preferred stock. As of December 31, 1995, the Company held a 49 percent voting and economic interest in CCNY. Accordingly, the Company accounts for its investment in CCNY by the equity method.

In 1993, the Company acquired a 30 percent equity interest in Coca-Cola FEMSA, S.A. de C.V. (Coca-Cola FEMSA), which operates bottling facilities in Mexico and Argentina, for $195 million. On December 31, 1995, the excess of the Company's investment over its equity in the underlying net assets of Coca-Cola FEMSA was approximately $31 million, which is being amortized over 40 years.

Operating results include the Company's proportionate share of income from equity investments since the respective dates of investment. A summary of financial information for the Company's equity investments, other than Coca-Cola Enterprises, is as follows (in millions):

December 31,	**1995**	1994
Current assets	**$ 2,954**	$ 2,747
Noncurrent assets	**6,637**	5,316
Total assets	**$ 9,591**	$ 8,063
Current liabilities	**$ 2,944**	$ 2,382
Noncurrent liabilities	**2,849**	2,669
Total liabilities	**$ 5,793**	$ 5,051
Share-owners' equity	**$ 3,798**	$ 3,012
Company equity investment	**$ 1,839**	$ 1,808

Year Ended December 31,	**1995**	1994	1993
Net operating revenues	**$ 11,563**	$ 9,668	$ 8,168
Cost of goods sold	**7,646**	6,397	5,385
Gross profit	**$ 3,917**	$ 3,271	$ 2,783
Operating income	**$ 846**	$ 783	$ 673
Operating cash flow	**$ 1,403**	$ 1,076	$ 984
Net income	**$ 355**	$ 323	$ 258
Company equity income	**$ 134**	$ 104	$ 97

Equity investments include certain non-bottling investees.

Net income for the Company's equity investments in 1993 reflects an $86 million after-tax charge recorded by Coca-Cola Beverages Ltd., related to the restructuring of its operations in Canada.

Net sales to equity investees other than Coca-Cola Enterprises were $1.4 billion in 1995 and $1.2 billion in 1994 and 1993. The Company also participates in various marketing, promotional and other activities with these investees, the majority of which are located outside the United States.

If valued at the December 31, 1995, quoted closing prices of shares actively traded on stock markets, the calculated value of the Company's equity investments in publicly traded bottlers other than Coca-Cola Enterprises would have exceeded the Company's carrying value by approximately $1.2 billion.

Notes to Consolidated Financial Statements

4. Finance Subsidiary

Coca-Cola Financial Corporation (CCFC) provides loans and other forms of financing to Coca-Cola bottlers and customers for the acquisition of sales-related equipment and for other business purposes. The approximate contractual maturities of finance receivables for the five years succeeding December 31, 1995, are as follows (in millions):

1996	1997	1998	1999	2000
$ 55	$ 39	$ 39	$ 33	$ 58

These amounts do not reflect possible prepayments or renewals.

CCFC has agreed to issue up to $50 million in letters of credit on CCNY's behalf, of which $24 million was committed on December 31, 1995.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following (in millions):

December 31,	**1995**	1994
Accrued marketing	**$ 492**	$ 425
Container deposits	**130**	112
Accrued compensation	**198**	189
Accounts payable and other accrued expenses	**2,074**	1,838
	$ 2,894	$ 2,564

6. Short-Term Borrowings and Credit Arrangements

Loans and notes payable consist primarily of commercial paper issued in the United States. On December 31, 1995, the Company had $3.3 billion in lines of credit and other short-term credit facilities available, under which $2.4 billion was outstanding. Included was $2.2 billion outstanding in commercial paper borrowings. The Company's weighted average interest rates for commercial paper were approximately 5.7 and 5.8 percent on December 31, 1995 and 1994, respectively.

These facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which are presently significant to the Company.

7. Accrued Taxes

Accrued taxes consist of the following (in millions):

December 31,	**1995**	1994
Income taxes	**$ 1,322**	$ 1,312
Sales, payroll and other taxes	**209**	218
	$ 1,531	$ 1,530

8. Long-Term Debt

Long-term debt consists of the following (in millions):

December 31,	**1995**	1994
7¾% U.S. dollar notes due 1996	**$ 250**	$ 250
5¾% Japanese yen notes due 1996	**292**	301
5¾% German mark notes due 1998[1]	**175**	161
7⅞% U.S. dollar notes due 1998	**250**	250
6% U.S. dollar notes due 2000	**252**	—
6⅝% U.S. dollar notes due 2002	**149**	149
6% U.S. dollar notes due 2003	**150**	150
7⅜% U.S. dollar notes due 2093	**116**	116
Other, due 1996 to 2013	**59**	84
	1,693	1,461
Less current portion	**552**	35
	$ 1,141	$ 1,426

[1]Portions of these notes have been swapped for liabilities denominated in other currencies.

After giving effect to interest rate management instruments (see Note 10), the principal amount of the Company's long-term debt that had fixed and variable interest rates, respectively, was $1,017 million and $676 million on December 31, 1995 and $849 million and $612 million on December 31, 1994. The weighted average interest rate on the Company's long-term debt was 6.5 and 6.6 percent on December 31, 1995 and 1994, respectively.

Maturities of long-term debt for the five years succeeding December 31, 1995, are as follows (in millions):

1996	1997	1998	1999	2000
$ 552	$ 10	$ 435	$ 8	$ 255

The above notes include various restrictions, none of which are presently significant to the Company.

Interest paid was approximately $275 million, $197 million and $158 million in 1995, 1994 and 1993, respectively.

Notes to Consolidated Financial Statements

9. Financial Instruments

Fair Value of Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for cash, cash equivalents, loans and notes payable approximate their respective fair values due to the short maturities of these instruments. The fair values for marketable equity securities, investments, receivables, long-term debt and hedging instruments are based primarily on quoted prices for those or similar instruments. A comparison of the carrying value and fair value of these financial instruments is as follows (in millions):

December 31,	Carrying Value	Fair Value
1995		
Current marketable securities	**$ 148**	**$ 148**
Finance subsidiary receivables and investments	**406**	**410**
Cost method investments, principally bottling companies	**319**	**319**
Marketable securities and other assets	**1,246**	**1,245**
Long-term debt	**(1,693)**	**(1,737)**
Hedging instruments (see Note 10)	**54**	**(107)**
1994		
Current marketable securities	$ 145	$ 145
Finance subsidiary receivables and investments	310	315
Cost method investments, principally bottling companies	178	236
Marketable securities and other assets	1,163	1,156
Long-term debt	(1,461)	(1,416)
Hedging instruments (see Note 10)	64	(293)

Certain Debt and Marketable Equity Securities

Investments in debt and marketable equity securities, other than investments accounted for by the equity method, are categorized as either trading, available for sale, or held to maturity. On December 31, 1995 and 1994, the Company had no trading securities. Securities categorized as available for sale are stated at fair value, with unrealized gains and losses, net of deferred income taxes, reported in share-owners' equity. Debt securities categorized as held to maturity are stated at amortized cost.

On December 31, 1995 and 1994, available-for-sale and held-to-maturity securities consisted of the following (in millions):

December 31,	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
1995				
Available-for-sale securities				
Equity securities	**$ 128**	**$ 151**	**$ (2)**	**$ 277**
Collateralized mortgage obligations	**147**	**—**	**(5)**	**142**
Other debt securities	**26**	**—**	**—**	**26**
	$ 301	**$ 151**	**$ (7)**	**$ 445**
Held-to-maturity securities				
Bank and corporate debt	**$ 1,333**	**$ —**	**$ —**	**$ 1,333**
Other debt securities	**40**	**—**	**—**	**40**
	$ 1,373	**$ —**	**$ —**	**$ 1,373**
1994				
Available-for-sale securities				
Equity securities	$ 48	$ 76	$ (4)	$ 120
Collateralized mortgage obligations	150	—	(11)	139
Other debt securities	32	—	—	32
	$ 230	$ 76	$ (15)	$ 291
Held-to-maturity securities				
Bank and corporate debt	$ 1,388	$ —	$ —	$ 1,388
Other debt securities	68	—	—	68
	$ 1,456	$ —	$ —	$ 1,456

Notes to Consolidated Financial Statements

On December 31, 1995 and 1994, these investments were included in the following captions on the consolidated balance sheets (in millions):

December 31,	Available-for-Sale Securities	Held-to-Maturity Securities
1995		
Cash and cash equivalents	**$ —**	**$ 900**
Current marketable securities	**74**	**74**
Cost method investments, principally bottling companies	**222**	**—**
Marketable securities and other assets	**149**	**399**
	$ 445	**$ 1,373**
1994		
Cash and cash equivalents	$ —	$ 1,041
Current marketable securities	87	58
Cost method investments, principally bottling companies	58	—
Marketable securities and other assets	146	357
	$ 291	$ 1,456

The contractual maturities of these investments as of December 31, 1995, were as follows (in millions):

	Available-for-Sale Securities		Held-to-Maturity Securities	
	Cost	Fair Value	Amortized Cost	Fair Value
1996	$ 22	$ 22	$ 974	$ 974
1997-2000	4	4	379	379
After 2000	—	—	20	20
Collateralized mortgage obligations	147	142	—	—
Equity securities	128	277	—	—
	$ 301	$ 445	$ 1,373	$ 1,373

For the years ended December 31, 1995 and 1994, gross realized gains and losses on sales of available-for-sale securities were not material. The cost of securities sold is based on the specific identification method.

10. Hedging Transactions and Derivative Financial Instruments

The Company employs derivative financial instruments primarily to reduce its exposure to adverse fluctuations in interest and foreign exchange rates. These financial instruments, when entered into, are designated as hedges of underlying exposures. Because of the high correlation between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the instruments are generally offset by changes in the value of the underlying exposures. The Company effectively monitors the use of these derivative financial instruments through the use of objective measurement systems, well-defined market and credit risk limits and timely reports to senior management according to prescribed guidelines. Virtually all of the Company's derivatives are "over-the-counter" instruments.

The estimated fair values of derivatives used to hedge or modify the Company's risks will fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the fair values of the underlying hedged transactions and investments and the overall reduction in the Company's exposure to adverse fluctuations in interest and foreign exchange rates.

The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of the exposure of the Company through its use of derivatives. The amounts exchanged are calculated by reference to the notional amounts and by the other terms of the derivatives, such as interest rates, exchange rates or other financial indices.

The Company has established strict counterparty credit guidelines and only enters into transactions with financial institutions of investment grade or better. Counterparty exposures are monitored daily and any downgrade in credit rating receives immediate review. If a downgrade in the credit rating of a counterparty were to occur, the Company has provisions to require collateral in the form of U.S. government securities for transactions with maturities in excess of three years. To mitigate pre-settlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. To minimize the concentration of credit risk, the Company enters into derivative transactions with a portfolio of financial institutions. As a result, the Company considers the risk of counterparty default to be minimal.

Interest Rate Management

Management of the Company has implemented a policy to maintain the percentage of fixed and variable rate debt within certain parameters. The Company enters into interest rate swap agreements that maintain the fixed/variable mix within these defined parameters. These contracts had maturities ranging from 2 to 8 years on December 31, 1995. Variable rates are predominantly linked to the LIBOR (London Interbank Offered Rate). Any differences paid or received on interest rate swap agreements are recognized as adjustments to interest expense over the life of each swap, thereby adjusting the effective interest rate on the underlying obligation.

Additionally, the Company enters into interest rate cap agreements that entitle the Company to receive from a financial institution the amount, if any, by which the Company's interest

Notes to Consolidated Financial Statements

payments on its variable rate debt exceed pre-specified interest rates through 1997. Premiums paid for interest rate cap agreements are included in prepaid expenses and other assets and are amortized to interest expense over the terms of the respective agreements. Payments received pursuant to the interest rate cap agreements, if any, are recognized as an adjustment of the interest expense on the underlying debt instruments.

Foreign Currency Management

The purpose of the Company's foreign currency hedging activities is to reduce the risk that the eventual dollar net cash inflows resulting from sales outside the U.S. will be adversely affected by changes in exchange rates.

The Company enters into forward exchange contracts and purchases currency options (principally European currencies and Japanese yen) to hedge firm sale commitments denominated in foreign currencies. The Company also purchases currency options (principally European currencies and Japanese yen) to hedge certain anticipated sales. Premiums paid and realized gains and losses, including those on terminated contracts, if any, are included in prepaid expenses and other assets. These are recognized in income along with unrealized gains and losses, in the same period the hedged transactions are realized. Approximately $27 million and $10 million of realized losses on settled contracts entered into as hedges of firmly committed transactions which have not yet occurred were deferred on December 31, 1995 and 1994, respectively. Deferred gains/losses from hedging anticipated transactions were not material on December 31, 1995 or 1994. In the unlikely event that the underlying transaction terminates or becomes improbable, the deferred gains or losses on the associated derivative will be recorded in the income statement.

Gains and losses on derivative financial instruments that are designated and effective as hedges of net investments in international operations are included in share-owners' equity as a foreign currency translation adjustment.

The following table presents the aggregate notional principal amounts, carrying values, fair values and maturities of the Company's derivative financial instruments outstanding on December 31, 1995 and 1994 (in millions):

December 31,	Notional Principal Amounts	Carrying Values	Fair Values	Maturity
1995				
Interest rate management				
Swap agreements				
Assets	**$ 705**	**$ 4**	**$ 30**	**1997-2003**
Liabilities	**62**	**—**	**(2)**	**2000-2002**
Interest rate caps				
Assets	**400**	**2**	**—**	**1997**
Foreign currency management				
Forward contracts				
Assets	**1,927**	**25**	**36**	**1996**
Liabilities	**554**	**(17)**	**(15)**	**1996-1997**
Swap agreements				
Assets	**390**	**17**	**11**	**1996-2000**
Liabilities	**1,686**	**(46)**	**(262)**	**1996-2002**
Purchased options				
Assets	**1,823**	**62**	**90**	**1996**
Other				
Assets	**327**	**7**	**5**	**1996**
	$ 7,874	**$ 54**	**$ (107)**	
1994				
Interest rate management				
Swap agreements				
Assets	$ 626	$ 3	$ (30)	1995-2003
Liabilities	225	(1)	1	1995-2005
Interest rate caps				
Assets	400	3	5	1995-1997
Foreign currency management				
Forward contracts				
Assets	1,887	24	33	1995-1996
Liabilities	666	(10)	(9)	1995
Swap agreements				
Assets	399	23	22	1995-2000
Liabilities	2,104	(44)	(356)	1995-2002
Purchased options				
Assets	3,485	66	41	1995-1996
	$ 9,792	$ 64	$ (293)	

Maturities of derivative financial instruments held on December 31, 1995, are as follows (in millions):

1996	1997	1998	1999 through 2003
$ 5,343	$ 1,025	$ 534	$ 972

Notes to Consolidated Financial Statements

11. Commitments and Contingencies

On December 31, 1995, the Company was contingently liable for guarantees of indebtedness owed by third parties in the amount of $202 million, of which $48 million is related to independent bottling licensees.

The Mitsubishi Bank Limited has provided a yen denominated guarantee for the equivalent of $253 million in support of a suspension of enforcement of a tax assessment levied by the Japanese tax authorities. The Company has agreed to indemnify Mitsubishi if amounts are paid pursuant to this guarantee. This matter is being reviewed by the tax authorities of the United States and Japan under the tax treaty signed by the two nations to prevent double taxation. Any additional tax payable to Japan should be offset by tax credits in the United States and would not adversely affect earnings.

In the opinion of management, it is not probable that the Company will be required to satisfy these guarantees or indemnification agreements. The fair value of these contingent liabilities is immaterial to the Company's consolidated financial statements.

It is also the opinion of management that the Company's exposure to concentrations of credit risk is limited, due to the diverse geographic areas covered by the Company's operations.

Additionally, the Company has committed, under certain circumstances, to make future investments in bottling companies. However, none of these commitments is considered by management to be individually significant.

12. Restricted Stock, Stock Options and Other Stock Plans

The Company sponsors restricted stock award plans, stock option plans, Incentive Unit Agreements and Performance Unit Agreements.

Under the amended 1989 Restricted Stock Award Plan and the amended 1983 Restricted Stock Award Plan (the Restricted Stock Plans), 20 million and 12 million shares of restricted common stock, respectively, may be granted to certain officers and key employees of the Company.

On December 31, 1995, 17 million shares were available for grant under the Restricted Stock Plans. Participants are entitled to vote and receive dividends on the shares, and under the 1983 Restricted Stock Award Plan, participants are reimbursed by the Company for income taxes imposed on the award, but not for taxes generated by the reimbursement payment. The shares are subject to certain transfer restrictions and may be forfeited if a participant leaves the Company for reasons other than retirement, disability or death, absent a change in control of the Company.

On July 18, 1991, the Restricted Stock Plans were amended to specify age 62 as the minimum retirement age. The 1983 Restricted Stock Award Plan was further amended to conform to the terms of the 1989 Restricted Stock Award Plan by requiring a minimum of five years of service between the date of the award and retirement. The amendments affect shares granted after July 18, 1991.

Under the Company's 1991 Stock Option Plan (the Option Plan), a maximum of 60 million shares of the Company's common stock was approved to be issued or transferred to certain officers and employees pursuant to stock options and stock appreciation rights granted under the Option Plan. The stock appreciation rights permit the holder, upon surrendering all or part of the related stock option, to receive cash, common stock or a combination thereof, in an amount up to 100 percent of the difference between the market price and the option price. Options outstanding on December 31, 1995, also include various options granted under previous plans. Further information relating to options is as follows (in millions, except per share amounts):

	1995	1994	1993
Outstanding on January 1,	**33**	30	31
Granted	**9**	7	6
Exercised	**(4)**	(4)	(7)
Canceled	**(1)**	—	—
Outstanding on December 31,	**37**	33	30
Exercisable on December 31,	**23**	22	22
Shares available on December 31, for options that may be granted	**30**	38	45
Prices per share			
Exercised	**$6-$51**	$5-$44	$4-$41
Unexercised on December 31,	**$7-$76**	$6-$51	$5-$44

In 1988, the Company entered into Incentive Unit Agreements whereby, subject to certain conditions, certain officers were given the right to receive cash awards based on the market value of 1.2 million shares of the Company's common stock at the measurement dates. Under the Incentive Unit Agreements, the employee is reimbursed by the Company for income taxes imposed when the value of the units is paid, but not for taxes generated by the reimbursement payment. In 1993, 400,000 units were paid, leaving 800,000 units outstanding on December 31, 1993. No units were paid in 1994 or 1995, leaving the number of units outstanding unchanged on December 31, 1995.

In 1985, the Company entered into Performance Unit Agreements, whereby certain officers were given the right to receive cash awards based on the difference in the market

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value of approximately 2.2 million shares of the Company's common stock at the measurement dates and the base price of $5.16, the market value as of January 2, 1985. In 1993, 780,000 units were paid, leaving approximately 1.4 million units outstanding on December 31, 1993. No units were paid in 1994 or 1995, leaving the number of units outstanding unchanged on December 31, 1995.

13. Pension Benefits

The Company sponsors and/or contributes to pension plans covering substantially all U.S. employees and certain employees in international locations. The benefits are primarily based on years of service and the employees' compensation for certain periods during the last years of employment. Pension costs are generally funded currently, subject to regulatory funding limitations. The Company also sponsors nonqualified, unfunded defined benefit plans for certain officers and other employees. In addition, the Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

Total pension expense for all benefit plans, including defined benefit plans, amounted to approximately $81 million in 1995, $73 million in 1994 and $57 million in 1993. Net periodic pension cost for the Company's defined benefit plans consists of the following (in millions):

Year Ended December 31,	**1995**	1994	1993
U.S. Plans			
Service cost-benefits earned during the period	**$ 20**	$ 22	$ 17
Interest cost on projected benefit obligation	**62**	53	53
Actual return on plan assets	**(184)**	(4)	(77)
Net amortization and deferral	**136**	(44)	31
Net periodic pension cost	**$ 34**	$ 27	$ 24
International Plans			
Service cost-benefits earned during the period	**$ 23**	$ 24	$ 17
Interest cost on projected benefit obligation	**27**	25	22
Actual return on plan assets	**(27)**	(21)	(27)
Net amortization and deferral	**9**	5	13
Net periodic pension cost	**$ 32**	$ 33	$ 25

The funded status for the Company's defined benefit plans is as follows (in millions):

	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets	
December 31,	**1995**	1994	**1995**	1994
U.S. Plans				
Actuarial present value of benefit obligations				
Vested benefit obligation	**$ 562**	$ 479	**$ 137**	$ 101
Accumulated benefit obligation	**$ 613**	$ 521	**$ 144**	$ 104
Projected benefit obligation	**$ 705**	$ 599	**$ 169**	$ 125
Plan assets at fair value[1]	**785**	597	**3**	2
Plan assets in excess of (less than) projected benefit obligation	**80**	(2)	**(166)[2]**	(123)[2]
Unrecognized net (asset) liability at transition	**(26)**	(30)	**13**	15
Unrecognized prior service cost	**35**	37	**14**	15
Unrecognized net (gain) loss	**(81)**	(30)	**53**	18
Adjustment required to recognize minimum liability	**—**	—	**(54)**	(28)
Accrued pension asset (liability) included in the consolidated balance sheet	**$ 8**	$ (25)	**$ (140)**	$ (103)
International Plans				
Actuarial present value of benefit obligations				
Vested benefit obligation	**$ 169**	$ 156	**$ 149**	$ 147
Accumulated benefit obligation	**$ 177**	$ 157	**$ 172**	$ 175
Projected benefit obligation	**$ 214**	$ 199	**$ 225**	$ 237
Plan assets at fair value[1]	**259**	235	**109**	110
Plan assets in excess of (less than) projected benefit obligation	**45**	36	**(116)**	(127)
Unrecognized net (asset) liability at transition	**(18)**	(18)	**28**	36
Unrecognized prior service cost	**3**	4	**11**	13
Unrecognized net (gain) loss	**(3)**	(1)	**1**	16
Adjustment required to recognize minimum liability	**—**	—	**(6)**	(9)
Accrued pension asset (liability) included in the consolidated balance sheet	**$ 27**	$ 21	**$ (82)**	$ (71)

[1]Primarily listed stocks, bonds and government securities.

[2]Substantially all of this amount relates to nonqualified, unfunded defined benefit plans.

Notes to Consolidated Financial Statements

The assumptions used in computing the preceding information are as follows:

Year Ended December 31,	**1995**	1994	1993
U.S. Plans			
Discount rates	**7¼%**	8¼%	7¼%
Rates of increase in compensation levels	**4¾%**	5¼%	4¾%
Expected long-term rates of return on assets	**9½%**	9½%	9½%
International Plans (weighted average rates)			
Discount rates	**6¼%**	6%	6½%
Rates of increase in compensation levels	**4½%**	4½%	5%
Expected long-term rates of return on assets	**6%**	6%	7%

14. Other Postretirement Benefits

The Company has plans providing postretirement health care and life insurance benefits to substantially all U.S. employees and certain employees in international locations who retire with a minimum of five years of service.

Net periodic cost for the Company's postretirement health care and life insurance benefits consists of the following (in millions):

Year Ended December 31,	**1995**	1994	1993
Service cost	**$ 12**	$ 12	$ 10
Interest cost	**23**	21	21
Other	**(2)**	(1)	(1)
	$ 33	$ 32	$ 30

The Company contributes to a Voluntary Employees' Beneficiary Association trust that will be used to partially fund health care benefits for future retirees. Generally, the Company funds benefits to the extent contributions are tax-deductible, which under current legislation is limited. In general, retiree health benefits are paid as covered expenses are incurred.

The funded status of the Company's postretirement health care and life insurance plans is as follows (in millions):

December 31,	**1995**	1994
Accumulated postretirement benefit obligations:		
Retirees	**$ 122**	$ 128
Fully eligible active plan participants	**40**	35
Other active plan participants	**141**	120
Total benefit obligation	**303**	283
Plan assets at fair value[1]	**42**	41
Plan assets less than benefit obligation	**(261)**	(242)
Unrecognized prior service cost	**(3)**	(3)
Unrecognized net gain	**(9)**	(7)
Accrued postretirement benefit liability included in the consolidated balance sheet	**$ (273)**	$ (252)

[1]Consists of corporate bonds, government securities and short-term investments.

The assumptions used in computing the preceding information are as follows:

Year Ended December 31,	**1995**	1994	1993
Discount rate	**7¼%**	8¼%	7¼%
Rate of increase in compensation levels	**4¾%**	5¼%	4¾%

The rate of increase in the per capita costs of covered health care benefits is assumed to be 8¼ percent in 1996, decreasing gradually to 5 percent by the year 2003. Increasing the assumed health care cost trend rate by 1 percentage point would increase the accumulated postretirement benefit obligation as of December 31, 1995, by approximately $39 million and increase the net periodic postretirement benefit cost by approximately $5 million in 1995.

15. Income Taxes

Income before income taxes and change in accounting principle consists of the following (in millions):

Year Ended December 31,	**1995**	1994	1993
United States	**$ 1,270**	$ 1,214	$ 1,035
International	**3,058**	2,514	2,150
	$ 4,328	$ 3,728	$ 3,185

Notes to Consolidated Financial Statements

Income tax expense (benefit) consists of the following (in millions):

Year Ended December 31,	United States	State & Local	International	Total
1995				
Current	**$ 204**	**$ 41**	**$ 940**	**$ 1,185**
Deferred	**80**	**10**	**67**	**157**
1994				
Current	$ 299	$ 38	$ 779	$ 1,116
Deferred	24	5	29	58
1993				
Current	$ 356	$ 34	$ 669	$ 1,059
Deferred[1]	(64)	5	(3)	(62)

[1]*An additional deferred tax benefit of $8 million in 1993 has been included in the SFAS 112 transition effect charge.*

The Company made income tax payments of approximately $1,000 million, $785 million and $650 million in 1995, 1994 and 1993, respectively.

A reconciliation of the statutory U.S. federal rate and effective rates is as follows:

Year Ended December 31,	1995	1994	1993
Statutory U.S. federal rate	**35.0%**	35.0%	35.0%
State income taxes-net of federal benefit	**1.0**	1.0	1.0
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	**(3.9)**	(4.3)	(5.1)
Equity income	**(1.7)**	(1.1)	(1.7)
Other-net	**.6**	.9	2.1
	31.0%	31.5%	31.3%

The Company's effective tax rate reflects the favorable U.S. tax treatment from manufacturing facilities in Puerto Rico that operate under a negotiated exemption grant that expires December 31, 2009. Changes to U.S. tax law enacted in 1993 limit the utilization of the favorable tax treatment from operations in Puerto Rico. The Company's effective tax rate also reflects the tax benefit derived from having significant operations outside the United States that are taxed at rates lower than the U.S. statutory rate of 35 percent. As a result of changes in U.S. tax law, the Company was required to record charges for additional taxes and tax-related expenses that reduced net income by approximately $51 million in 1993.

Appropriate U.S. and international taxes have been provided for earnings of subsidiary companies that are expected to be remitted to the parent company. Exclusive of amounts that would result in little or no tax if remitted, the cumulative amount of unremitted earnings from international subsidiaries that are expected to be indefinitely reinvested is approximately $577 million on December 31, 1995. The taxes that would be paid upon remittance of these indefinitely reinvested earnings are approximately $202 million based on current tax laws.

The tax effects of temporary differences and carryforwards that give rise to significant portions of deferred tax assets and liabilities consist of the following (in millions):

December 31,	1995	1994
Deferred tax assets:		
Benefit plans	**$ 369**	$ 324
Liabilities and reserves	**178**	169
Net operating loss carryforwards	**97**	108
Other	**151**	128
Gross deferred tax assets	**795**	729
Valuation allowance	**(42)**	(46)
	$ 753	$ 683
Deferred tax liabilities:		
Property, plant and equipment	**$ 414**	$ 362
Equity investments	**170**	188
Intangible assets	**89**	34
Other	**205**	72
	$ 878	$ 656
Net deferred tax asset (liability)[1]	**$ (125)**	$ 27

[1]*Deferred tax assets of $69 million and $207 million have been included in the consolidated balance sheet caption "marketable securities and other assets" at December 31, 1995 and 1994, respectively.*

On December 31, 1995, the Company had $265 million of operating loss carryforwards available to reduce future taxable income of certain international subsidiaries. Loss carryforwards of $107 million must be utilized within the next 5 years, and $158 million can be utilized over an indefinite period. A valuation allowance has been provided for a portion of the deferred tax assets related to these loss carryforwards.

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16. Net Change in Operating Assets and Liabilities

The changes in operating assets and liabilities, net of effects of acquisitions and divestitures of businesses and unrealized exchange gains/losses, are as follows (in millions):

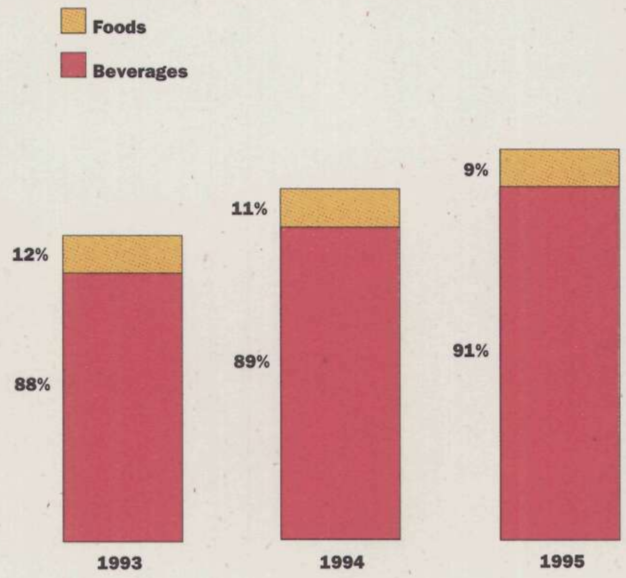
Year Ended December 31,	**1995**	1994	1993
Increase in trade accounts receivable	**$ (255)**	$ (169)	$ (151)
(Increase) decrease in inventories	**(80)**	43	(41)
Increase in prepaid expenses and other assets	**(373)**	(273)	(76)
Increase (decrease) in accounts payable and accrued expenses	**214**	197	(44)
Increase in accrued taxes	**26**	200	355
Increase in other liabilities	**63**	131	11
	$ (405)	$ 129	$ 54

17. Nonrecurring Items

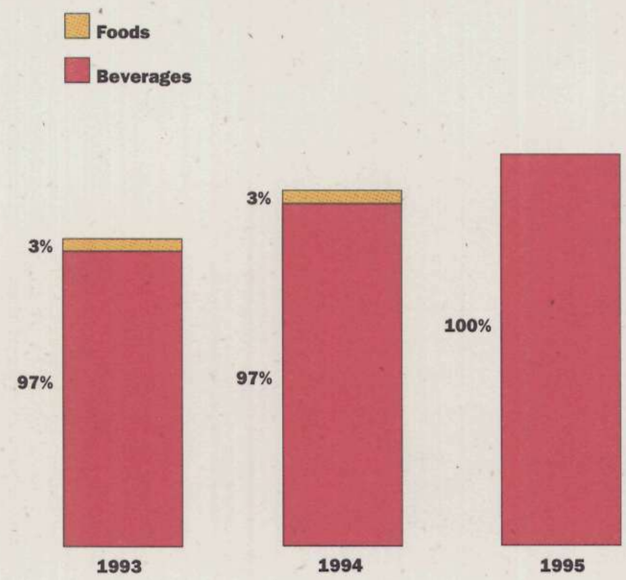
During 1995, selling, administrative and general expenses include provisions of $86 million to increase efficiencies in the Company's operations in the United States and Europe.

Upon a favorable court decision in 1993, the Company reversed previously recorded reserves for bottler litigation, resulting in a $13 million reduction to selling, administrative and general expenses and a $10 million reduction to interest expense. Selling, administrative and general expenses for 1993 also include provisions of $63 million to increase efficiencies in the Company's operations in the United States and Europe, and Corporate. Also in 1993, equity income was reduced by $42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd. Other income (deductions)-net for 1993 included a $50 million pretax gain recorded by the foods business upon the sale of citrus groves in the United States, and a $34 million pretax gain recognized on the sale of property no longer required as a result of a consolidation of manufacturing operations in Japan.

Net Operating Revenues by Line of Business



Operating Income by Line of Business



Notes to Consolidated Financial Statements

18. Lines of Business

The Company operates in two major lines of business: beverages and foods. Information concerning operations in these businesses is as follows (in millions):

	Beverages	Foods	Corporate	Consolidated
1995				
Net operating revenues	**$ 16,350**	**$ 1,613**	**$ 55**	**$ 18,018**
Operating income	**4,594**[2]	**(14)**[2]	**(488)**	**4,092**
Identifiable operating assets	**10,177**	**689**	**1,461**[1]	**12,327**
Equity income			**169**	**169**
Investments (principally bottling companies)			**2,714**	**2,714**
Capital expenditures	**795**	**65**	**77**	**937**
Depreciation and amortization	**350**	**38**	**66**	**454**
1994				
Net operating revenues	$ 14,412	$ 1,728	$ 41	$ 16,181
Operating income	4,022	123	(429)	3,716
Identifiable operating assets	9,176	731	1,456[1]	11,363
Equity income			134	134
Investments (principally bottling companies)			2,510	2,510
Capital expenditures	750	39	89	878
Depreciation and amortization	313	38	60	411
1993				
Net operating revenues	$ 12,257	$ 1,680	$ 26	$ 13,963
Operating income	3,433[3]	117	(442)[3]	3,108
Identifiable operating assets	7,765	761	1,280[1]	9,806
Equity income			91[3]	91
Investments (principally bottling companies)			2,215	2,215
Capital expenditures	693	30	77	800
Depreciation and amortization	263	38	59	360

Intercompany transfers between sectors are not material.
Certain prior year amounts related to net operating revenues and operating income have been reclassified to conform to the current year presentation.

[1]Corporate identifiable operating assets are composed principally of marketable securities, finance subsidiary receivables and fixed assets.

[2]Operating income for the beverages and foods businesses was reduced by $49 million and $37 million, respectively, for provisions to increase efficiencies.

[3]Operating income for the beverages business and Corporate was reduced by $46 million and $17 million, respectively, for provisions to increase efficiencies. Equity income was reduced by $42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd.

Compound Growth Rates Ending 1995	Beverages	Foods	Consolidated
Net operating revenues			
5 years	14%	—%	12%
10 years	14%	2%	12%
Operating income			
5 years	16%	—%	16%
10 years	19%	—%	18%

Notes to Consolidated Financial Statements

19. Operations in Geographic Areas

Effective February 1, 1996, the Company's operating management structure will consist of five geographic groups and Coca-Cola Foods, and the International and North America Business Sectors will cease to exist. Information about the Company's operations by geographic area is as follows (in millions):

	United States	Africa	Greater Europe	Latin America	Middle & Far East & Canada	Corporate	Consolidated
1995							
Net operating revenues	**$ 5,261**	**$ 595**	**$ 6,025**	**$ 1,920**	**$ 4,162**	**$ 55**	**$ 18,018**
Operating income	**840[2]**	**206**	**1,300[2]**	**797**	**1,437**	**(488)**	**4,092**
Identifiable operating assets	**3,384**	**348**	**4,301**	**1,294**	**1,539**	**1,461[1]**	**12,327**
Equity income						**169**	**169**
Investments (principally bottling companies)						**2,714**	**2,714**
Capital expenditures	**285**	**19**	**383**	**88**	**85**	**77**	**937**
Depreciation and amortization	**146**	**8**	**180**	**31**	**23**	**66**	**454**
1994							
Net operating revenues	$ 5,092	$ 522	$ 5,047	$ 1,928	$ 3,551	$ 41	$ 16,181
Operating income	869	182	1,173	713	1,208	(429)	3,716
Identifiable operating assets	2,991	357	3,958	1,164	1,437	1,456[1]	11,363
Equity income						134	134
Investments (principally bottling companies)						2,510	2,510
Capital expenditures	252	27	330	129	51	89	878
Depreciation and amortization	128	6	160	36	21	60	411
1993							
Net operating revenues	$ 4,586	$ 255	$ 4,456	$ 1,683	$ 2,957	$ 26	$ 13,963
Operating income	782[3]	152	1,029[3]	582	1,005	(442)[3]	3,108
Identifiable operating assets	2,682	153	3,287	1,220	1,184	1,280[1]	9,806
Equity income						91[3]	91
Investments (principally bottling companies)						2,215	2,215
Capital expenditures	165	6	366	141	45	77	800
Depreciation and amortization	127	3	120	33	18	59	360

Intercompany transfers between geographic areas are not material.
Certain prior year amounts related to net operating revenues and operating income have been reclassified to conform to the current year presentation.
Identifiable liabilities of operations outside the United States amounted to approximately $2.7 billion on December 31, 1995, $2.5 billion on December 31, 1994, and $1.9 billion on December 31, 1993.

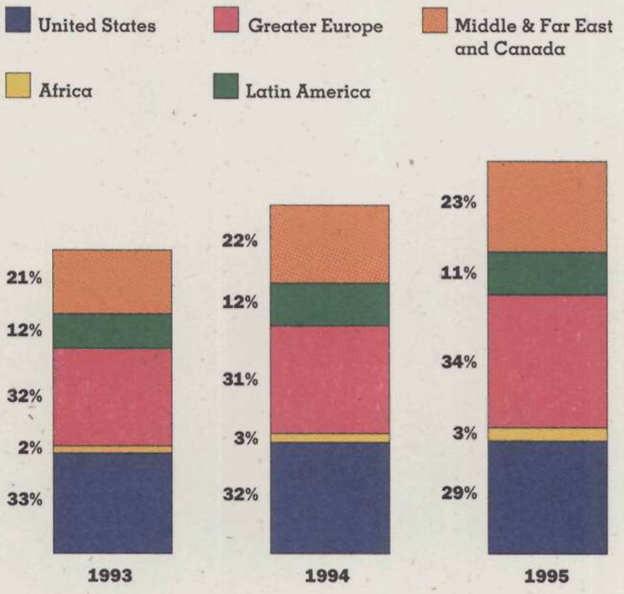
[1]Corporate identifiable operating assets are composed principally of marketable securities, finance subsidiary receivables and fixed assets.

[2]*Operating income for the United States and Greater Europe was reduced by $61 million and $25 million, respectively, for provisions to increase efficiencies.*

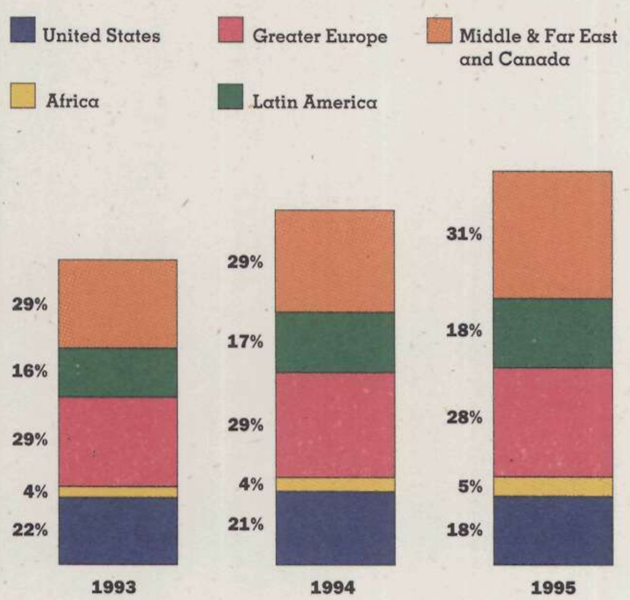
[3]*Operating income for the United States, Greater Europe and Corporate was reduced by $13 million, $33 million and $17 million, respectively, for provisions to increase efficiencies. Equity income was reduced by $42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd.*

Compound Growth Rates Ending 1995	United States	Africa	Greater Europe	Latin America	Middle & Far East & Canada	Consolidated
Net operating revenues						
5 years	6%	24%	14%	19%	15%	12%
10 years	5%	9%	20%	16%	15%	12%
Operating income						
5 years	14%	16%	12%	22%	17%	16%
10 years	10%	9%	20%	24%	20%	18%

Net Operating Revenues by Geographic Area



Operating Income by Geographic Area



Report of Independent Auditors

Board of Directors and Share Owners
The Coca-Cola Company

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of income, share-owners' equity, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Atlanta, Georgia
January 23, 1996

Report of Management

Management is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include certain amounts based on management's best judgments and estimates. Financial information in this Annual Report is consistent with that in the financial statements.

Management is responsible for maintaining a system of internal accounting controls and procedures to provide reasonable assurance, at an appropriate cost/benefit relationship, that assets are safeguarded and that transactions are authorized, recorded and reported properly. The internal accounting control system is augmented by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct adopted by the Board of Directors, applicable to all employees of the Company and its subsidiaries. Management believes that the Company's internal accounting controls provide reasonable assurance that assets are safeguarded against material loss from unauthorized use or disposition and that the financial records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

The Audit Committee of the Board of Directors, composed solely of Directors who are not officers of the Company, meets with the independent auditors, management and internal auditors periodically to discuss internal accounting controls and auditing and financial reporting matters. The Committee reviews with the independent auditors the scope and results of the audit effort. The Committee also meets with the independent auditors and the chief internal auditor without management present to ensure that the independent auditors and the chief internal auditor have free access to the Committee.

The independent auditors, Ernst & Young LLP, are recommended by the Audit Committee of the Board of Directors, selected by the Board of Directors and ratified by the share owners. Ernst & Young LLP is engaged to audit the consolidated financial statements of The Coca-Cola Company and subsidiaries and conduct such tests and related procedures as it deems necessary in conformity with generally accepted auditing standards. The opinion of the independent auditors, based upon their audits of the consolidated financial statements, is contained in this Annual Report.

Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer

James E. Chestnut
Senior Vice President
and Chief Financial Officer

Gary P. Fayard
Vice President
and Controller

January 23, 1996

Quarterly Data (Unaudited)

(In millions except per share data)

Year Ended December 31,	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
1995					
Net operating revenues	**$ 3,854**	**$ 4,936**	**$ 4,895**	**$ 4,333**	**$ 18,018**
Gross profit	**2,409**	**3,060**	**2,946**	**2,663**	**11,078**
Net income	**638**	**898**	**802**	**648**	**2,986**
Net income per share	**.50**	**.71**	**.64**	**.52**	**2.37**
1994					
Net operating revenues	$ 3,352	$ 4,342	$ 4,461	$ 4,026	$ 16,181
Gross profit	2,110	2,675	2,701	2,527	10,013
Net income	521	758	708	567	2,554
Net income per share	.40	.59	.55	.44	1.98

The third quarter of 1995 includes provisions to increase efficiencies of $86 million ($.04 per share after income taxes) and a non-cash gain recognized on the issuance of stock by Coca-Cola Amatil of $74 million ($.04 per share after income taxes).

Stock Prices

Below are the New York Stock Exchange high, low and closing prices of The Coca-Cola Company's stock for each quarter of 1995 and 1994.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1995				
High	**$ 59.38**	**$ 66.00**	**$ 70.63**	**$ 80.38**
Low	**48.75**	**56.13**	**62.63**	**68.38**
Close	**56.38**	**63.75**	**69.00**	**74.25**
1994				
High	$ 44.75	$ 42.38	$ 50.00	$ 53.50
Low	40.13	38.88	41.00	48.00
Close	40.63	40.63	48.63	51.50

Our Management

Corporate Officers

Roberto C. Goizueta[1]
Chairman, Board of Directors, and Chief Executive Officer

M. Douglas Ivester[1]
President and Chief Operating Officer

Senior Vice Presidents

Anton Amon[1]
James E. Chestnut[1]
Ralph H. Cooper[1]
Douglas N. Daft[1]
John J. Gillin
Joseph R. Gladden, Jr.[1]
George Gourlay[1]
E. Neville Isdell[1]
Weldon H. Johnson[1]
Earl T. Leonard, Jr.[1]
Alex Malaspina
Jack L. Stahl[1]
Carl Ware[1]
Sergio S. Zyman[1]

Vice Presidents

Carolyn H. Baldwin
Lawrence R. Cowart
Carlton L. Curtis
William J. Davis
Daniel B. Dennison
Randal W. Donaldson
Gary P. Fayard[1]
Charles S. Frenette
Charles B. Fruit
C. Patrick Garner
Robert D. Guy
Timothy J. Haas
Juan D. Johnson
Ingrid S. Jones
David L. Kennedy, Jr.
William R. Newton
Janmarie C. Prutting
Judith A. Rosenblum
Connell Stafford, Jr.
Hugh K. Switzer
David M. Taggart
Michael W. Walters

James E. Chestnut
Chief Financial Officer

Joseph R. Gladden, Jr.
General Counsel

David M. Taggart
Treasurer

Gary P. Fayard
Controller

Susan E. Shaw
Secretary

[1]*Officers subject to the reporting requirements of Section 16 of the Securities Exchange Act of 1934.*

Operating Officers

Africa Group

Carl Ware
President

- Stuart A. Eastwood
  Northern Africa Division
- Victor K. Lobley
  Southern Africa Division

Middle and Far East Group

Douglas N. Daft
President

- A.R.C. Allan
  Middle East Division
- Andrew P. Angle
  Southeast and West Asia Division
- P. Michael Bascle
  South Pacific Division
- John M. Farrell
  China Division
- Michael W. Hall
  North Pacific Division
- T. Burke McKinney
  Philippines Division

Latin America Group

Weldon H. Johnson
President

- Alvaro Canal
  Brazil Division
- Heinz H. Huebner
  Coca-Cola Interamerican
- Glenn G. Jordan
  River Plate Division
- Luiz Lobao
  North Latin America Division
- J. Alberto Quintana
  Central America and Caribbean Division
- John K. Walter
  Andean Division

Greater Europe Group

E. Neville Isdell
President

- Tore Kr. Bu
  Nordic and Northern Eurasia Division
- Gavin J. Darby
  Northwest European Division
- John K. Sheppard
  East Central European Division
- José J. Nuñez-Cervera
  Iberian Division
- John Sechi
  Central Mediterranean Division
- Patrick C. Smyth
  German Division
- Heinz Wiezorek
  Coca-Cola G.m.b.H.

Coca-Cola Foods

Ralph H. Cooper
President

North America Group

Jack L. Stahl
President

- Charles S. Frenette
  Coca-Cola Operations
- David L. Kennedy, Jr.
  Coca-Cola Fountain
- Anthony G. Eames
  Coca-Cola Ltd., Canada

Our Board

Center: Roberto C. Goizueta; *Back row, left to right:* Cathleen P. Black, Ronald W. Allen, Peter V. Ueberroth, Susan B. King, Herbert A. Allen, James B. Williams, Paul F. Oreffice, Charles W. Duncan, Jr.; *Front row, left to right:* William B. Turner, M. Douglas Ivester, Warren E. Buffett, Donald F. McHenry, James D. Robinson III.

Herbert A. Allen[2, 3, 4]
President and
Chief Executive Officer
The investment banking firm
Allen & Company Incorporated

Ronald W. Allen[3, 5]
Chairman of the Board,
President and
Chief Executive Officer
Delta Air Lines, Inc.

Cathleen P. Black[1, 6]
President
Hearst Magazines

Warren E. Buffett[1, 2]
Chairman of the Board and
Chief Executive Officer
The diversified holding company
Berkshire Hathaway Inc.

Charles W. Duncan, Jr.[1, 3]
Private Investor

Roberto C. Goizueta[3]
Chairman, Board of Directors, and
Chief Executive Officer
The Coca-Cola Company

M. Douglas Ivester[3]
President and
Chief Operating Officer
The Coca-Cola Company

Susan B. King[4, 6]
Leader in Residence
Hart Leadership Program
Duke University

Donald F. McHenry[1, 5, 6]
University Research
Professor of Diplomacy
and International Affairs
Georgetown University

Paul F. Oreffice[2, 5]
Former Chairman of the Board
The Dow Chemical Company

James D. Robinson III[5, 6]
Chairman and
Chief Executive Officer
RRE Investors, LLC
A private venture investment firm
President
J.D. Robinson Inc.
A strategic advisory company

William B. Turner[2, 3, 4]
Chairman, Executive Committee
of Board of Directors
The diversified company
W.C. Bradley Co.
Chairman, Executive Committee
of Board of Directors
Synovus Financial Corp.
Chairman of the Board
Columbus Bank & Trust Company

Peter V. Ueberroth[1, 4]
Investor
Managing Director
The management company
The Contrarian Group, Inc.

James B. Williams[2, 3]
Chairman and
Chief Executive Officer
SunTrust Banks, Inc.

[1] Audit Committee
[2] Finance Committee
[3] Executive Committee
[4] Compensation Committee
[5] Committee on Directors
[6] Public Issues Review Committee

Glossary

Beverages Business: Manufactures, markets and distributes concentrates and syrups for soft drinks and nonalcoholic, noncarbonated beverages. (Excludes beverages distributed by our Foods business.)

Bottling Partner or Bottler: Businesses – generally, but not always, independently owned – that buy concentrates or syrups from the Company, convert them into finished products and sell them to customers.

The Coca-Cola System: The Company and its bottling partners.

Concentrate: Material manufactured from Company-defined ingredients and sold to bottlers for use in the preparation of finished beverage through the addition of sweetener and/or carbonated water.

Consolidated Bottling Operation (CBO): Bottler in which The Coca-Cola Company holds controlling ownership. The bottler's financial results are consolidated into the Company's financial statements.

Consumer: Person who consumes Company products.

Cost of Capital: Blended cost of equity and borrowed funds used to invest in operating capital required for business.

Customer: Retail outlet, restaurant or other operation that sells or serves Company products directly to consumers.

Derivatives: Contracts or agreements whose value is linked to interest rates, exchange rates, prices of securities, or financial or commodity indices. The Company uses derivatives to reduce its exposure to adverse fluctuations in interest and exchange rates, and other market risks.

Dividend Payout Ratio: Calculated by dividing cash dividends on common stock by net income available to common share owners.

Economic Profit: Represents net operating profit after taxes in excess of a computed capital charge for average operating capital employed.

Economic Value Added: Represents the growth in economic profit from year to year.

Foods Business: Processes, markets and distributes principally juice and juice-drink products in the U.S. and Canada.

Fountain: System used by retail outlets to dispense product into cups or glasses for immediate consumption.

Free Cash Flow: Cash provided by operations less cash used in investing activities. The Company uses free cash flow along with borrowings to pay dividends and make share repurchases.

Gallon Sales (Shipments): Unit of measurement for concentrates (expressed in equivalent gallons of syrup) and syrups sold by the Company to its bottling partners or customers.

Gross Margin: Calculated by dividing gross profit by net operating revenues.

Interest Coverage Ratio: Calculated by dividing income from continuing operations, excluding unusual items, plus income taxes and interest expense, by the sum of interest expense and capitalized interest.

Market: Geographic area in which the Company does business, often defined by national boundaries.

Net Debt and Net Capital: Debt and capital in excess of cash, cash equivalents and marketable securities not required for operations and temporary bottling investments. The net-debt-to-net-capital ratio excludes debt and excess cash of the Company's finance subsidiary.

Operating Margin: Calculated by dividing operating income by net operating revenues.

Per Capita Consumption: Average number of Company beverages consumed per person, per year in a specific market. (Excluding products distributed by our Foods business.) Computed by dividing the number of 8-ounce soft drink serving equivalents sold annually in that market by the total population.

Return on Capital: Calculated by dividing income from continuing operations before changes in accounting principles, adjusted for interest expense, by average total capital.

Return on Common Equity: Calculated by dividing income from continuing operations before changes in accounting principles less preferred stock dividends by average common share-owners' equity.

Serving: Eight U.S. fluid ounces of a beverage.

Share of Sales: Calculated in two ways within a specific market. Company's unit case volume as a percentage of the total unit case volume of: 1) total beverage consumption, and 2) the soft drink segment of the commercial beverages industry.

Soft Drink: Nonalcoholic carbonated beverage, usually containing flavorings and sweeteners.

Syrup: Concentrate mixed with sweetener and water, sold to bottlers and customers who add carbonated water to produce finished soft drinks.

Total Capital: Equals share-owners' equity plus interest-bearing debt.

Total Market Value of Common Stock: Stock price at year-end multiplied by the number of shares outstanding at year-end.

Unit Case: Unit of measurement, which is equal to 24 8-ounce servings.

Unit Case Volume: Number of unit cases sold by bottling partners to customers; considered an excellent indicator of the underlying strength of soft drink sales in a particular market. Includes Company products reported as gallon shipments and other key products that are owned by our majority-owned bottlers.

Environmental Statement

The Coca-Cola Company touches the lives of billions of people around the world, and our responsibility to them includes conducting our business in ways that protect and preserve the environment. While our impact on the environment is small, we're committed to managing that impact in a proactive, forthright manner–just as we would any other business issue. In fulfilling this responsibility, the Company has adopted a set of comprehensive environmental policies, along with an environmental management system to ensure their implementation. As a result, we've achieved significant progress in areas such as recycling, source reduction, water and energy conservation, and wastewater quality. To receive a copy of our new brochure, *The Coca-Cola Company and the Environment*, please contact our Industry & Consumer Affairs Department. (See next page for details.)

Equal Opportunity Policy

The Coca-Cola Company employs 32,000 people worldwide and maintains a long-standing commitment to equal opportunity, affirmative action and valuing the diversity of its employees, share owners, customers and consumers. The Company strives to create a working environment free of discrimination and harassment with respect to race, sex, color, national origin, religion, age, disability, sexual orientation, being a special disabled veteran or being a veteran of the Vietnam era, as well as to make reasonable accommodations in the employment of qualified individuals with disabilities. In addition, the Company provides fair marketing opportunities to all suppliers and maintains programs to increase transactions with firms that are owned and operated by minorities and women.

Share-Owner Information

Common Stock

Ticker symbol: KO
The Coca-Cola Company is one of 30 companies in the Dow Jones Industrial Average.
Share owners of record at year-end: 225,904
Shares outstanding at year-end: 1.252 billion

Stock Exchanges

Inside the United States:
Common stock listed and traded: New York Stock Exchange, the principal market for our common stock.
Common stock traded: Boston, Cincinnati, Chicago, Pacific and Philadelphia stock exchanges.
Outside the United States:
Common stock listed and traded: The German exchange in Frankfurt; Swiss exchanges in Zurich, Geneva, Bern, Basel and Lausanne.

Dividends

At its February 1996 meeting, our Board increased our quarterly dividend to 25 cents per share, equivalent to an annual dividend of $1.00 per share. The Company has increased dividends each of the last 34 years.

The Coca-Cola Company normally pays dividends four times a year, usually on April 1, July 1, October 1 and December 15. The Company has paid 299 consecutive quarterly dividends, beginning in 1920.

Dividend and Cash Investment Plan

The Dividend and Cash Investment Plan permits share owners of record to reinvest dividends from Company stock in shares of The Coca-Cola Company. The Plan provides a convenient, economical and systematic method of acquiring additional shares of our common stock. All share owners of record are eligible to participate. Share owners also may purchase Company stock through voluntary cash investments of up to $60,000 per year.

All costs and commissions associated with joining and participating in the Plan are paid by the Company.

The Plan's administrator, First Chicago Trust Company of New York, purchases stock for voluntary cash investments on or about the first of each month, and for dividend reinvestment on April 1, July 1, October 1 and December 15.

At year-end, 59 percent of share owners of record were participants in the Plan. In 1995, share owners invested $28.6 million in dividends and $65.9 million in cash in the Plan.

Annual Meeting of Share Owners

April 17, 1996, at 9 a.m. local time
Hotel du Pont
11th and Market Streets
Wilmington, Delaware

Institutional Investor Inquiries

(404) 676-5766

Share-Owner Account Assistance

For address changes, dividend checks, direct deposit of dividends, account consolidation, registration changes, lost stock certificates, stock holdings, and the Dividend and Cash Investment Plan:

Registrar and Transfer Agent
First Chicago Trust Company of New York
P.O. Box 2500
Jersey City, NJ 07303-2500
(800) 519-3111 or (201) 324-1225
For hearing impaired: (201) 222-4955
E-mail: fctc@delphi.com
Internet: http://www.fctc.com
or
Office of the Secretary
The Coca-Cola Company
(404) 676-2777

Corporate Offices

The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, Georgia 30313
(404) 676-2121

Information Resources

Publications
The Company's Annual Report, Proxy Statement, Form 10-K and 10-Q reports and Mid-Year Report are available free of charge from Industry & Consumer Affairs at the above address. Also available are *Our Mission and Our Commitment, The Coca-Cola Company and the Environment* and *The Chronicle of Coca-Cola Since 1886.*

Internet Site
Our expanded site, "http://www.cocacola.com", offers information about our Company and stock, as well as features on topics such as our Olympics partnership.

Hotline
The Company's hotline for share owners, 1-800-INVST-KO (1-800-468-7856), offers taped highlights from the most recent quarter and may be used to request the most recent quarterly results news release. The hotline is accessible from within the U.S.

Audio Annual Report
An audio cassette version of this report is available without charge as a service to the visually impaired. To receive a copy, please contact the Office of the Secretary.

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Second Printing