

Thirsty?

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Financial Highlights

Year Ended December 31,	1996	1995	Percent Change
<i>(In millions except per share data and ratios, as reported)</i>			
Total return (share price appreciation plus reinvested dividends)	43.1%	45.9%	—
Closing market price per share*	\$ 52.63	\$ 37.13	42 %
Total market value of common stock	\$ 130,575	\$ 92,983	40 %
Net operating revenues	\$ 18,546	\$ 18,018	3 %
Operating income	\$ 3,915	\$ 4,026	(3)%
Net income	\$ 3,492	\$ 2,986	17 %
Net income per share*	\$ 1.40	\$ 1.18	19 %
Cash dividends per share*	\$.50	\$.44	14 %
Average shares outstanding*	2,494	2,525	(1)%
Share-owners' equity at year-end	\$ 6,156	\$ 5,392	14 %
Return on capital	36.7%	34.9%	—

* Average shares outstanding and per share data have been adjusted to reflect a two-for-one stock split, effective May 1, 1996.
For a discussion of nonrecurring items affecting amounts reported above, please refer to the quarterly data on page 69.

Great !



We are, too.

Dear Fellow Share Owners,

Even after another rewarding year, The Coca-Cola Company is still unquenchably thirsty — thirsty for more ways to reach more consumers in more places with more of our products, creating more value for you.

If that sounds familiar, it should. We have worked hard to make that unending craving one of the trademarks that define us as a Company, like our contour bottle and our script logo. It defines the way we work; we have long been successful, but we have always remained discontented. That's the way we are today.

Obviously, any company can tell you of its focus on profitable growth and opportunity; any company that did not would hardly merit your favor as an investor.

But I cannot think of many companies that can match the *tangible* capacity for growth that we have created in just the past few years — not an ambitious plan for the far-off future, but a business generator that is operating and producing *right now*.

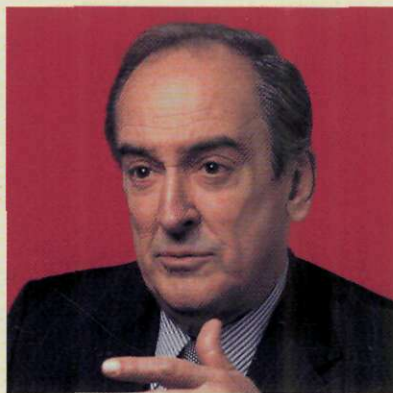
Your Company demonstrated that with another year of record earnings and unit sales volume in 1996. Most importantly, we produced a 43 percent total return on your investment — that is, stock price appreciation plus dividends — on top of 46 percent in 1995. Earnings per share grew 19 percent, following a 19 percent gain in 1995. Net earnings and economic profit reached \$3.5 billion and \$2.7 billion, respectively.

This Annual Report will tell you much more about the actions we are taking to build the value and power of our brands, strengthen our network of bottling partners, zealously guard our high returns, increase our profits and further develop our cadre of talented people. I would simply like to add a few thoughts on *where we stand*, and *why*.

Where We Stand

It may sound incongruous from one of the world's most valuable companies, about to celebrate its 111th birthday, but, truly, *we are just getting started*.

I say that because never before have we had the capability we have today for taking advantage of the virtually infinite opportunities before us. Simply put, never before have we sold as many servings of our



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products to as many people in as many places as we sold in 1996. And never before have we had in place the components for profitably growing our business as we have in 1997.

Every day, in virtually any country you can name, our system takes another bold step to sell Coca-Cola in a town or a shop where it was not available before, or sell more to consumers who already know it and love it. If you're looking for a favorable business scenario, that's not bad.

Just a few years ago, we attracted frequent headlines as consumers in China or India or Eastern Europe or Russia tasted their first Coca-Cola. However, we are much more excited about what is happening today, as those consumers enjoy their 20th or 50th or 100th Coca-Cola. *That's* what we've been building this system to do all along.

If you have been with us for a while, you have witnessed how we recast our financial policies, focusing on our core business and making wise use of debt and share repurchases to favorably impact our returns and earnings per share, respectively. You have witnessed how we expanded to nearly 200 countries around the world, adding literally billions of potential new consumers. You have witnessed how we have lowered our dividend payout ratio while increasing the dividend every year, thus freeing up additional funds to reinvest in the business at most attractive rates. You have witnessed how we began using our financial resources to bolster our global bottling network to build arguably the world's strongest, most efficient and effective business system. You have witnessed the many steps we have taken to increase our marketing prowess and build demand for our brands

by emphasizing their distinctiveness, always different, better and special.

Now, the combined results of all these actions make possible heretofore unachievable overall performance. Our enterprise does business in nearly every country of the world, and it is only natural that there will always



"Now, the combined results of all these actions make possible heretofore unachievable overall performance."

be some countries in which, in any particular year, results don't meet our expectations. Nevertheless, our disciplined and patient efforts, year in and year out, in building infrastructures and strengthening the basics of the business are coming together and already paying off handsomely on a worldwide basis.

We saw evidence of that, time and time again, in 1996. It was indeed a very good year:

- For the second consecutive year, our total return on your investment exceeded 40 percent; that comes on top of 15 years in which we averaged a compound annual total return rate of 30 percent, including reinvested dividends. And for the second straight year, we topped *Fortune* magazine's ranking of creators of wealth. At year's end, our market value stood at \$131 billion, up from \$4 billion 15 years ago, and second among all publicly traded

U.S.-based companies, up from fourth a year ago and 20th as recently as 1987. At year-end 1995, our market value was \$93 billion; thus, \$38 billion of additional share-owner wealth was created during the course of 1996.

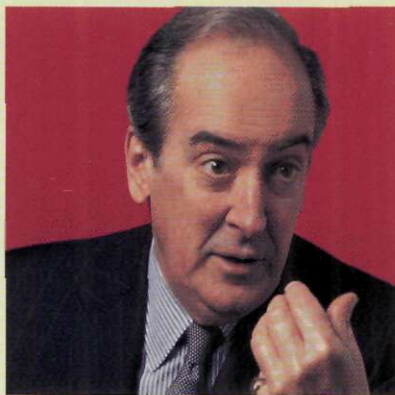
■ Our Company posted another year of record volume in 1996. Worldwide unit case volume was up 8 percent, following equally strong growth in 1995, and again in line with our stated long-term goals. Around the world, our system sold 13.7 billion unit cases of our beverages last year. Sales of our flagship brand, Coca-Cola, climbed almost 450 million unit cases in 1996, a 6 percent increase over 1995; Sprite grew by more than 138 million unit cases, up 13 percent, in its third consecutive year of double-digit growth.

Once more, we have met our objectives, and we remain confidently focused on continuing to do so. As we have said so often, solid unit case volume growth is the foundation for generating economic profit, which, experience teaches us, is the key to increasing the value of your investment.

■ We took numerous steps to further strengthen our worldwide bottling system, including creation of our newest anchor bottler, Coca-Cola Erfrischungsgetränke AG, in Germany. And we continued investing strategically to assist various bottlers with improvements in their operations. When the opportunity presents itself, we invest to facilitate such improvements, then sell our stake at a later date — as we did last year in France and Belgium — resulting in a more efficient bottling system, stronger part-

nerships and increased value for our share owners. You will see this process continuing, for it is an essential element in how we run the business to meet our long-range goals. It provides the Company with yet another value stream from the gains on the sale of these investments. (The other value streams from which the Company benefits are those provided by our core concentrate business and our consolidated bottling operations, as well as our share of the earnings of bottlers in which we remain an equity investor.)

■ Our system began construction on our 23rd bottling plant in China, as we passed, by a wide margin, the 200-million-case mark in annual unit case sales in that country. We believe the first achievement is more



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important than the second, as those 23 plants give us an enviable ability to drive sales in a market of 1.2 billion people. And we believe our China story is just beginning, as we continue to invest aggressively in the world's most populous nation.

■ In the United States — where our soft-drink business continues to grow well ahead of the industry and our major competitors, confounding the cynics who assume we must be nearing the crest of our success — we

expanded our lead with more than a 43 percent share of sales. We increased unit volume by 6 percent and outsold our nearest competitor by more than 1 billion unit cases for the second straight year. Sales of Coca-Cola classic grew by almost 60 million unit cases, an increase of more than 3 percent on top of its already huge volume base, while unit case sales of Sprite increased 18 percent, making it the fastest-growing major soft-drink brand in the United States for the second consecutive year.

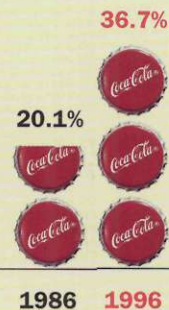
- Our Coca-Cola Foods Division was repositioned as primarily a sales and marketing organization for our juice and juice-drink products, and appropriately renamed The Minute Maid Company. This unit is successfully implementing the "Three A's" strategy (Acceptability, Availability and Affordability) that served our soft-drink business so well for many years. With its new name, a revamped strategy and a clear focus, we see a bright future ahead for The Minute Maid Company.

- In the space of two momentous weeks in August, we became the soft-drink leader in the last two sizable markets where we trailed our major international competitor. In Venezuela, we entered into a partnership with the Cisneros Group, a veteran competitive bottler that had bested us for years. We are proud they approached us to join forces to build their business, and we welcome them to the Coca-Cola family. In Russia, where our principal international competitor once held as much as a 10-to-1 lead, and our access to consumers was very limited, we saw the payoff of the major investment plan we launched in the early 1990s. We now lead by 2-to-1.

- Our Board in October authorized a new share repurchase program, under which we plan to buy back more than

Another Record Year

Return on Capital



Return on Common Equity



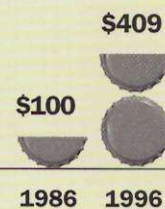
Total Return: KO vs. Dow Jones Industrial Average and S&P 500

Appreciation plus reinvested dividends on a \$100 investment from 12-31-86 to 12-31-96. From 1986 through 1996, the Company's stock outperformed the Dow Jones Industrial Average and S&P 500 by roughly 3-to-1.

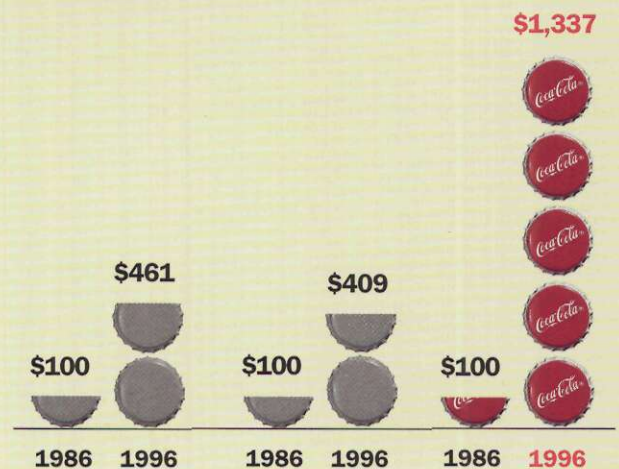
Dow Jones Industrial Average



S&P 500



The Coca-Cola Company



200 million additional shares of our common stock. Since inaugurating our first share repurchase program in 1984, we have repurchased nearly 1 billion shares at an average price, adjusted for stock splits, of approximately \$10 per share — capturing more than \$27 billion in value for our share owners. Our Board took another important step just this month, voting to raise our quarterly dividend by 12 percent, to 14 cents per share, our 35th consecutive annual increase.

■ And we were honored again just this month as *Fortune's* annual ranking proclaimed us "America's Most Admired Company" for the second year in a row. We know that fame is fleeting; the *Fortune* survey very well may choose a new champion next year. But we also know that in business, admiration is born of creating value, and we have great confidence that the system we have built will continue to do just that for decades to come.

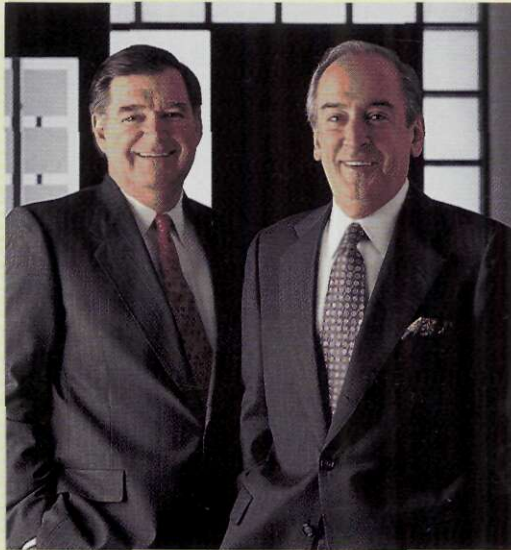
With all those accomplishments, our story is just beginning. Around the world, we still supply less than 2 of the 64 ounces of liquid intake the average person needs each day, and we remain resolutely focused on going after the other 62.

We worked harder than ever last year to do that. And we spent more time than ever talking about and understanding *the reason why*.

The Reason Why

In candid employee sessions, in our Company magazine, even in the hallways of our offices around the world, we talked at length about our mission, which remains *to create value for our share owners on a long-term basis*. It only makes sense that if we are to achieve success together, we need a common understanding of what success is. At The Coca-Cola Company, we know: It is creating value for the people who have entrusted their assets to us.

You need only pick up the newspaper these days to find examples of companies that have forgotten the real reason they exist. We work hard to remember that the wonderful things our Company is capa-



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

M. Douglas Ivester,
President and Chief Operating Officer

ble of — serving customers and consumers, creating jobs, positively impacting society, supporting communities — happen only as long as we fulfill our mission of creating value for you. We strongly believe that, and I have included a few further personal thoughts on this important subject, starting on page 8.

If you invested in our Company just two years ago, your investment has more than *doubled*. As you might expect, we take some pride in that. And, as you might also expect, common sense — not to mention the advice from our General Counsel — tells me not to

forecast and much less promise that kind of performance every two years, so I won't.

But I can promise you the next best thing: Our people remain intently committed to creating value for you over the long term, capturing our virtually infinite growth opportunities.

Any casual observer can see that The Coca-Cola Company's stock is not cheap compared to the overall market; throughout our history, it seldom has been. Our people know that the only way to further increase the value of our Company is not to idly hope the market thinks even more highly of us, but to earn that higher valuation by taking the intelligent long-term steps necessary to maintain our excellent returns, increase our earnings, market our brands effectively and sell more of our products.



Not long ago, I shared with our management team these insightful words of the German poet and playwright Goethe, which have definite relevance for us today: "Whatever you can do or dream you can, begin it. Boldness has genius, power and magic in it. Begin it now."

When you look at The Coca-Cola Company in 1997, I am certain, we *are* just beginning. Our most recent actions and our entire history as a Company have brought us to this point, equipped as never before to tap the myriad opportunities ahead of us. We must not — and will not — rest on our laurels. On that, you can count.

I want to thank my 26,000 colleagues around the world, a talented group of men and women with a true zest for this business, for their insatiable commitment to creating value for you, each one in his or her own

specific assignment. We thank our customers and bottling partners for putting our products in the hands of our consumers, and we thank our consumers for choosing our products 900 million times a day.

I would also like to thank my fellow members of our Board of Directors for faithfully representing you, our share owners. They provide wise guidance to me, Doug Ivester — my partner and our president — and our entire management team, as we plot an ever ambitious path into the future. Sharing our unending thirst, they truly, deservedly are directors, in the proper sense of the word. We welcome to our Board our newest Director, former U.S. Senator Sam Nunn. His wealth of experience and keen, unparalleled perspective on our world will serve us well in the future.

Most of all, I thank you, my fellow share owners, for the trust you have shown in us. We know that amid all the trades in the frenzied stock market are real investors — real people with real hopes and dreams, investing their hard-earned money in the future of our Company. I assure you that being the stewards of your investment in our Company, for whatever length of time you hold that investment, is a responsibility we take most seriously, and we appreciate your continued confidence.



Roberto C. Goizueta
Chairman, Board of Directors,
and Chief Executive Officer
February 20, 1997

Why Share-Owner Value?

Twelve years ago, the cover of our 1984 Annual Report contained these words: “To increase shareholder value over time is the objective driving this enterprise.” That statement is as true today as it was then — and that idea is more prominent than ever at The Coca-Cola Company.

In this essay, adapted from remarks delivered to the Executives’ Club of Chicago last November, Roberto C. Goizueta discusses our mission.

At The Coca-Cola Company, our publicly stated mission is to create value over time for the owners of our business. In fact, in our society, that is the mission of any business: to create value for its owners.

Why? The answer can be summed up in three reasons.

First, **increasing share-owner value over time is the job our economic system demands of us.** We live in a democratic capitalist society, and here, people create specific institutions to help meet specific needs. Governments are created to help meet civic needs. Philanthropies are created to help meet social needs. And companies are created to help meet economic needs. Business distributes the lifeblood that flows through our economic system, not only in the form of goods and services, but also in the form of taxes, salaries and philanthropy.

Creating value is a core principle on which our economic system is based; it is the job we owe to those who have entrusted us with their assets. We work for our share owners. That is — literally — what they have put us in business to do.

Saying that we work for our share owners may sound simplistic — but we frequently see companies that have forgotten the reason they exist. They may even try in vain to be all things to all people and serve many masters in many different ways. In any event, they miss their primary calling, which is to stick to the business of creating value for their owners.

Furthermore, we must always be mindful of the fact that while a healthy company can have a positive and seemingly infinite impact on others, a sick company is a

drag on the social order of things. It cannot sustain jobs, much less widen the opportunities available to its employees. It cannot serve customers. It cannot give to philanthropic causes.

And it cannot contribute anything to society, which is the second reason we work to create value for our share owners: **If we do our jobs, we can contribute to society in very meaningful ways.** Our Company has invested millions of dollars in Eastern Europe since the fall of the Berlin Wall, and people there will not soon forget that we came early to meet their desires and needs for jobs and management skills. In the process, they are becoming loyal consumers of our products, while we are building value for our share owners — which was our job all along.

Certainly, we — as a Company — take it upon ourselves to do good *deeds* that directly raise the quality of life in the communities in which we do business. But the real and lasting benefits we create don't come because we do good deeds, but because we do good *work* — work focused on our mission of creating value over time for the people who own the Company. Among those owners, for example, are university endowments, philanthropic foundations and other similar nonprofit organizations. If The Coca-Cola Company is worth more, those endowments are similarly enriched to further strengthen the educational institutions' operations; if The Coca-Cola Company is worth more, those foundations have more to give, and so on. There is a beneficial ripple effect throughout society.

Please note that I said creating value “over time,” not overnight. Those two words are at the heart of the third

reason behind our mission: **Focusing on creating value over the long term keeps us from acting shortsighted.**

I believe share owners want to put their money in companies they can count on, day in and day out. If our mission were merely to create value overnight, we could suddenly make hundreds of decisions that would deliver a staggering short-term windfall. But that type of behavior has nothing to do with sustaining value creation over time. To be of unique value to our owners over the long haul, we must also be of unique value to our consumers, our customers, our bottling partners, our fellow employees and all other stakeholders — over the long haul.

Accordingly, that is how the long-term interests of the stakeholders are served — as the long-term interests of the share owners are served. Likewise, unless the long-term interests of the share owners are served, the long-term interests of the stakeholders will not be served. The real possibility for conflict, then, is not between share owners and stakeholders, but between the long-term and the short-term interests of both. Ultimately, everyone benefits when a company takes a long-term view. Ultimately, no one benefits when a company takes a short-term view.

The creation of unique value for all stakeholders, including share owners, over the long haul, presupposes a stable, healthy society. Only in such an environment can a company's profitable growth be sustained. Thus, the exercise of what is commonly referred to as “corporate responsibility” is a supremely rational, logical corollary of a company's essential responsibility to the long-term interests of its share owners. A company will

only exercise this essential responsibility effectively if it promotes that social well-being necessary for a healthy business environment. It is as irrational to suppose that a company is primarily a welfare agency as it is to suppose that a company should not be concerned at all about the social welfare. Both views sacrifice the long-term common good to short-term benefits — whether share-owner benefits or stakeholder benefits.

Certainly, harsh competitive situations can sometimes call for harsh medicine. But in the main, our share owners look to us to deliver sustained, long-term value. We do that by building our businesses and growing them profitably.

At The Coca-Cola Company, we have built our business and grown it profitably for more than 110 years, because we have remained disciplined to our mission.

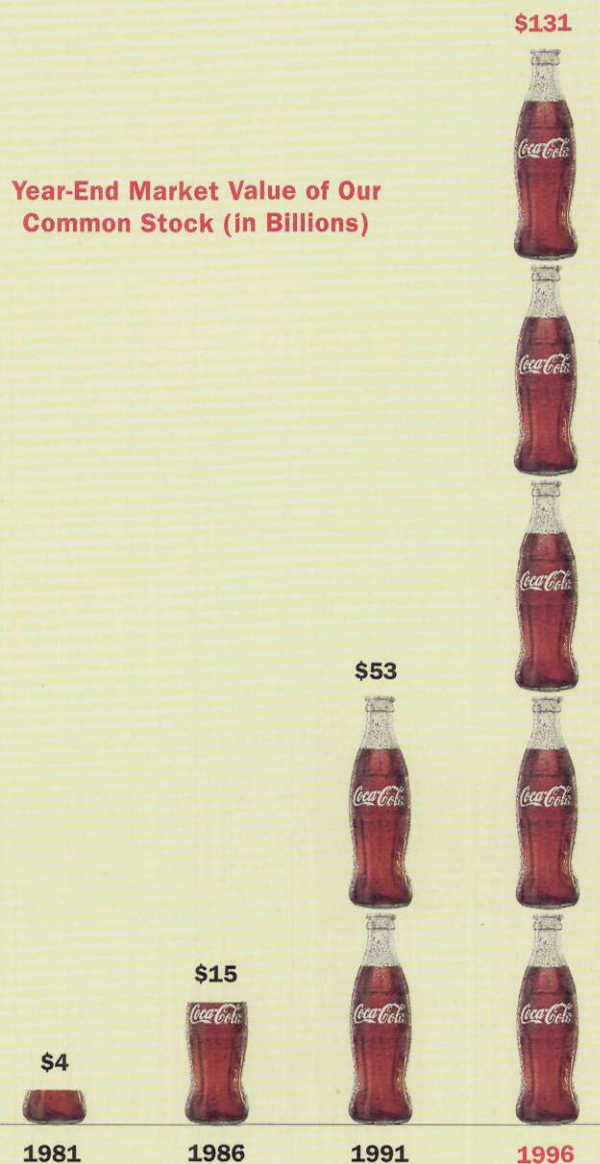
Not long ago, we came up with an interesting set of facts: A billion hours ago, human life appeared on Earth. A billion minutes ago, Christianity emerged. A billion seconds ago, the Beatles changed music forever.

A billion Coca-Colas ago was yesterday morning.

The question we ask ourselves now is: What must we do to make a billion Coca-Colas ago be this morning? By asking that question, we discipline ourselves to the long-term view.

Ultimately, the mission of this Atlanta soft-drink salesman — and my 26,000 associates — is not simply to sell an extra case of Coca-Cola. Our mission is to create value over the long haul for the owners of our Company.

That's what our economic system demands of us.



That's what allows us to contribute meaningfully to society. That's what keeps us from acting shortsighted. As businessmen and businesswomen, we should never forget that the best way for us to serve all our stakeholders — not just our share owners, but our fellow employees, our business partners and our communities — is by creating value over time for those who have hired us. That, ultimately, is our job.

— Roberto C. Goizueta

To understand the

unquenchable
nature of our business,

it helps to understand
the properties of

thirst...



thirst is...





a mindset

Remember the last time you were really thirsty? Then you know what our people experience every day: an unquenchable desire to reach more people in more places with more of our products, creating more value for our share owners.

our
people are
always
thirsty



We're thirsty for value and people who know how to create it.

One of the distinguishing assets of our business is the strength and depth of our people. Smart, focused and highly committed, our people are expert at translating thirst into tangible results.

For our global team, creating value is not an intangible, abstract concept. It's a mindset that drives every action we take and every decision we make, day in and day out. Although our business is large and geographically diverse, we strive to operate with the drive, resourcefulness and common sense of a successful kiosk owner or shopkeeper.

Acting like owners comes naturally to us because many of us *are* owners of Company stock. And whether we're share owners or not, we recognize that creating value in our daily work increases the value of our Company and our opportunities for growth and advancement.

We're thirsty for more talent.

As our Company grows and prospers, we need more quality people, people who are better equipped to deal with the realities of our global marketplace. That's why we've stepped up our efforts to bring in new talent and create developmental opportunities for the talent that already exists. In 1996, for instance, we placed 40 people in key management roles and another 200 in senior and mid-level marketing positions around the world.

We're thirsty for tools to seize our opportunities better and faster than ever.

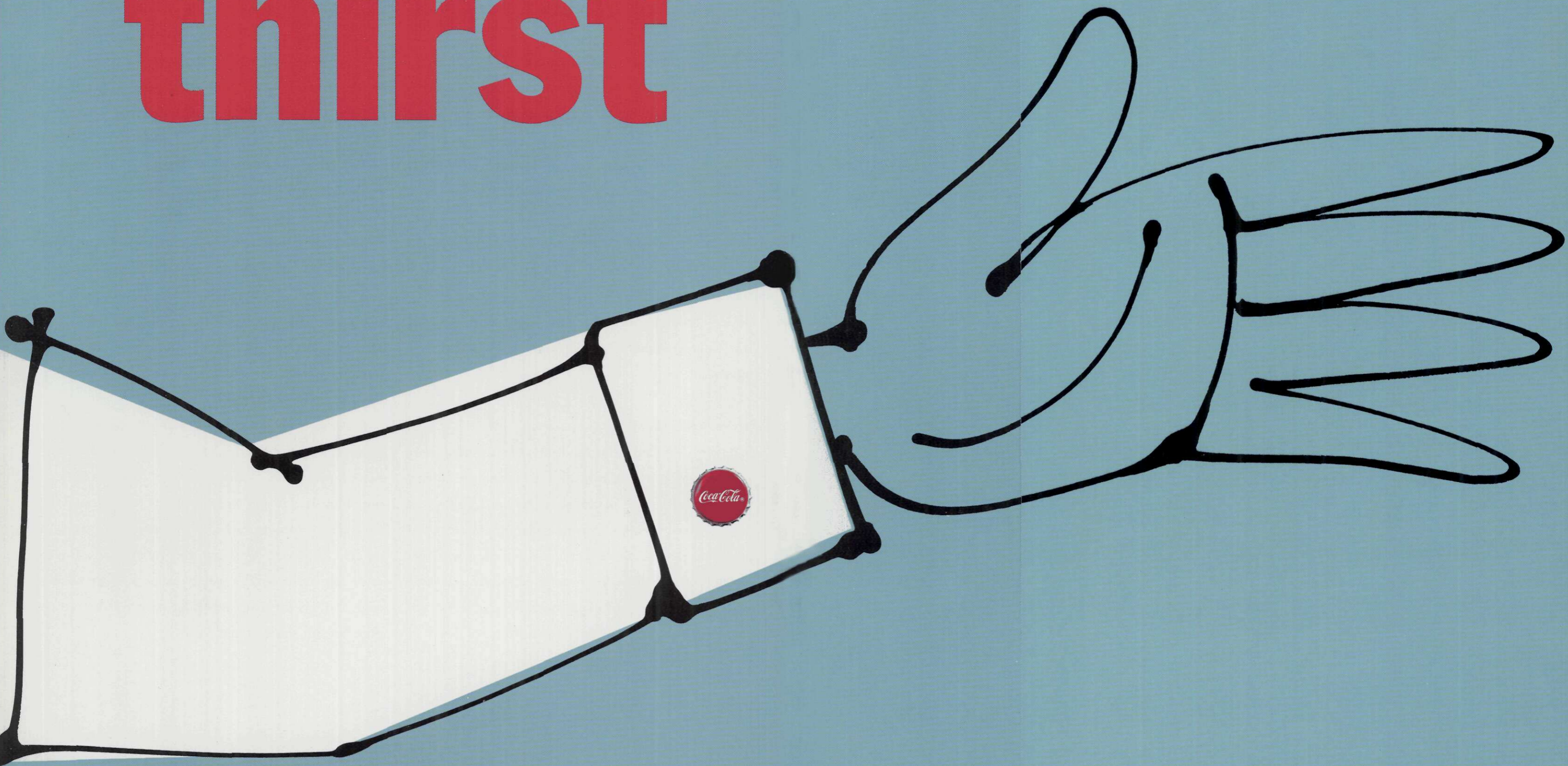
We've begun several initiatives to equip our people with the tools they need to meet the increasing demands of our business.

To enhance our ability to create value at all levels of our business, we're implementing value-based management, a method for developing strategies and evaluating decisions using value-creation principles. VBM provides a set of tools for understanding what creates value — and what destroys it — and it's sharpening our focus on value creation even further.

To provide our people with the best possible information, we've launched Project Infinity, a seven-year multimillion-dollar program that will provide the tools and systems for our people to quickly acquire and share knowledge throughout our global network. As its name implies, the purpose of this endeavor is to fuel our ability to identify and capture our virtually infinite opportunities for growth.

We're also bringing focus and discipline to the process of learning, which we define as an organization's capacity to create its future. In 1996, we took an important step in this regard with the formation of the Coca-Cola Learning Consortium. Its job? To work in tandem with our operating and functional units to accelerate our system's capacity to learn, share knowledge and act on that knowledge in ways that create value for our share owners.

thirst is ...



a universal reflex



How many times a day do you get thirsty?
Eight times ... nine times? More? Every
individual's need for refreshment varies, but
the fact is, every day, the world's 5.8 billion
people get thirsty. And every time they do is
an opportunity for us.

our
brands
are
universally
appealing



We're thirsty to make our beverages preferred by more people in more places.

With operations in nearly 200 countries and four of the five top-selling soft-drink brands in the world, our business is uniquely qualified to satisfy the world's thirst. And we're constantly working to find new and better ways of doing just that.

We continue to differentiate our entire line of packaging, so that all our beverages are marketed in packages as easily recognizable and enjoyable to use as our contour bottle. We updated the look of our cans for Coca-Cola and diet Coke, and we're exploring a contour can for Coca-Cola, too. And we extended the reach of our highly popular plastic "dimple" bottle for Sprite with launches in several places around the world, including Argentina, Russia and Great Britain.

While furthering the distinctive appeal of our global brands, including Coca-Cola, Sprite, diet Coke (also known as Coca-Cola light) and Fanta, we also continue to develop new products to satisfy different tastes. Last year, we launched more than 25 new brands around the world, including Urge, a citrus-flavored brand, in Norway. Norwegian retailers named Urge that country's most successful product launch in 1996, and already it's a favorite with its teen-age target market.

We're thirsty for pervasive penetration in the marketplace.

Simply put, we want every person on this planet to be able to choose one of our products whenever and wherever thirst strikes.

For us, that means reaching out to consumers where they live, work and play. In 1996, we developed new portable backpacks to deliver refreshment to fans at sports venues and other special events; Sprite NBA-themed play areas to entertain young people at schools and state fairs; and customized, themed vending machines to engage amusement park visitors.

Through these efforts and many others like them, we work to make the act of choosing one of our products as instinctive as the thirst reflex itself.

We're thirsty to offer the best price relative to value.

People judge the appropriateness of a given price based on the value they receive in return. So our task is to give them compelling reasons to drink more of our products more often. How? By offering refreshment experiences that are truly different, better and special.

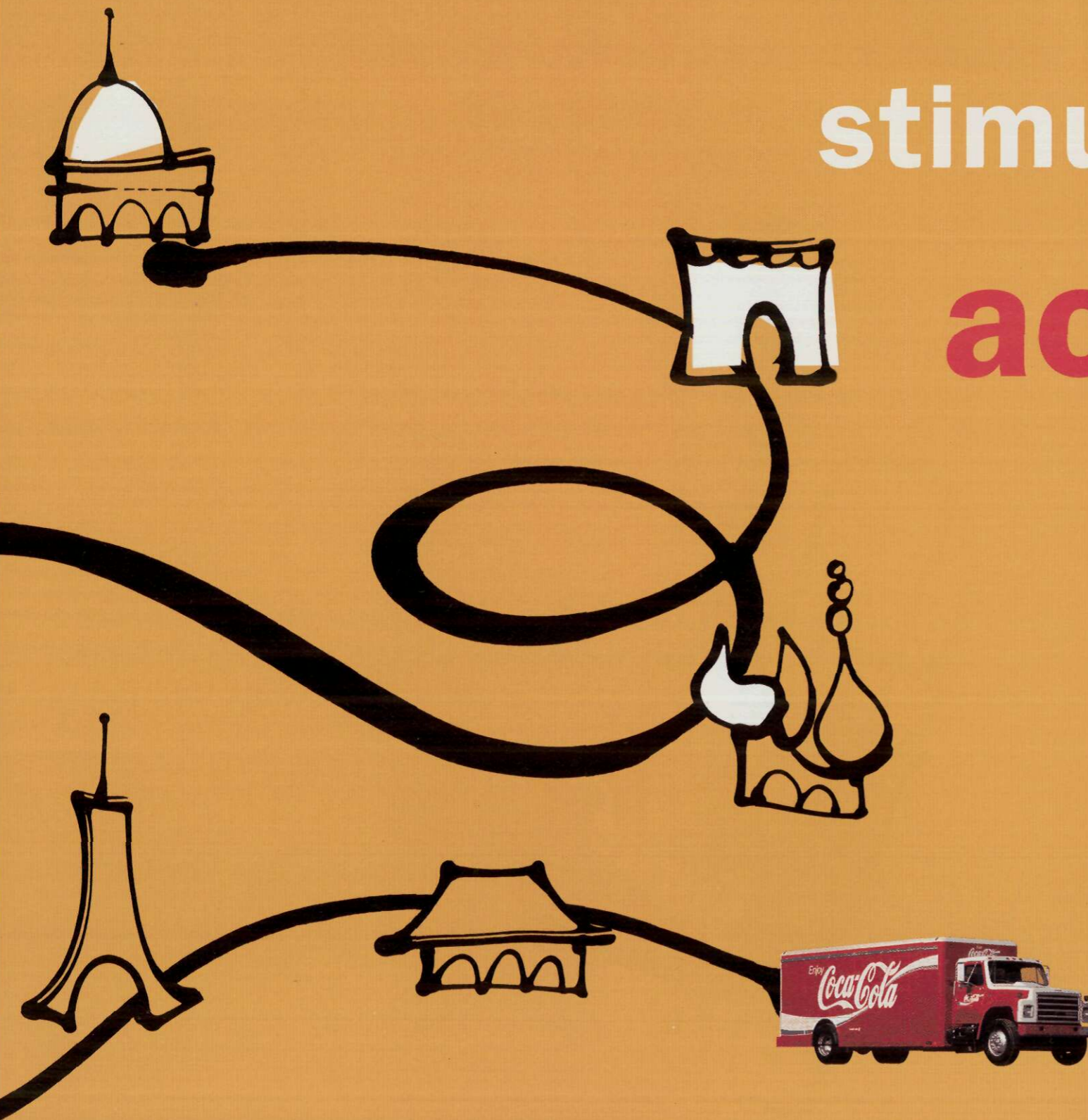
Our sponsorship of the Centennial Olympic Games gave us ample opportunities to create unique and memorable experiences for fans around the world, and we did that with a passion. But we didn't stop there. Through our support of nearly 70 sports worldwide, we brought life to events like 1996 World Cup Cricket and the African Cup of Nations football tournament. And we're already applying what we learned from those activities to our sponsorships of upcoming sporting events such as the World Championships in Athletics and the Tour de France in 1997, and the Olympic Winter Games and the World Cup in 1998.

thirst is...



stimulated **by** **accessibility**

How many times have you stopped for gas and ended up buying an ice-cold Coca-Cola, too? Or added Coca-Cola to your grocery basket when it wasn't on your list? That's because thirst is more than a physical need. It's a desire that can be triggered by sights, smells, tastes and, importantly, accessibility. And thanks largely to our partners — our customers and bottlers — there are few places on Earth where you can't find Coca-Cola. It's one of the world's most pervasive consumer products.



our
partners
deliver



We're thirsty for bottling partners who share our thirst for growth.

Our bottling partners, many of whom are world-class business leaders in their own right, are the reason our products are able to satisfy so many thirsts in so many places. With 180,000 vehicles and over 6.6 million pieces of equipment — vending machines, coolers and dispensers — our bottling system is already one of the strongest and most pervasive business enterprises in the world. And, together with our bottling partners, we're constantly strengthening that system's capacity and reach.

Eight bottlers anchor our global system. These geographically diverse companies, each with strong, effective management teams, possess the resources to buy assets such as new plants, trucks and vending machines, and share our thirst for continued growth. Led by our anchor bottlers, our global bottling system is more focused on selling our products than at any time in our history. And, just as important, that system is making the investments necessary to fuel the profitable growth of our brands long into the future.

We're thirsty to generate sustained, profitable growth for our customers.

We're fortunate to have a broad and deep customer base, filled with many great companies — companies whose thirst for expansion and growth is as strong and unrelenting as our own.

Customers are our link with consumers. Customers are the people who make our products available at the retail level. So it is imperative that we deliver for them.

We do that, first and foremost, by providing consis-

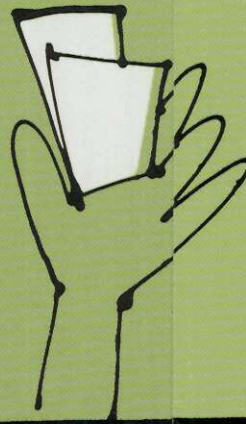
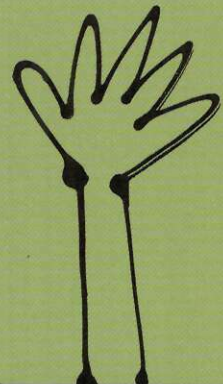
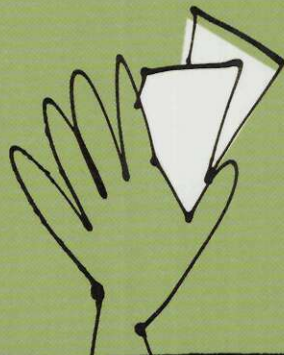
tently profitable products. Not only are our products among the most profitable carried by many of our customers, they also tend to spend less time on store shelves, which means our customers get a high return on their inventory. In U.S. supermarkets, for example, most items turn over an average of 14 times a year. Our products, by contrast, turn over an average of 60 times a year.

To help fuel our customers' profitability and growth, we also have to understand their needs and find distinctively better ways to meet those needs. We're more focused than ever on doing both. Moviegoers, for example, visit U.S. theaters 1.5 billion times a year. We're helping our theater customers generate goodwill, return visits and greater profits by placing vending machines inside many theaters, giving consumers a convenient alternative to concession-stand lines.

We're thirsty to help our partners produce and distribute our products more efficiently.

As we continue sharpening our bottling and customer networks, we're applying the same intensity and focus to the logistical and technical support we provide that system. To boost our system's procurement capabilities, for example, we reorganized our Global Procurement and Trading group and brought in new talent to extend our expertise in that function. And to strengthen our distribution and customer service systems, we formed two aligned groups within our Marketing and Technical Operations divisions: one focused on the execution of sales and merchandising programs, the other on logistics, warehousing and delivery.

thirst is...



KO

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KO

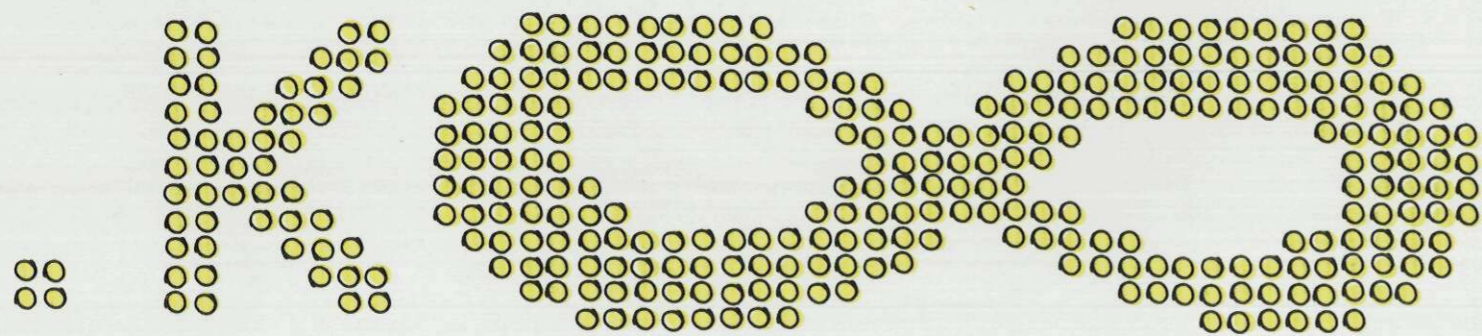
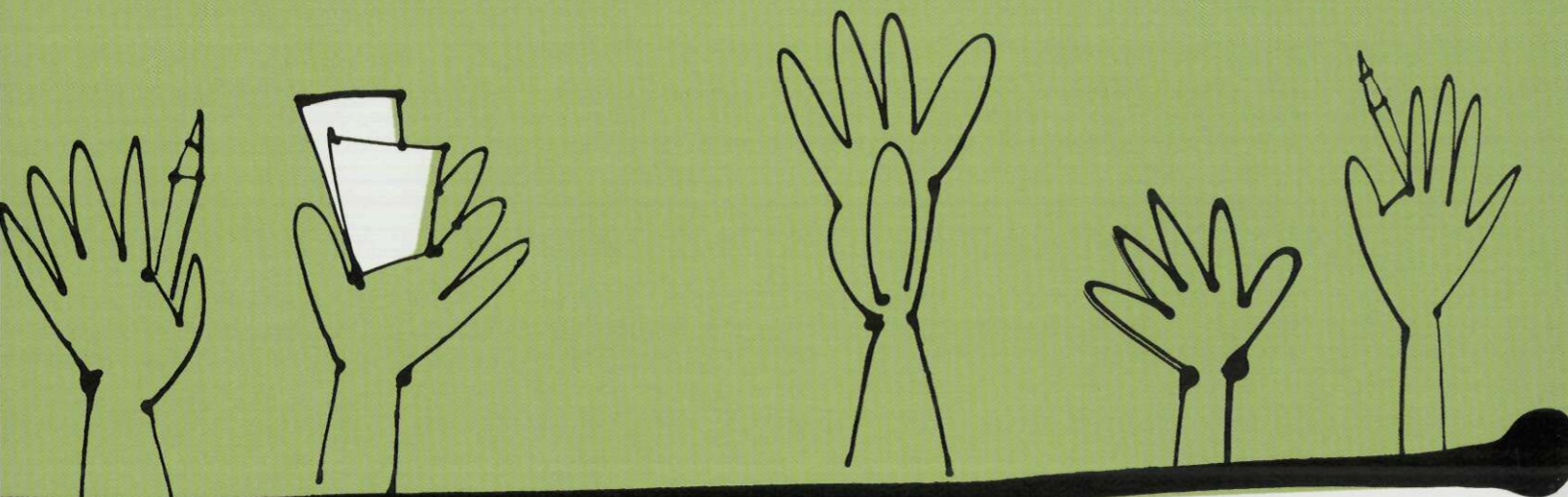
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KO

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KO

never- ending



Can you imagine a day when you'll no longer get thirsty? Neither can we. We're convinced that our opportunities for growth are virtually infinite. That's why we're so focused on building our business — and our returns — for the long term.

our
financials
make
endless
opportunities
possible



We're thirsty to sustain our volume growth and earnings.

We know that to continue delivering superior returns to our share owners, we must continue to deliver unit case volume growth and sustained earnings.

One simple statistic tells us that our opportunities for continued growth are vast. In 1996, we sold 13.7 billion unit cases of our products, a billion more than the year before. But that total, when measured against the world's population, still represents less than 2 of the approximately 64 ounces of fluid human beings need every day.

Another statistic reinforces our conviction even further: If every person in the world drank one more serving of our products every day, our unit case volume would increase more than 600 percent. While we know we won't reach that extraordinary milestone overnight, the very possibility fuels our thirst.

We're thirsty to capitalize on our naturally strong cash flow.

Generating volume growth requires capital, something we have in abundance. With an average return on capital that's more than three times the average cost of that capital, our cash flow is steady and substantial. As a result, we're in the enviable position of being able to seize opportunities others must pass up, and to create opportunities others have yet to realize.

We reinvest our operating cash flow principally in three ways: by pumping it back into our own business, by paying dividends and by buying back our own stock. We plan to free up even more cash for reinvestment into our high-return beverage business by continuing to increase dividends at a lesser rate than our earn-

ings per share growth, thus gradually reducing our dividend payout ratio to 30 percent.

Our 1996 reinvestment activity once again stuck to our well-established commitment to do what's best for our business today and tomorrow. Strengthening our bottling and distribution infrastructure in high-opportunity areas such as China and Russia continued to be a priority for our system. As we explain elsewhere in this Report, we also put significant resources behind building our brands, improving our information systems and enhancing the skills and capabilities of our people.

We're thirsty for superior returns.

While all stock prices fluctuate, we've built a track record for consistently generating superior returns over the long term, as a quick look at the history of our stock clearly shows.

One share of KO stock purchased in 1919, our first year of public trading, was valued at \$40. By year-end 1996, after stock splits, that single share had multiplied to 4,608 shares, and had grown in pretax value to more than \$242,000.

That's an enviable return on investment. It's even better when you also consider dividend reinvestment. By year-end 1996, the pretax value of one original share, after stock splits and annual dividend reinvestment, topped \$5.1 million.

Past performance does not necessarily predict future performance, but it does give every member of The Coca-Cola Company a goal, one we work very hard to consistently meet or beat.



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

The thirst you're reading about in this Annual Report — our thirst for profitable growth, a thirst as constant as consumers' thirst for Coca-Cola — permeates everything we do. Just as people wake up thirsty every morning, Coca-Cola people begin each day intent on making our business system stronger.

Again this year, Roberto has asked me to talk about the steps our system is taking to satisfy that thirst for growth. I'm pleased to report that 1996 was an exciting year in which our system achieved heights unimaginable just a few years ago. More importantly, from an operational perspective, 1996 was a year in which we positioned our Company and our system for even greater achievements to come.

A New Cycle

A year ago in this space we said we were "moving beyond restructuring," and that was shown time and again in 1996. After years in which our Company focused variously on restructuring our bottling network, building our infrastructure and sharpening our financial tools, our system is in the best shape ever.

We have thus entered a new cycle in the history of The Coca-Cola Company, already marked by increasing investments to strengthen our business even further. Just as we offer consumers a variety of beverages to quench their thirst, we have a variety of tools in our tool kit to serve our system's thirst for profitable growth.

This year has begun, as did 1996, with a bedrock foundation on which our system is built, and a desire on our part to build our business stronger than ever. That's not just a business plan; it's a way of thinking. We have the brands — among them the most recognized and revered in the world. We have the opportunity — the enviable



ability to build on what is already a tremendous enterprise. And we have the intention — the commitment to capitalize on that opportunity in ways we never have before.

Doing that means strengthening the key components of our business: our people, our brands and our systems — both our worldwide bottling and financial systems.

Our People

Everything we do begins with the hard work of our people, both within The Coca-Cola Company and across our business system. Increasingly, we're developing new ways to help them help our business, as we focus on building not just our financial capital, but our "human capital" — the intelligence, learning, dedication and focus of our people.

Last year, our Company welcomed a cadre of new directors for learning strategy, charged with helping

each of our operating divisions build learning into everything they do.

And we continued to see in action the phenomenal depth of experience we enjoy across this Company. In just one notable example, Tim Haas — an 18-year veteran of our Company — succeeded Weldon Johnson, who has retired as president of our Latin America Group. We're excited to have Tim in this very important role. And we are immeasurably grateful to Weldon for everything he has done to make our Latin American operations the envy of the industry.

Our Brands

We define ourselves as a sales, service and marketing Company, marketing being anything and everything we do to build consumer demand for our brands. In that regard, 1996 truly was a historic year.

Coca-Cola, as you'll see in our worldwide review, recorded its greatest year ever — with a unit case volume increase of 6 percent. So did Sprite, which continues to report dramatic, double-digit growth in the United States and other markets, too. So did Fanta. So did diet Coke. So did Georgia Coffee, a star performer in Japan. The list goes on and on — the result of building consumer demand and differentiating our products as never before.

First and foremost among our marketing efforts was, of course, our sponsorship of the Centennial Olympic Games. The Games happened to be in our hometown this time, but the Olympics are nothing new for us; our Olympic efforts go back 69 years. Still, our activities in 1996 would have been unfathomable in 1928 — or even 1988.



We shared the excitement of Coca-Cola and the Olympics with literally *billions* of consumers, through promotions in more than 135 countries. Among the highlights was the Olympic Torch Relay, presented by Coca-Cola. The excitement generated by the passage of the Olympic Flame, in town after town, over 15,000 miles, was unforgettable for the 36 million fans who came out to cheer the runners. And an unprecedented promotion gave thousands of our consumers a very rare opportunity: the chance to pick someone special in *their* lives to carry the Olympic Flame.

Meanwhile, once summer came, we welcomed the world to Coca-Cola Olympic City, our Atlanta attraction that entertained nearly 600,000 fans throughout the four months before, during and after the Games. The Olympic world had never seen anything like it, and organizers quickly encouraged us to consider something similar at future Olympics.



We saw the impact of our efforts as fans reached for The Real Thing, Minute Maid and POWERaDE. That's what promotions are designed to do — build volume for our customers and our system. And looking forward, we can see that we are only beginning to realize new and unique ways to create value through our Olympic partnership — which is why we're already hard at work preparing for Nagano in 1998, and why we've already signed up through the Games of 2008.

The Olympic Games may have been a headline attraction in 1996, but they were far from our only performer. An innovative campaign built around the world's most

popular sport ("Eat Football! Sleep Football! Drink Coca-Cola!") helped drive sales in Europe. The campaign was later extended to American football, again with solid results. Our sponsorship of cricket's World Cup, meanwhile, spread the passion of the game and Coca-Cola around the world.

Elsewhere, new brands and new flavors scored big with consumers, from Fanta Lychee in Thailand to Quatro in Colombia to Schpla! in Japan to Minute Maid Soft Frozen Lemonade in the USA. Meanwhile, our promotions reached consumers in relevant and innovative ways, from our diet Coke promotion with the hit TV show "Friends" to the Sprite Dream Team promotion, Tokyo's new Georgia Cafe and Barq's Psychic Fish.

Our Systems

Not even a brand like Coca-Cola sells itself. To make Coca-Cola and our other brands even more successful requires a business system capable of selling more soft drinks in more places to more people, overcoming logistical hurdles, creating more value for customers, stimulating consumer demand and ensuring the finest in quality products.

We have just such a system; it's a true competitive advantage for us, and we take steps to improve it every day.

Increasingly, we are able to bring our Company's own resources to bear in partnership with our various bottlers. When the opportunity arises, we are able to invest directly in a bottler and contribute to improving its performance. Often, we later sell our stake, handing off a stronger bottler, with greater capacity for profitable growth, and in turn reap rewards for our share owners.

In 1996, we created a new anchor bottler on the European continent — Coca-Cola Erfrischungsgetränke AG (CCEAG), serving 40 percent of our important German business.

Our largest anchor bottler, Coca-Cola Enterprises, now serves three more European countries after acquiring our wholly owned operations in France and Belgium and purchasing both halves of our Great Britain bottling partnership, from our Company and Cadbury Schweppes, respectively. The result portends great things for our European business, where three anchor bottlers — CCE, Coca-Cola Amatil and CCEAG — are now positioned for tremendous efficiencies in serving our customers and promoting our products.


We completed the acquisition of ten Coca-Cola bottlers in northern Italy, now consolidated into one bottler with greater opportunities for efficiency and growth.

We welcomed to the Coca-Cola family Venezuela's Cisneros Group. That veteran bottler's alignment with our system is a dramatic leap forward for our business in a very promising region. Elsewhere in Latin America, we also acquired equity stakes in two Chile-based bottlers, Embotelladora Andina and Embotelladoras Polar — in both cases, building stronger ties in the markets they serve.

To help us and our partners operate smarter and more efficiently than ever, we last year launched Project Infinity, an ambitious seven-year plan to transform the way the entire Coca-Cola system uses information. From an operational perspective, it promises to turn static data into information we can act upon — a tool for everyone from route salespeople to senior management.

We're also proud of a year of great change and promise in our juice and juice-drink business. Coca-Cola Foods was rechristened The Minute Maid Company, more accurately reflecting its focus on the world's leading brand of juices and juice drinks. And The Minute Maid Company took bold steps to expand its reach and availability by forming new business partnerships, both in the U.S. and internationally.

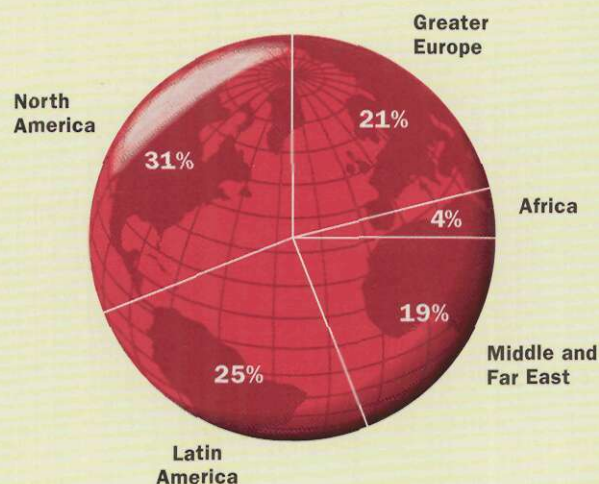
The entire Coca-Cola system has a tough act to follow in 1997 — but we wouldn't have it any other way. In every one of our operating groups, the successes of 1996 leave us poised for greater things to come — and thirsty to get going. The next seven pages of this Report will give you a more in-depth idea of just what I mean.



— M. Douglas Ivester

Per Capita Consumption and Market Populations

Markets	Population in Millions	Per Capita*
China	1,234	5
India	953	3
United States	266	363
Indonesia	201	9
Brazil	164	131
Russia	147	13
Japan	125	144
Mexico	95	332
Germany	82	201
Philippines	69	117
Egypt	64	27
Thailand	59	67
France	58	74
Italy	58	84
Great Britain	57	114
Korea	45	72
South Africa	42	149
Spain	40	181
Colombia	36	115
Argentina	35	187
Benelux / Denmark	31	177
Canada	30	184
Morocco	28	43
Romania	23	68
Australia	18	308
Chile	14	291
Zimbabwe	12	64
Hungary	10	153
Israel	6	253
Norway	4	266

1996 Worldwide Unit Case Volume by Region**Worldwide Total: 13.7 Billion****1996 Worldwide Market Leadership by Country**

	Market Leader	Leadership Margin*	Second Place
Australia	Coca-Cola	3.8:1	diet Coke
Belgium	Coca-Cola	6.9:1	Coca-Cola light
Brazil	Coca-Cola	4.6:1	Brazilian Brand
Chile	Coca-Cola	4.6:1	Fanta
France	Coca-Cola	4.5:1	French Brand
Germany	Coca-Cola	3.0:1	Fanta
Great Britain	Coca-Cola	1.9:1	diet Coke
Greece	Coca-Cola	3.3:1	Fanta
Italy	Coca-Cola	3.1:1	Fanta
Japan	Coca-Cola	2.6:1	Fanta
Korea	Coca-Cola	2.9:1	Korean Brand
Norway	Coca-Cola	4.1:1	Coca-Cola light
South Africa	Coca-Cola	5.0:1	Sparletta
Spain	Coca-Cola	3.5:1	Fanta
Sweden	Coca-Cola	3.8:1	Fanta

* 8-ounce servings of Company beverages per person per year (excludes products distributed by The Minute Maid Company).

Share of soft-drink sales. Source: Company data/store audit data.

* Over second-place brand.

Selected Market Results: Estimated 1996 Volume

	Unit Case ¹ Growth						Soft Drinks	Total Beverages ²		
	10-Year Average Annual Growth		5-Year Average Annual Growth		1996 Annual Growth			1996 Company Share ⁴	1996	
	Company ³	Industry ⁴	Company ³	Industry ⁴	Company ³	Industry ⁴			Company Share ⁵	Company Per Capita Consumption
Worldwide	7%	4%	7%	4%	8%	4%	48%	2%	57	
North America Group ⁶	4	3	5	3	6	3	43	12	344	
United States	5	3	5	3	6	3	43	12	363	
Greater Europe Group	9	4	8	2	8	4	46	3	80	
East Central Europe	19	9	26	10	28	8	45	2	49	
France	12	6	8	4	6	0	50	3	74	
Germany	6	5	3	0	0	(1)	56	7	201	
Great Britain	10	5	5	4	0	(3)	33	4	114	
Italy	3	3	(1)	1	(2)	7	47	3	84	
Nordic & Northern Eurasia	14	0	17	1	30	13	36	1	28	
Spain	7	4	3	2	2	(1)	53	6	181	
Middle and Far East Group ⁷	10	8	10	8	11	7	42	1	18	
Australia	8	5	8	4	7	6	65	11	308	
China	48	16	35	12	32	15	26	0	5	
Japan ⁷	6	1	4	(1)	7	0	37	5	144	
Korea	5	5	2	(2)	2	1	59	2	72	
Middle East	10	8	15	9	4	(2)	28	1	23	
Philippines	8	6	7	8	14	14	75	4	117	
Africa Group	6	4	5	2	5	5	81	1	25	
Northern Africa	6	2	6	1	5	3	80	0	13	
Southern Africa	7	6	5	2	6	7	81	3	75	
Latin America Group	7	5	7	5	9	4	57	6	169	
Argentina	4	4	9	8	6	3	61	6	187	
Brazil	7	8	8	11	9	11	52	4	131	
Chile	16	14	15	10	19	9	70	10	291	
Colombia	3	0	3	(2)	9	(8)	50	4	115	
Mexico	7	4	5	1	5	(2)	64	11	332	

¹ Unit case equals 24 8-ounce servings.² Consists of all beverages, including tap water.³ Derived from unit case volume.⁴ Includes soft drinks only.⁵ Derived by dividing our unit case volume in ounces in a given market 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 and conforms with Japanese industry standards.



North America Group Population: 296 million ■ Group Per Capita: 344

The North America Group comprises the United States and Canada. Annual per capita consumption of Company products in the United States is 363 servings; in Canada, 184. Coca-Cola classic and Sprite recorded strong growth in 1996 as Company U.S. unit case sales reached 4 billion — more than a billion ahead of our nearest competitor, for the second straight year. Overall, U.S. unit case volume increased 6 percent over 1995; gallon sales rose 8 percent. **Brand Coca-Cola: Unit case sales up more than 3 percent.**

Group Highlights

System Alignment and Improvements: Our worldwide system is more strategically aligned and creatively deployed than ever — and our flagship market, the United States, is a fine example. In 1996, the Company worked closely with U.S. bottlers in a variety of ways to create profitable growth for our system and value for our customers, through aggressive marketing of our brands.

Meanwhile, our bottlers took concrete new steps to literally take our products to places they had never been before. Coca-Cola Enterprises, the Atlanta-based anchor bottler, alone deployed more than 3,000 new sales, marketing and distribution people nationwide.

Sprite: The nation's fastest-growing major soft drink kept right on growing in the United States, with unit case sales up 18 percent, atop a 16 percent increase in 1995. Once again, the energetic, no-nonsense "Obey Your Thirst" campaign cut through the hype, and our proprietary "dimple" bottle for Sprite continued to drive sales, especially in immediate consumption channels.



Fountain: Coca-Cola USA Fountain continued to be a strong contributor to our business in 1996. Importantly for future growth, expansion initiatives for brands including Barq's, Minute Maid Original Style Lemonade, Nestea and Hi-C were implemented in more than 100,000 outlets.

Noncarbonated Brands: Our noncarbonated brands turned in a powerful performance in the United States in 1996. Overall, noncarbonated unit case volume — including POWERaDE, Nestea, Cool from Nestea, Hi-C, Minute Maid Juices To Go and Fruitopia — increased 17 percent. Cool from Nestea, with a great new taste, increased unit case volume by 48 percent, while POWERaDE turned in a 20 percent increase in unit case volume, driven by a popular new flavor and an under-the-cap promotion tied to the Olympic Games.

Average Annual Growth

U.S. Unit Case Volume

1 Year

Coca-Cola USA		6%
Rest of Industry*		1%

5 Years

Coca-Cola USA		5%
Rest of Industry*		2%

* Rest of Industry includes soft drinks only.



Latin America Group Population: 479 million ■ Group Per Capita: 169

From Mexico to the tip of Argentina, the Latin America Group includes the Company's operations across the increasingly sophisticated consumer markets of Central and South America. Per capita consumption ranges from 4 in Jamaica to 575 in St. Maarten. Unit case sales increased a strong 9 percent, fueled by a resurgent market in Mexico, where economic conditions showed improvement after two difficult years. Gallon shipments increased 11 percent. **Brand Coca-Cola: Unit case sales up more than 6 percent.**

Growth Rate: 1996 vs. 1995

Latin America Group	Gallon Sales	Unit Case Sales
Argentina	6%	6%
Brazil	18%	9%
Chile	10%	19%
Colombia	8%	9%
Mexico	5%	5%
Total	11%	9%

Group Highlights

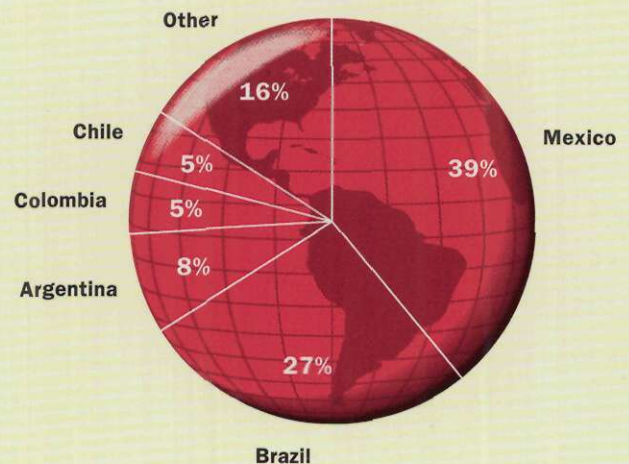
Mexico: After two very challenging years, the Coca-Cola system reported solid unit case sales growth of 5 percent in 1996, showing more increased momentum at year's end with 8 percent unit case sales growth in the fourth quarter. The Company's share of soft-drink sales in Mexico, which had grown even during the nation's harshest economic difficulties, reached a record 64 percent at year's end.

Brazil: Economic stabilization has spawned vast consumer demand across Brazil, including demand for the products of our Company. Unit case sales growth was a solid 9 percent in 1996. As in Mexico, strong fourth quarter unit case sales growth — 14 percent — speaks well for the Company's momentum going into 1997.

Chile: A well-established market that keeps on growing, Chile reported another excellent year in 1996, with unit case volume growth of 19 percent, per capita consumption of 291 and a 70 percent share of sales — a new record for the Coca-Cola system there. Quatro, the citrus soda with the same formulation as Mexico's sugar-sweetened Fresca, was launched in December 1996 with strong early results.

Latin America Group

1996 Unit Case Sales





Middle and Far East Group Population: 3,492 million ■ Group Per Capita: 18

The Company's most populated operating group ranges from the Middle East to India, China, Japan and Australia. Per capita consumption ranges from a low of 2 in Cambodia to a high of 308 in Australia. Unit case sales increased 11 percent in 1996; gallon sales rose 7 percent. **Brand Coca-Cola: Unit case sales up more than 10 percent.**

Growth Rate: 1996 vs. 1995

Middle and Far East Group	Gallon Sales	Unit Case Sales
Australia	(1)%	7%
China	28%	32%
India	21%	23%
Indonesia	31%	26%
Japan	4%	7%
Korea	7%	2%
Middle East Division	(5)%	4%
Philippines	12%	14%
Thailand	3%	11%
Total	7%	11%

Group Highlights

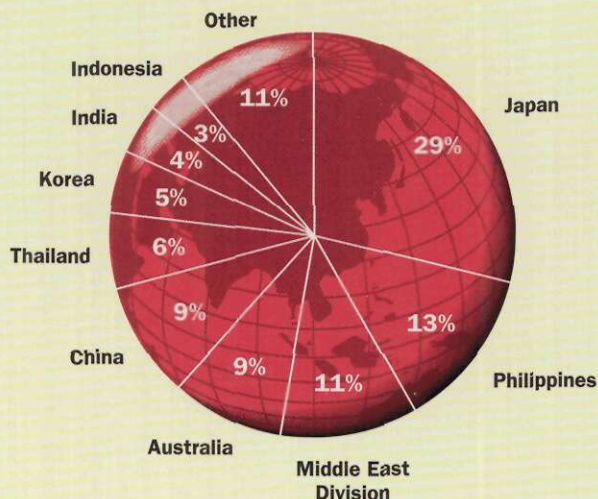
Japan: One of the Company's top markets, Japan recorded strong unit case sales growth of 7 percent in 1996, building on the momentum of late 1995. Japan's Coca-Cola bottlers took important steps to market innovatively and control costs, and launched several popular additions to the Company's product portfolio, including new tea products and Lactia, a milk-based drink that generated strong sales in its first year. Coca-Cola strengthened its flagship position, and the Company recorded share growth across every channel in the marketplace.

China: The world's soft-drink leader recorded another stellar year in the world's most populous country. Unit case sales growth again topped 30 percent, led by strong sales of Coca-Cola and Sprite, and supported by the launch of Tian Yu Di ("Heaven And Earth") juice drinks.

Tian Yu Di is the first indigenous Chinese brand developed by The Coca-Cola Company, in close cooperation with the Chinese government. Our ability to capture future growth was strengthened by the opening of another four production plants; by mid-1997, 23 Coca-Cola plants will be in operation nationwide, and the Coca-Cola system's investment in China will reach \$500 million.

Philippines: Still greater in volume than China, this nation of islands recorded another year of double-digit growth, with unit case sales up 14 percent — a healthy increase for a nation with per capita consumption of 117 servings per year. A new Coca-Cola bottling plant at Santa Rosa increased production capacity, while a cadre of local entrepreneurs joined the Coca-Cola system in 1996 as distributors, helping take more Company products to more small retailers along Manila's busy streets. Lift, a new brand in the citrus category in the Philippines, reported very strong unit case sales growth.

Middle and Far East Group 1996 Unit Case Sales





Greater Europe Group Population: 864 million ■ Group Per Capita: 80

The Greater Europe Group stretches from Greenland to Russia's Far East, including some of our most established markets in Western Europe and the rapidly growing nations of East and Central Europe. The latter recorded another year of dramatic growth, with unit case sales up 28 percent in our East Central European Division, spurred by infrastructure investment and strong consumer marketing. Annual per capita consumption ranges from 1 in Turkmenistan to 403 in Iceland. Unit case sales rose 8 percent in 1996 and gallon shipments rose 9 percent, on the strength of solid marketing efforts and notable realignment in our bottling system. **Brand Coca-Cola: Unit case sales up almost 7 percent.**

Growth Rate: 1996 vs. 1995

Greater Europe Group	Gallon Sales	Unit Case Sales
East Central European Division	24%	28%
France	5%	6%
Germany	(1)%	0
Great Britain	(1)%	0
Italy	3%	(2)%
Nordic & Northern Eurasia Division	33%	30%
Spain	3%	2%
Total	9%	8%

Group Highlights

Germany: Unit case sales in Germany were even in 1996, as the Coca-Cola system took major long-term steps to improve efficiency and drive sales to even greater heights throughout this well-developed market. Coca-Cola Erfrischungsgetränke AG, our first anchor bottler headquartered in Europe, was created from the merger of our east German bottler with three independent bottlers, and now handles 40 percent of our system's volume nationwide. CCEAG offers increased efficiencies in marketing programs and promotions, which promise to become models for all of Germany.

Russia: Consumers across this giant nation, which had only a small Coca-Cola presence as the decade began, continue to enthusiastically embrace the world's favorite soft

drink. Unit case volume increased 109 percent in Russia in 1996. In the fall, our Company took the lead over our long-entrenched competitor in Russian soft-drink sales. And by year's end, Coca-Cola was Russia's number one cola. Per capita consumption remains low at 13 servings per year, pointing to vast opportunities for growth; the Coca-Cola system still covers just over half of Russia's population.

Turkey: This nation of 60 million logged very strong volume growth of 44 percent in 1996, as a strong bottling system and effective marketing programs connected with consumers, including focused efforts to serve Turkey's large Muslim population. As in Russia, growth prospects are enticing, with per capita consumption at a still-low 54.

Greater Europe Group 1996 Unit Case Sales





Africa Group Population: 584 million ■ Group Per Capita: 25

The Africa Group includes the Company's business in 47 countries in sub-Saharan Africa. Annual per capita consumption ranges from 1 in Chad to 298 in Seychelles. Unit case sales increased 5 percent in 1996; gallon sales declined 5 percent. But focused marketing and production efforts across the Coca-Cola system, coupled with improving economic conditions and still-low per capita levels, point to solid growth opportunities for the future. **Brand Coca-Cola: Unit case sales up nearly 5 percent.**

Growth Rate: 1996 vs. 1995

Africa Group	Gallon Sales	Unit Case Sales
Northern Africa Division	(2)%	5%
Southern Africa Division	(8)%	6%
Total	(5)%	5%

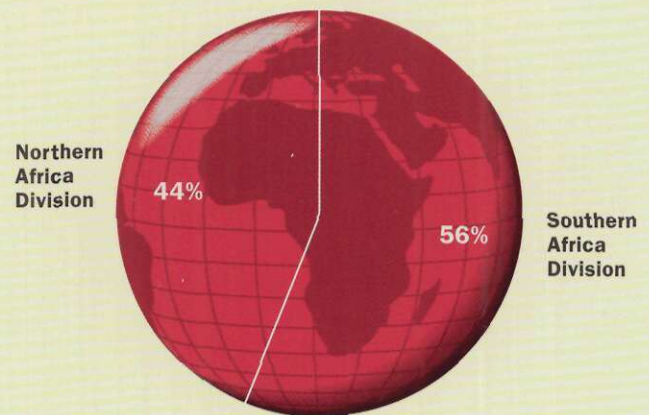
Group Highlights

South Africa: After re-entering South Africa in 1994 and taking the first steps to rebuild marketing and infrastructure there, the Company made major moves in 1996 to reposition its business for the future. An infusion of talented veterans from around the global Coca-Cola system teamed with bottlers and customers to improve sales and marketing efforts in the new South Africa. A 17 percent unit case sales increase in the fourth quarter for the Southern Africa Division points to increased momentum into 1997.

Northern Africa: A new focus, combining strengthened, country-by-country management and new marketing programs, produced strong results in a number of countries across Northern Africa, including 38 percent unit case volume growth in Ghana and 41 percent growth in Uganda.

Africa Group

1996 Unit Case Sales



The Minute Maid Company

The Minute Maid Company is the world's leading marketer of juices and juice drinks, including its signature brand. TMMC changed its name (formerly Coca-Cola Foods), its outlook and its results in 1996, with unit volume up 9 percent.

Group Highlights

Minute Maid Premium Orange Juice: The division repositioned its marketing strategy solidly behind its flagship product — which made a big splash in November with a great new taste. In a technological breakthrough, The Minute Maid Company produced a ready-to-drink juice that delivers the taste sensation of eating a fresh, ripe orange every time. This Minute Maid Premium orange juice is being supported by a strong marketing push, continuing into 1997.

New Business Alliances: In the United States, The Minute Maid Company created a new Immediate Consumption Business System, targeting food-service outlets and other chilled-juice channels. Meanwhile, TMMC took two big steps to expand its international scope — teaming up with European food giant Groupe Danone to reach consumers outside the United States and Canada, with an initial focus in Europe and Latin America; and joining with Brazil's Sucocitrico Cutrale Ltda. in a global supply alliance.

Financial Review Incorporating Management's Discussion and Analysis

We exist for one reason: to maximize share-owner value over time. To fulfill 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 our share of beverage sales worldwide, (3) maximizing our long-term cash flows and (4) improving economic profit and creating economic value added. We achieve these objectives by strategically investing 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: We seek to invest in opportunities that enhance our existing operations and offer cash returns that exceed our long-term after-tax weighted-average cost of capital, estimated to be approximately 11 percent.

Because it consistently generates high returns on capital, our business is a particularly attractive investment for us. In developing and emerging markets, where increasing the penetration of our beverage products is our primary goal, we dedicate the bulk of our investments to infrastructure enhancements: production facilities, distribution networks, sales equipment and technology. We make these investments by acquiring or forming strategic business alliances with local bottlers and by matching local expertise with our experience and focus. In highly developed markets, where our primary goal is to make our products the beverages consumers prefer, we dedicate the bulk of our expenditures to marketing activities.

Currently, 55 percent of the world's population lives in markets where the average person consumes fewer than 10 servings of our beverages per year, offering high-potential growth opportunities for our Company and our bottlers. In fact, the emerging markets of China, India, Indonesia and Russia combined represent approximately 44 percent of the world's population, but, on a combined basis, the average per capita consumption of our products in these markets is approximately 1 percent of the United States' level. As a result, we are investing aggressively to ensure our products are *pervasive, preferred* and offer the best *price* relative to value.

Our investment strategy focuses primarily on the four fundamental drivers of our business: bottling operations, capital expenditures, marketing activities and people.

Bottling Operations

We continue our well-established strategy of strengthening our distribution system by investing in, and subsequently reselling, ownership positions in bottling operations. This strategy provides our Company with yet another value stream resulting from the gains on the sale of these investments. The other value streams from which we benefit are those provided by our core concentrate business and our consolidated bottling operations, as well as our participation in the earnings of bottlers in which we remain an equity investor.

We have business relationships with three types of bottlers — independently owned bottlers, bottlers in which we have a noncontrolling ownership interest and bottlers in which we have a controlling ownership interest. Independently owned bottlers are bottlers in which we have no ownership interest. These bottlers produced and distributed approximately 40 percent of our 1996 worldwide unit case volume. The other bottlers represent businesses in which we have invested. In 1996, bottlers in which we own a noncontrolling ownership interest produced and distributed an additional 45 percent of our total worldwide unit case volume. Controlled and consolidated bottling and fountain operations produced and distributed approximately 15 percent of total worldwide unit case volume for Company products.

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

The level of our investment generally depends on the bottler's capital structure and its available resources at the time of our investment. In certain situations, it can be advantageous to acquire a controlling interest in a bottling operation. 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. Bottling businesses typically generate lower margins on revenue than our concentrate business. However, the acquisition and consolidation of a bottler increases revenues and generally increases operating profits on a per-gallon basis. We acquired controlling interests in certain bottling operations in Italy in 1996 and 1995, as well as in Venezuela in 1995. By providing capital and marketing expertise to newly acquired bottlers, we intend to strengthen our bottling territories.

Financial Review Incorporating Management's Discussion and Analysis

In line with our long-term bottling strategy, we periodically 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. Another option for reducing our ownership interest is to combine our bottling interests with the bottling interests of others to form strategic business alliances. In both of these situations, we continue participating in the previously consolidated bottler's earnings through our portion of the equity investee's income.

Consistent with our strategy, we sold our consolidated bottling and canning operations in France and Belgium to our major bottler headquartered in the United States, Coca-Cola Enterprises Inc. (Coca-Cola Enterprises) in 1996.

In 1996, we formed a strategic business alliance in Germany, Coca-Cola Erfrischungsgetränke AG (CCEAG), through the merger of our previously wholly owned east German bottler with three independent bottlers. This new bottler is expected to build a stronger bottler structure in Germany, establishing the framework for future profitable growth and future acquisitions in that region. As a result of the merger, we now have a 45 percent interest in CCEAG.

Also in 1996, we combined our bottling interests in Venezuela with the Cisneros Group's bottling companies to form a new joint venture, Embotelladora Coca-Cola y Hit de Venezuela, S.A. (Coca-Cola y Hit). Coca-Cola y Hit is the leader in the Venezuelan beverage business.

During 1995, we sold our controlling interests in certain bottling operations in Poland, Croatia and Romania to Coca-Cola Amatil Limited (Coca-Cola Amatil), a bottler headquartered in Australia.

As stated earlier, our investments in a bottler can represent either a noncontrolling or a controlling interest. 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 structures. In 1996, we purchased interests in two Chilean bottling companies: a 17 percent interest in Embotelladoras Polar S.A. and a 6 percent interest in Embotelladora Andina S.A. Also, we sold our 49 percent interest in Coca-Cola & Schweppes Beverages Ltd., a bottler in the United Kingdom, to Coca-Cola Enterprises in early 1997.

We designate certain bottling operations in which we have a noncontrolling ownership interest as "anchor bottlers" due to their level of responsibility and performance. Anchor bottlers, which include Coca-Cola Amatil and Coca-Cola Enterprises, are strongly committed to their own profitable growth which, in turn, helps us meet our strategic goals and furthers the interests of our worldwide production,

distribution and marketing systems. Anchor bottlers tend to be large and geographically diverse with strong financial and management resources. In 1996, our anchor bottlers produced and distributed approximately 30 percent of our total worldwide unit case volume. Currently, eight companies are designated as anchor bottlers, giving us strong partners on every major continent around the world.

In 1996, CCEAG was designated an anchor bottler, our first anchor bottler headquartered in Europe. 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 continues to strengthen our distribution system in south and east Africa.

In line with our established investment strategy, our bottling investments have been profitable over time. For bottling investments which are accounted for by the equity method, we measure the profitability of our bottling investments in two ways — equity income and the excess of the fair values over the carrying values of our investments. Equity income represents our share of the net earnings of our investee companies that are accounted for by the equity method, and it is included in our consolidated income. In 1996, equity income, primarily from our investments in unconsolidated bottling companies, reached \$211 million, a 25 percent increase from 1995. 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,	Fair Value	Carrying Value	Excess
1996			
Coca-Cola Enterprises Inc.	\$ 2,731	\$ 547	\$ 2,184
Coca-Cola Amatil Limited	2,109	881	1,228
Coca-Cola FEMSA, S.A. de C.V.	411	90	321
Coca-Cola Beverages Ltd.	219	15	204
Coca-Cola Bottling Co. Consolidated	134	85	49
			\$ 3,986

The excess of the calculated fair values over the carrying values for our investments illustrates the significant increase in the value of our investments. Although this excess value for equity method investees is not reflected in our consolidated results of operations or financial position, it represents a true economic benefit to us.

Financial Review Incorporating Management's Discussion and Analysis

Capital Expenditures

Capital expenditures for property, plant and equipment and the percentage distribution by geographic area for 1996, 1995 and 1994 are as follows (in millions):

Year Ended December 31,	1996	1995	1994
Capital expenditures	\$ 990	\$ 937	\$ 878
North America	27%	31%	29%
Africa	3%	2%	3%
Greater Europe	38%	41%	37%
Latin America	8%	9%	15%
Middle & Far East	12%	9%	6%
Corporate	12%	8%	10%

In 1996, we launched a strategic business initiative called "Project Infinity" to integrate business systems across our global enterprise over the next seven years. Project Infinity will require significant capital expenditures over the next several years. We anticipate Project Infinity will enhance our competitiveness as it will supply immediate, detailed information about the marketplace to our management, associates and bottlers worldwide, providing better and faster decision-making capabilities about operations, marketing and finance.

Marketing Activities

In addition to investments in bottling and distribution infrastructure, we also make significant expenditures in support of our trademarks. We define marketing as anything we do to create consumer demand for our brands. We are intently focused on continually finding new ways to build value into all of our brands. Marketing spending aimed at building the value of our brands enhances consumer awareness and builds consumer preference, which results in volume growth and increases in 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 our 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 our Coca-Cola contour bottle, our Sprite "dimpled" bottle and the Coca-Cola classic campaign, "For the Fans."

During 1996, our partnership with the Centennial Olympic Games and our presentation of the Olympic Torch Relay added value to our brands. During the year, we executed Olympic-themed programs in more than 135 countries around the world, building brand recognition, product appeal and consumer awareness for our products. In addition, we have extended our sponsorship of the Olympic Movement through 2008.

As part of our ongoing efforts to maximize the impact of our advertising expenditures, we assign specific brands to individual advertising agencies. This approach enables us to enhance each brand's global positioning, increase accountability and use the Company's marketing expenditures more efficiently and effectively.

During 1996, our Company's direct marketing expenses, which include consumer marketing activities, increased 12 percent to \$4.3 billion.

People

Our success depends on having people who can identify and act on the vast opportunities that exist for our business. This means building a culture among our people in which learning and innovation dominate our business lives. To support this effort in 1996, we formed the Coca-Cola Learning Consortium, a group dedicated to working with the management of our entire system to make learning a core capability. The Learning Consortium will build the culture, systems and processes our people need to develop the knowledge and skills to discover and act upon opportunities better and faster than ever.

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.

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 active 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 programs and investment activity, typically result in current liabilities exceeding current assets.

Financial Review Incorporating Management's Discussion and Analysis

In managing our use of debt capital, we consider the following financial measurements and ratios:

Year Ended December 31,	1996	1995	1994
Net debt (in billions)	\$ 2.8	\$ 2.6	\$ 1.8
Net debt-to-net capital	31%	32%	26%
Free cash flow to net debt	85%	82%	120%
Interest coverage	17x	16x	19x
Ratio of earnings to fixed charges	14.9x	14.5x	16.8x

Net debt is net of cash, cash equivalents and marketable securities in excess of operating requirements and net of temporary bottling investments.

Financial Risk Management

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. With approximately 80 percent of our 1996 operating income generated outside the United States, weakness in one particular currency is often offset by strengths in others. We use derivative financial instruments to reduce our net exposure to financial risks.

We use forward exchange contracts to adjust the currency mix of our recorded assets and liabilities, which further reduce our exposure to 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.

Our derivative financial instruments are straight-forward instruments with liquid markets. We use primarily liquid spot, forward, option and swap contracts. We do not enter into derivative financial instruments for trading purposes. As a matter of policy, all of our derivative positions are used to reduce risk by hedging an underlying economic exposure. This policy mitigates certain risks such as changes in currency, interest rates and other market factors, including commodities, on a matched basis. Under this strategy, gains or losses on hedging transactions are offset by gains or losses on the underlying exposures being hedged.

Share Repurchases

Our confidence in the long-term growth potential of our business is demonstrated by our continued and consistent use of share repurchase programs. In July 1992, our Board of Directors authorized a plan to repurchase up to 200 million shares of our Company's common stock through the year 2000. In 1996, we repurchased 32 million shares under the July 1992 plan at a total cost of approximately \$1.5 billion. Through 1996, we had repurchased 167 million shares under the July 1992 plan.

On October 17, 1996, our Board of Directors authorized a new share repurchase program for 206 million additional shares through the year 2000. Over the next 10 years, this plan, combined with the remaining shares under the 1992 plan, authorizes the repurchase of approximately an additional 10 percent of our outstanding shares.

Since the inception of our initial share repurchase program in 1984 through our current program as of December 31, 1996, our Company has repurchased 998 million shares, representing 30 percent of the shares outstanding as of January 1, 1984, at an average price per share of \$10.29.

Dividend Policy

Because of our historically strong earnings growth, our Board of Directors has increased our cash dividend per common share by an average annual compound growth rate of 14 percent since December 31, 1986. Our annual common stock dividend was \$.50 per share, \$.44 per share and \$.39 per share in 1996, 1995 and 1994, respectively. At its February 1997 meeting, our Board of Directors again increased our quarterly dividend per share to \$.14, equivalent to a full-year dividend of \$.56 in 1997, our 35th consecutive annual increase.

In 1996, our dividend payout ratio was approximately 36 percent of our net income. To free up additional cash for reinvestment in our high-return beverages business, our Board of Directors intends to gradually reduce our dividend payout ratio to 30 percent over time.

Stock Split

In April 1996, our share owners approved an increase in the authorized common stock of our Company from 2.8 billion shares to 5.6 billion shares and a two-for-one stock split. The stated par value of each share remained at \$.25 per share. All share data included in our Annual Report has been restated for periods prior to the stock split.

PERFORMANCE TOOLS

Economic profit and economic value added provide a framework for measuring the impact of value-oriented actions. We define economic profit as income from continuing operations after taxes, excluding interest, in excess of a computed capital charge for average operating capital employed. In 1996, we modified the calculation of economic profit to include both gains and losses on transactions relating to our bottling investments. As modified, economic profit now includes all of our identified value streams. Economic value added represents the growth in economic profit from year to year. To assure that our management team is clearly focused on the key drivers of our business, economic value added and economic profit are used in determining annual incentive awards and long-term incentive awards for most eligible employees.

Financial Review Incorporating Management's Discussion and Analysis

Over the last five years, as we have continued to strengthen our bottling system, economic profit has increased at an average annual compound rate of 20 percent. Over the same period, our Company's stock price has increased at an average annual compound rate of 21 percent. Over time, increases in our economic profit have correlated closely with increases in our Company's stock price. For this reason, we intend to continue focusing on the growth of economic profit.

During 1996, we began implementing a new tool to help us improve our performance — value-based management (VBM). VBM does not replace the economic value added concept; rather, it is a tool to manage economic profit. It requires us to think about creating value — in everything we do, every day. By focusing on value, we develop better strategies that help us create more value for our share owners.

VBM is a way of thinking, a process for planning and executing and a set of tools for understanding what creates value and what destroys it. It provides a set of fundamental principles that allows us to manage for increased value. With VBM, we determine how best to maximize value creation, not just in our business overall, but in every area of our business. We believe that a clear focus on the components of economic profit and on the driver of those components — VBM — is critical to our ability to maximize share-owner value over time.

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, 1986, together with reinvested dividends, was worth approximately \$1,337 on December 31, 1996, an average annual compound return of 30 percent.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OUR BUSINESS

We are the largest manufacturer, distributor and marketer of soft drink 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. We are also the world's largest distributor and marketer of juice and juice-drink products.

We own more than 160 brands, including soft drinks and noncarbonated beverages such as sports drinks, juice drinks, milk products, water products, teas and coffees.

VOLUME

We measure our sales volume in two ways: (1) gallon shipments of concentrates and syrups and (2) unit cases of finished product. Gallon shipments represent our primary business and 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. Fountain syrups sold directly to our customers are included in both measures.

In 1996, our worldwide unit case volume increased 8 percent, on top of an 8 percent increase in 1995. Our business system sold 13.7 billion unit cases in 1996, an increase of 1 billion unit cases over 1995. Our 1996 results are the product of years of methodically investing not only in marketing, but also in our worldwide infrastructure including bottlers, capital, information systems and people.

OPERATIONS

Net Operating Revenues and Gross Margin

On a consolidated basis, our net revenues grew 3 percent and our gross profit grew 7 percent in 1996. The increase in revenues reflects an increase in gallon shipments and selective price increases offset by a stronger U.S. dollar and the disposition of our previously consolidated bottling and canning operations in France, Belgium and east Germany. Our gross profit margin increased to 64 percent in 1996 from 61 percent in 1995, primarily due to the sale of our east German, French and Belgian bottling and canning operations, which shifted a greater proportion of our revenues to our higher margin concentrate business, and favorable results from changes in our product mix. Additionally, gross margins improved in 1996 due to favorable price variances in raw materials, such as packaging, at our consolidated bottlers.

On a consolidated basis, our net revenues and gross profit each grew 11 percent in 1995. The increase in revenues reflects gallon shipment increases, selective price increases and continued expansion of our bottling and canning operations. 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.

Selling, Administrative and General Expenses

Selling expenses were \$5,891 million in 1996, \$5,399 million in 1995 and \$4,931 million in 1994. The increases in 1996 and 1995 were primarily due to higher marketing expenditures in support of our Company's volume growth.

Financial Review Incorporating Management's Discussion and Analysis

Administrative and general expenses were \$2,002 million in 1996, \$1,653 million in 1995 and \$1,445 million in 1994. The increase in 1996 reflects certain nonrecurring provisions. In the third quarter of 1996, we made a series of decisions that resulted in provisions of approximately \$276 million in administrative and general expenses related to our plans for strengthening our worldwide system. Of this \$276 million, approximately \$130 million related to the streamlining of our operations, primarily in Greater Europe and Latin America. Our management has taken actions to consolidate certain manufacturing operations and, as a result, recorded charges to recognize the impairment of certain manufacturing assets and to recognize the estimated losses on the disposal of other assets. The remainder of this \$276 million provision related to actions taken by The Minute Maid Company (formerly known as Coca-Cola Foods). During the third quarter of 1996, The Minute Maid Company entered into two significant agreements with independent parties: (i) a strategic supply alliance with Sucocitrico Cutrale Ltda., the world's largest grower and processor of oranges, and (ii) a joint venture agreement with Groupe Danone to produce, distribute and sell premium refrigerated juices outside of the United States and Canada. With these agreements, we intend to increase The Minute Maid Company's focus on managing its brands while seeking arrangements to lower its overall manufacturing costs. In connection with these actions, we recorded \$146 million in third quarter provisions, comprised primarily of impairment charges to certain production facilities and reserves for losses on the disposal of other production facilities.

Also in the third quarter of 1996, we launched a strategic initiative, Project Infinity, to redesign and enhance our information systems and communications capabilities. In connection with this initiative, we recorded an \$80 million impairment charge in administrative and general expenses to recognize Project Infinity's impact on existing information systems. Also in the third quarter of 1996, we recorded a charge in administrative and general expenses as a result of our decision to contribute \$28.5 million to the corpus of The Coca-Cola Foundation, a not-for-profit charitable organization.

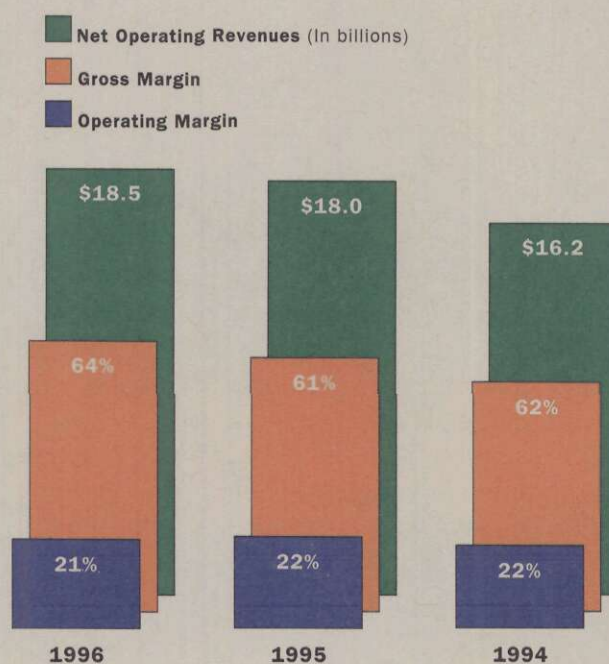
The increase in administrative and general expenses in 1995 was due to higher expenses related to employee benefits and a nonrecurring provision of \$86 million to increase efficiencies in the Company's operations in North America and Europe.

Administrative and general expenses, as a percentage of net operating revenues, were approximately 11 percent in 1996 and 9 percent in 1995 and 1994.

Operating Income and Operating Margin

On a consolidated basis, our operating income decreased 3 percent in 1996, following an 11 percent increase in 1995. The decrease in 1996 was principally due to the disposition of our French and Belgian bottling and canning operations and the recording of several nonrecurring provisions as discussed previously. In addition, to strengthen our already efficient worldwide bottler system where possible, we encouraged certain bottlers to reduce their concentrate inventory levels by curtailing concentrate shipments to their locations. Reducing concentrate inventory levels freed up cash in the bottling system, allowing for further investment in sales-generating equipment and production capacity expansion. This curtailment of concentrate shipments decreased operating income by an estimated \$290 million. Our consolidated operating margin was 21 percent in 1996 and 22 percent in 1995.

Margin Analysis



Financial Review Incorporating Management's Discussion and Analysis

Interest Income and Interest Expense

In 1996, our interest income decreased 3 percent, due primarily to lower average short-term investments and lower average interest rates in Latin America. Interest expense increased 5 percent in 1996, due to higher average debt balances.

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.

Equity Income

Equity income increased 25 percent to \$211 million in 1996, due primarily to stronger operating performances by Coca-Cola Enterprises, Coca-Cola Beverages Ltd. and The Coca-Cola Bottling Company of New York, Inc.

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.

Other Income (Deductions)-Net

In 1996, other income (deductions)-net increased \$1 million, and includes gains recorded on the sale of our bottling and canning operations in France and Belgium, as well as gains on other bottling transactions.

In 1995, other income (deductions)-net increased \$111 million, and includes gains recorded on the sale of bottling operations in Poland, Croatia and Romania.

Gains on Issuances of Stock by Equity Investees

In 1996, Coca-Cola Amatil issued approximately 46 million shares in exchange for approximately \$522 million. This issuance reduced our ownership percentage in Coca-Cola Amatil from approximately 39 percent to approximately 36 percent and resulted in a noncash pretax gain to our Company of approximately \$130 million.

Also in 1996, Coca-Cola Erfrischungsgetränke G.m.b.H. (CCEG), our wholly owned east German bottler, issued new shares to effect a merger with three independent German bottling operations. The shares were valued at approximately \$925 million, based upon the fair values of the assets of the three acquired bottling companies. Approximately 24.4 million shares were issued, resulting in a noncash pretax gain of approximately \$283 million to our Company. We own a 45 percent interest in the resulting anchor bottler Coca-Cola Erfrischungsgetränke AG (CCEAG).

In 1996, Coca-Cola FEMSA de Buenos Aires, S.A. issued approximately 19 million shares to Coca-Cola FEMSA, S.A. de C.V. This issuance reduced our ownership in Coca-Cola FEMSA de Buenos Aires, S.A. from 49 percent to approximately 32 percent.

We recognized a noncash pretax gain of approximately \$18 million as a result of this transaction. In a subsequent transaction, our ownership in Coca-Cola FEMSA de Buenos Aires, S.A. was reduced to 25 percent.

In the third quarter of 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 noncash pretax gain of approximately \$74 million as a result of this transaction.

Income Taxes

In the third quarter of 1996, our Company reached an agreement in principle with the U.S. Internal Revenue Service (IRS), settling certain U.S.-related income tax matters, including issues in litigation related to our operations in Puerto Rico, dating back to 1981 and extending through 1995. This settlement resulted in a one-time reduction of \$320 million to our 1996 income tax expense as a result of a reversal of previously accrued income tax liabilities and reduced our effective tax rate to 24.0 percent in 1996 from 31.0 percent in 1995 and 31.5 percent in 1994. Excluding the favorable impact of the settlement with the IRS, our 1996 effective tax rate would have been 31.0 percent. Our effective tax rate reflects tax benefits derived from having significant operations outside the United States, which are taxed at rates lower than the U.S. statutory rate of 35 percent.

Income Per Share

Accelerated by our Company's share repurchase program, our net income per share grew 19 percent in 1996 and 1995 and 18 percent in 1994.

LIQUIDITY AND CAPITAL RESOURCES

We believe our ability to generate cash from operations in excess of our capital reinvestment and dividend requirements is one of our fundamental financial strengths. We anticipate that our operating activities in 1997 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.

Financial Review Incorporating Management's Discussion and Analysis

The consolidated statements of our cash flows are summarized as follows (in millions):

Year Ended December 31,	1996	1995	1994
Cash flows provided by (used in):			
Operations	\$ 3,463	\$ 3,328	\$ 3,361
Investment activities	(1,050)	(1,226)	(1,215)
Free Cash Flow	2,413	2,102	2,146
Cash flows provided by (used in):			
Financing			
Share repurchases	(1,521)	(1,796)	(1,192)
Other financing activities	(581)	(482)	(600)
Exchange	(45)	(43)	34
Increase (decrease) in cash	\$ 266	\$ (219)	\$ 388

Cash provided by operations amounted to \$3.5 billion, a 4 percent increase from 1995. This increase reflects the continued growth of our business and includes the cash effect of significant items recorded in 1996. These items have been previously discussed in Management's Discussion and Analysis on pages 43 through 45. In 1995, cash provided by operations amounted to \$3.3 billion, a 1 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 1996, net cash used in investment activities decreased from 1995, primarily due to the increase in proceeds from the disposals of investments and other assets including the disposition of our bottling and canning operations in France and Belgium. The increase in proceeds from disposals was partially offset by significant acquisitions and investments, including our investment in Coca-Cola y Hit.

As compared to 1994, net cash used in investment activities increased slightly in 1995, primarily attributable to an increase in purchases of property, plant and equipment, offset by an increase in proceeds from disposals of investments and other assets. Specifically, during 1995, we sold our interests in bottling operations in Poland, Croatia and Romania.

Financing Activities

Our financing activities include net borrowings, dividend payments and share repurchases. Net cash used in financing activities totaled \$2.1 billion in 1996, \$2.3 billion in 1995 and \$1.8 billion in 1994. Cash used to purchase common stock for treasury was \$1.5 billion in 1996 versus \$1.8 billion in 1995. The change between 1995 and 1994 was due, in part, to net borrowings of debt.

Commercial paper is our primary source of short-term financing. On December 31, 1996, we had \$3.2 billion outstanding in commercial paper borrowings. In addition, we had \$1.1 billion in lines of credit and other short-term credit facilities available, under which \$0.2 billion was outstanding. The 1996 and 1995 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 50 functional currencies. In 1996, 1995 and 1994, the weighted-average exchange rates for certain key foreign currencies strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	1996	1995	1994
Key currencies	(9)%	Even	2 %
Australian dollar	6 %	1 %	9 %
British pound	Even	3 %	2 %
Canadian dollar	Even	Even	(5)%
French franc	(4)%	13 %	(1)%
German mark	(6)%	13 %	2 %
Japanese yen	(15)%	9 %	9 %
Mexican peso	(17)%	(46)%	(8)%

These percentages do not reflect the impact of fluctuations in exchange on our operating results, as our foreign currency management program mitigates a portion of such exchange risks. In addition, due to our global operations, weaknesses in some currencies are often offset by strengths in others.

The change in our foreign currency translation adjustment in 1996 was due primarily to the revaluation of net assets located in countries where the local currency significantly weakened versus the U.S. dollar. Exchange gains (losses)-net amounted to \$3 million in 1996, \$(21) million in 1995 and \$(25) million in 1994, and were recorded in other income (deductions)-net. Exchange gains (losses)-net includes 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 59 through 61.

Financial Review Incorporating Management's Discussion and Analysis

FINANCIAL POSITION

The 1996 decrease in our accounts receivable, inventories, property, plant and equipment, goodwill, and accounts payable and accrued expenses is due primarily to the disposition of our previously consolidated bottling and canning operations in France and Belgium and the deconsolidation of our previously consolidated east German bottler. In 1996, our equity method investments increased primarily due to our investments in CCEAG and Coca-Cola y Hit. The 1996 increase in cost method investments includes our investment in Embotelladoras Polar S.A., Embotelladora Andina S.A., Panamerican Beverages and noncash adjustments increasing our investments to fair value. The decrease in accrued income taxes is directly attributable to our 1996 settlement with the IRS, whereby \$320 million of previously accrued income tax liabilities was reversed against current year income tax expense.

The 1995 increase in cost method investments included an increased investment in Panamerican Beverages. In 1995, goodwill and other intangible assets increased as a result of our acquisitions during the year, including Barq's, Inc., and certain fountain syrup manufacturing operations.

IMPACT OF INFLATION AND CHANGING PRICES

Inflation is a factor that affects 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 to 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 upturns in others. Additionally, we have various operational initiatives available to offset the unfavorable impact of such events.

While we cannot predict the future, we believe our opportunities for sustained, profitable growth are considerable, not only in the developing population centers of the world, but also in our oldest, most established markets, including the United States. We firmly believe the strength of our brands, our global presence, our strong financial condition and the skills of our people give us the flexibility to capitalize on these growth opportunities as we continue to pursue our goal of 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 68 of this report. Additional information concerning our operations in geographic areas is presented on page 66.

Selected Financial Data

(In millions except per share data ¹ , ratios and growth rates)	Compound Growth Rates		Year Ended December 31,	
	5 Years	10 Years	1996	1995
Summary of Operations				
Net operating revenues	9.9%	10.3%	\$ 18,546	\$ 18,018
Cost of goods sold	7.7%	6.9%	6,738	6,940
Gross profit	11.3%	12.9%	11,808	11,078
Selling, administrative and general expenses	11.3%	11.6%	7,893	7,052
Operating income	11.1%	15.9%	3,915	4,026
Interest income			238	245
Interest expense			286	272
Equity income			211	169
Other income (deductions)-net			87	86
Gains on issuances of stock by equity investees			431	74
Income from continuing operations before income taxes and changes in accounting principles	14.0%	13.5%	4,596	4,328
Income taxes	7.6%	8.9%	1,104	1,342
Income from continuing operations before changes in accounting principles	16.6%	15.5%	\$ 3,492	\$ 2,986
Net income	16.6%	14.1%	\$ 3,492	\$ 2,986
Preferred stock dividends			—	—
Net income available to common share owners	16.6%	14.1%	\$ 3,492	\$ 2,986
Average common shares outstanding ¹			2,494	2,525
Per Common Share Data¹				
Income from continuing operations before changes in accounting principles	18.1%	17.9%	\$ 1.40	\$ 1.18
Net income	18.1%	16.7%	1.40	1.18
Cash dividends	15.8%	14.4%	.50	.44
Market price on December 31	21.3%	27.3%	52.63	37.13
Total Market Value of Common Stock²	19.6%	24.6%	\$ 130,575	\$ 92,983
Balance Sheet Data				
Cash, cash equivalents and current marketable securities			\$ 1,658	\$ 1,315
Property, plant and equipment-net			3,550	4,336
Depreciation			442	421
Capital expenditures			990	937
Total assets			16,161	15,041
Long-term debt			1,116	1,141
Total debt			4,513	4,064
Share-owners' equity			6,156	5,392
Total capital ²			10,669	9,456
Other Key Financial Measures²				
Total debt-to-total capital			42.3%	43.0%
Net debt-to-net capital			31.4%	32.2%
Return on common equity			60.5%	56.2%
Return on capital			36.7%	34.9%
Dividend payout ratio			35.7%	37.2%
Economic profit ⁷			\$ 2,718	\$ 2,291
Free cash flow			\$ 2,413	\$ 2,102

¹ Adjusted for a two-for-one stock split in 1996.² See Glossary on page 73.³ In 1994, we adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."⁴ In 1993, we adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits."⁵ In 1992, we adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

1994 ³	1993 ⁴	1992 ^{5,6}	1991 ⁶	1990 ⁶	1989 ⁶	1988	1987	1986
\$ 16,181	\$ 13,963	\$ 13,074	\$ 11,572	\$ 10,236	\$ 8,622	\$ 8,065	\$ 7,658	\$ 6,977
6,168	5,160	5,055	4,649	4,208	3,548	3,429	3,633	3,454
10,013	8,803	8,019	6,923	6,028	5,074	4,636	4,025	3,523
6,376	5,704	5,272	4,614	4,078	3,327	3,033	2,673	2,624
3,637	3,099	2,747	2,309	1,950	1,747	1,603	1,352	899
181	144	164	175	170	205	199	232	154
199	168	171	192	231	308	230	297	208
134	91	65	40	110	75	92	64	45
(25)	7	(59)	51	15	45	(38)	(28)	33
—	12	—	—	—	—	—	40	375
3,728	3,185	2,746	2,383	2,014	1,764	1,626	1,363	1,298
1,174	997	863	765	632	553	537	496	471
\$ 2,554	\$ 2,188	\$ 1,883	\$ 1,618	\$ 1,382	\$ 1,211	\$ 1,089	\$ 867	\$ 827
\$ 2,554	\$ 2,176	\$ 1,664	\$ 1,618	\$ 1,382	\$ 1,537	\$ 1,045	\$ 916	\$ 934
—	—	—	1	18	21	7	—	—
\$ 2,554	\$ 2,176	\$ 1,664	\$ 1,617	\$ 1,364	\$ 1,516 ⁸	\$ 1,038	\$ 916	\$ 934
2,580	2,603	2,634	2,666	2,674	2,768	2,917	3,019	3,095
\$.99	\$.84	\$.72	\$.61	\$.51	\$.43	\$.37	\$.29	\$.27
.99	.84	.63	.61	.51	.55 ⁸	.36	.30	.30
.39	.34	.28	.24	.20	.17	.15	.14	.13
25.75	22.31	20.94	20.06	11.63	9.66	5.58	4.77	4.72
\$ 65,711	\$ 57,905	\$ 54,728	\$ 53,325	\$ 31,073	\$ 26,034	\$ 15,834	\$ 14,198	\$ 14,534
\$ 1,531	\$ 1,078	\$ 1,063	\$ 1,117	\$ 1,492	\$ 1,182	\$ 1,231	\$ 1,489	\$ 895
4,080	3,729	3,526	2,890	2,386	2,021	1,759	1,602	1,538
382	333	310	254	236	181	167	152	151
878	800	1,083	792	593	462	387	304	346
13,873	12,021	11,052	10,189	9,245	8,249	7,451	8,606	7,675
1,426	1,428	1,120	985	536	549	761	909	996
3,509	3,100	3,207	2,288	2,537	1,980	2,124	2,995	1,848
5,235	4,584	3,888	4,239	3,662	3,299	3,345	3,187	3,479
8,744	7,684	7,095	6,527	6,199	5,279	5,469	6,182	5,327
40.1%	40.3%	45.2%	35.1%	40.9%	37.5%	38.8%	48.4%	34.7%
25.5%	29.0%	33.1%	24.1%	24.6%	15.6%	21.1%	21.1%	15.4%
52.0%	51.7%	46.4%	41.3%	41.4%	39.4%	34.7%	26.0%	25.7%
32.7%	31.2%	29.4%	27.5%	26.8%	26.5%	21.3%	18.3%	20.1%
39.4%	40.6%	44.3%	39.5%	39.2%	31.0% ⁸	42.1%	46.0%	43.1%
\$ 1,896	\$ 1,549	\$ 1,300	\$ 1,073	\$ 920	\$ 859	\$ 717	\$ 530	\$ 594
\$ 2,146	\$ 1,623	\$ 873	\$ 960	\$ 844	\$ 1,664	\$ 1,517	\$ 1,023	\$ 186

⁶ In 1992, we adopted SFAS No. 109, "Accounting for Income Taxes," by restating financial statements beginning in 1989.⁷ The calculation of economic profit has been modified and amounts prior to 1996 have been restated.⁸ Net income available to common share owners in 1989 included after-tax gains of \$604 million (\$.22 per common share) from the sales of our equity interest in Columbia Pictures Entertainment, Inc. and our bottled water business, and the transition effect of \$265 million related to the change in accounting for income taxes. Excluding these nonrecurring items, our dividend payout ratio in 1989 was 39.9 percent.

Consolidated Balance Sheets

December 31,	1996	1995
<i>(In millions except share data)</i>		
Assets		
Current		
Cash and cash equivalents	\$ 1,433	\$ 1,167
Marketable securities	225	148
	1,658	1,315
Trade accounts receivable, less allowances of \$30 in 1996 and \$34 in 1995	1,641	1,695
Inventories	952	1,117
Prepaid expenses and other assets	1,659	1,323
Total Current Assets	5,910	5,450
Investments and Other Assets		
Equity method investments		
Coca-Cola Enterprises Inc.	547	556
Coca-Cola Amatil Limited	881	682
Other, principally bottling companies	2,004	1,157
Cost method investments, principally bottling companies	737	319
Marketable securities and other assets	1,779	1,597
	5,948	4,311
Property, Plant and Equipment		
Land	204	233
Buildings and improvements	1,528	1,944
Machinery and equipment	3,649	4,135
Containers	200	345
	5,581	6,657
Less allowances for depreciation	2,031	2,321
	3,550	4,336
Goodwill and Other Intangible Assets		
	753	944
	\$ 16,161	\$ 15,041

December 31,	1996	1995
Liabilities and Share-Owners' Equity		
Current		
Accounts payable and accrued expenses	\$ 2,972	\$ 3,103
Loans and notes payable	3,388	2,371
Current maturities of long-term debt	9	552
Accrued income taxes	1,037	1,322
Total Current Liabilities	7,406	7,348
Long-Term Debt	1,116	1,141
Other Liabilities	1,182	966
Deferred Income Taxes	301	194
Share-Owners' Equity		
Common stock, \$.25 par value		
Authorized: 5,600,000,000 shares		
Issued: 3,432,956,518 shares in 1996; 3,423,678,994 shares in 1995	858	856
Capital surplus	1,058	863
Reinvested earnings	15,127	12,882
Unearned compensation related to outstanding restricted stock	(61)	(68)
Foreign currency translation adjustment	(662)	(424)
Unrealized gain on securities available for sale	156	82
	16,476	14,191
Less treasury stock, at cost (951,963,574 shares in 1996; 919,081,326 shares in 1995)	10,320	8,799
	6,156	5,392
	\$ 16,161	\$ 15,041

See Notes to Consolidated Financial Statements.

Consolidated Statements of Income

Year Ended December 31,	1996	1995	1994
<i>(In millions except per share data)</i>			
Net Operating Revenues	\$ 18,546	\$ 18,018	\$ 16,181
Cost of goods sold	6,738	6,940	6,168
Gross Profit	11,808	11,078	10,013
Selling, administrative and general expenses	7,893	7,052	6,376
Operating Income	3,915	4,026	3,637
Interest income	238	245	181
Interest expense	286	272	199
Equity income	211	169	134
Other income (deductions)-net	87	86	(25)
Gains on issuances of stock by equity investees	431	74	—
Income before Income Taxes	4,596	4,328	3,728
Income taxes	1,104	1,342	1,174
Net Income	\$ 3,492	\$ 2,986	\$ 2,554
Net Income per Share	\$ 1.40	\$ 1.18	\$.99
Average Shares Outstanding	2,494	2,525	2,580

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Year Ended December 31,	1996	1995	1994
<i>(In millions)</i>			
Operating Activities			
Net income	\$ 3,492	\$ 2,986	\$ 2,554
Depreciation and amortization	479	454	411
Deferred income taxes	(145)	157	58
Equity income, net of dividends	(89)	(25)	(4)
Foreign currency adjustments	(60)	(23)	(6)
Gains on issuances of stock by equity investees	(431)	(74)	—
Other noncash items	181	45	41
Net change in operating assets and liabilities	36	(192)	307
Net cash provided by operating activities	3,463	3,328	3,361
Investing Activities			
Acquisitions and investments, principally bottling companies	(645)	(338)	(311)
Purchases of investments and other assets	(623)	(403)	(379)
Proceeds from disposals of investments and other assets	1,302	580	299
Purchases of property, plant and equipment	(990)	(937)	(878)
Proceeds from disposals of property, plant and equipment	81	44	109
Other investing activities	(175)	(172)	(55)
Net cash used in investing activities	(1,050)	(1,226)	(1,215)
Net cash provided by operations after reinvestment	2,413	2,102	2,146
Financing Activities			
Issuances of debt	1,122	754	491
Payments of debt	(580)	(212)	(154)
Issuances of stock	124	86	69
Purchases of stock for treasury	(1,521)	(1,796)	(1,192)
Dividends	(1,247)	(1,110)	(1,006)
Net cash used in financing activities	(2,102)	(2,278)	(1,792)
Effect of Exchange Rate Changes on Cash and Cash Equivalents			
	(45)	(43)	34
Cash and Cash Equivalents			
Net increase (decrease) during the year	266	(219)	388
Balance at beginning of year	1,167	1,386	998
Balance at end of year	\$ 1,433	\$ 1,167	\$ 1,386

See Notes to Consolidated Financial Statements.

Consolidated Statements of Share-Owners' Equity

Three Years Ended December 31, 1996	Number of Common Shares Outstanding ¹	Common Stock ¹	Capital Surplus ¹	Reinvested Earnings	Outstanding Restricted Stock	Foreign Currency Translation	Unrealized Gain on Securities	Treasury Stock
<i>(In millions except per share data¹)</i>								
Balance December 31, 1993	2,595	\$ 852	\$ 660	\$ 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	8	2	67	—	—	—	—	—
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	(51) ²	—	—	—	—	—	—	(1,192)
Net income	—	—	—	2,554	—	—	—	—
Dividends (per share-.39)	—	—	—	(1,006)	—	—	—	—
Balance December 31, 1994	2,552	854	746	11,006	(74)	(272)	48	(7,073)
Stock issued to employees exercising stock options	8	2	84	—	—	—	—	—
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	(58) ²	—	—	—	—	—	—	(1,796)
Treasury stock issued in connection with an acquisition	3	—	—	—	—	—	—	70
Net income	—	—	—	2,986	—	—	—	—
Dividends (per share-.44)	—	—	—	(1,110)	—	—	—	—
Balance December 31, 1995	2,505	856	863	12,882	(68)	(424)	82	(8,799)
Stock issued to employees exercising stock options	9	2	122	—	—	—	—	—
Tax benefit from employees' stock option and restricted stock plans	—	—	63	—	—	—	—	—
Stock issued under restricted stock plans, less amortization of \$15	—	—	10	—	7	—	—	—
Translation adjustments	—	—	—	—	—	(238)	—	—
Net change in unrealized gain on securities, net of deferred taxes	—	—	—	—	—	—	74	—
Purchases of stock for treasury	(33) ²	—	—	—	—	—	—	(1,521)
Net income	—	—	—	3,492	—	—	—	—
Dividends (per share-.50)	—	—	—	(1,247)	—	—	—	—
Balance December 31, 1996	2,481	\$ 858	\$ 1,058	\$ 15,127	\$ (61)	\$ (662)	\$ 156	\$ (10,320)

¹ Adjusted for a two-for-one stock split in 1996.² Common stock purchased from employees exercising stock options numbered 881 thousand, 561 thousand and 416 thousand shares for the years ending December 31, 1996, 1995 and 1994, respectively.

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Coca-Cola Company and subsidiaries (our Company) is predominantly a manufacturer, marketer and distributor of soft drink and noncarbonated beverage concentrates and syrups. Operating in nearly 200 countries worldwide, we primarily sell our concentrates and syrups to bottling and canning operations, fountain wholesalers and fountain retailers. We have significant markets for our products in all of the world's geographic regions. We record revenue when title passes to our customers.

Basis of Presentation

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

Consolidation

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

Issuances of Stock by Equity Investees

When one of our equity investees sells additional shares to third parties, our percentage ownership interest in the investee decreases. In the event the selling price per share is more or less than our average carrying amount per share, we recognize a noncash gain or loss on the issuance. This noncash gain or loss, net of any deferred taxes, is recognized in our net income in the period the change of ownership interest occurs.

Advertising Costs

Our 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 \$1,437 million in 1996, \$1,292 million in 1995 and \$1,114 million in 1994. As of December 31, 1996 and 1995, advertising costs of approximately \$247 million and \$299 million, respectively, were recorded primarily in prepaid expenses and other assets in our 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 April 17, 1996, our share owners approved an increase in the authorized common stock of our Company from 2.8 billion to 5.6 billion shares and a two-for-one stock split. The stated par value of

each share remained at \$.25 per share. Our financial statements have been restated to reflect these changes.

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 consist primarily of raw materials and supplies and 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 \$86 million and \$117 million on December 31, 1996 and 1995, respectively.

Use of Estimates

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

New Accounting Standards

We adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), in 1996. 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 Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. We have elected to continue using the intrinsic value method to account for our stock-based compensation plans. SFAS 123 requires companies electing to continue using the intrinsic value method to make certain pro forma disclosures (see Note 11).

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), was adopted as of January 1, 1996. SFAS 121 standardized the accounting practices for the recognition

Notes to Consolidated Financial Statements

and measurement of impairment losses on certain long-lived assets. The adoption of SFAS 121 was not material to our results of operations or financial position. However, the provisions of SFAS 121 required certain charges, historically recorded by our Company in other income (deductions)-net, to be included in operating income.

2. BOTTLING INVESTMENTS

Coca-Cola Enterprises Inc.

Coca-Cola Enterprises is the largest soft drink bottler in the world. Our Company owns approximately 45 percent of the outstanding common stock of Coca-Cola Enterprises, and accordingly we account for our investment by the equity method of accounting. On December 31, 1996, the excess of our equity in the underlying net assets of Coca-Cola Enterprises over our investment was approximately \$150 million, which is primarily being amortized on a straight-line basis over 40 years. A summary of financial information for Coca-Cola Enterprises is as follows (in millions):

December 31,	1996	1995
Current assets	\$ 1,319	\$ 982
Noncurrent assets	9,915	8,082
Total assets	\$ 11,234	\$ 9,064
Current liabilities	\$ 1,390	\$ 859
Noncurrent liabilities	8,294	6,770
Total liabilities	\$ 9,684	\$ 7,629
Share-owners' equity	\$ 1,550	\$ 1,435
Company equity investment	\$ 547	\$ 556

Year Ended December 31,	1996	1995	1994
Net operating revenues	\$ 7,921	\$ 6,773	\$ 6,011
Cost of goods sold	4,896	4,267	3,703
Gross profit	\$ 3,025	\$ 2,506	\$ 2,308
Operating income	\$ 545	\$ 468	\$ 440
Cash operating profit ¹	\$ 1,172	\$ 997	\$ 901
Net income	\$ 114	\$ 82	\$ 69
Net income available to common share owners	\$ 106	\$ 80	\$ 67
Company equity income	\$ 53	\$ 35	\$ 30

Our net concentrate/syrup sales to Coca-Cola Enterprises were \$1.6 billion in 1996, \$1.3 billion in 1995 and \$1.2 billion in 1994. Coca-Cola Enterprises purchases sweeteners through our Company; however, related collections from Coca-Cola Enterprises and payments to suppliers are not included in our consolidated statements of income. These transactions amounted to \$247 million in 1996, \$242 million in 1995 and \$254 million in 1994. We also provide certain administrative and other services to Coca-Cola Enterprises under negotiated fee arrangements.

Our direct support for certain marketing activities of Coca-Cola Enterprises and participation with them in cooperative advertising and other marketing programs amounted to approximately \$448 million in 1996, \$343 million in 1995 and \$319 million in 1994. Additionally, in 1996 and 1995, we committed approximately \$120 million and \$55 million, respectively, to Coca-Cola Enterprises under a Company program that encourages bottlers to invest in building and supporting beverage infrastructure.

If valued at the December 31, 1996, quoted closing price of publicly traded Coca-Cola Enterprises shares, the calculated value of our investment in Coca-Cola Enterprises would have exceeded its carrying value by approximately \$2.2 billion.

Coca-Cola Amatil Limited

We own approximately 36 percent of Coca-Cola Amatil, an Australian-based bottler of our products that operates in 17 countries. Accordingly, we account for our investment in Coca-Cola Amatil by the equity method. On December 31, 1996, the excess of our investment over our equity in the underlying net assets of Coca-Cola Amatil was approximately \$137 million, which we are amortizing on a straight-line basis over 40 years. A summary of financial information for Coca-Cola Amatil is as follows (in millions):

December 31,	1996	1995
Current assets	\$ 1,847	\$ 1,129
Noncurrent assets	2,913	2,310
Total assets	\$ 4,760	\$ 3,439
Current liabilities	\$ 1,247	\$ 1,077
Noncurrent liabilities	1,445	881
Total liabilities	\$ 2,692	\$ 1,958
Share-owners' equity	\$ 2,068	\$ 1,481
Company equity investment	\$ 881	\$ 682

Year Ended December 31,	1996	1995	1994
Net operating revenues	\$ 2,905	\$ 2,193	\$ 1,670
Cost of goods sold	1,737	1,311	981
Gross profit	\$ 1,168	\$ 882	\$ 689
Operating income	\$ 215	\$ 214	\$ 156
Cash operating profit ¹	\$ 384	\$ 329	\$ 247
Net income	\$ 80	\$ 75	\$ 68
Company equity income	\$ 27	\$ 28	\$ 28

Our net concentrate sales to Coca-Cola Amatil were approximately \$450 million in 1996, \$340 million in 1995 and \$270 million in 1994. We also participate in various marketing, promotional and other activities with Coca-Cola Amatil.

If valued at the December 31, 1996, quoted closing price of publicly traded Coca-Cola Amatil shares, the calculated value of our investment in Coca-Cola Amatil would have exceeded its carrying value by approximately \$1.2 billion.

Notes to Consolidated Financial Statements

Other Equity Investments

Operating results include our proportionate share of income from our equity investments since the respective dates of those investments. A summary of financial information for our equity investments in the aggregate, other than Coca-Cola Enterprises and Coca-Cola Amatil, is as follows (in millions):

December 31,	1996	1995
Current assets	\$ 2,792	\$ 1,889
Noncurrent assets	8,783	5,006
Total assets	\$ 11,575	\$ 6,895
Current liabilities	\$ 2,758	\$ 1,933
Noncurrent liabilities	4,849	2,555
Total liabilities	\$ 7,607	\$ 4,488
Share-owners' equity	\$ 3,968	\$ 2,407
Company equity investment	\$ 2,004	\$ 1,157

Year Ended December 31,	1996	1995	1994
Net operating revenues	\$ 11,640	\$ 9,370	\$ 7,998
Cost of goods sold	8,028	6,335	5,416
Gross profit	\$ 3,612	\$ 3,035	\$ 2,582
Operating income	\$ 835	\$ 632	\$ 633
Cash operating profit ¹	\$ 1,268	\$ 1,079	\$ 875
Net income	\$ 366	\$ 280	\$ 255
Company equity income	\$ 131	\$ 106	\$ 76

Equity investments include certain non-bottling investees.

¹ Cash operating profit is defined as operating income plus depreciation expense, amortization expense and other noncash operating expenses.

Net sales to equity investees other than Coca-Cola Enterprises and Coca-Cola Amatil were \$1.5 billion in 1996, \$1.2 billion in 1995 and \$1.0 billion in 1994. Our Company also participates in various marketing, promotional and other activities with these investees, the majority of which are located outside the United States.

In July 1996, we sold our interests in our French and Belgian bottling and canning operations to Coca-Cola Enterprises in return for cash consideration of approximately \$936 million. Also in 1996, we contributed cash and our Venezuelan bottling interests to a new joint venture, Embotelladora Coca-Cola y Hit de Venezuela, S.A., in exchange for a 50 percent ownership interest. Accordingly, we account for our investment by the equity method.

During 1995, our 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, 1996, we held a 49 percent voting and economic interest in CCNY. Accordingly, we account for our investment in CCNY by the equity method.

If valued at the December 31, 1996, quoted closing prices of shares actively traded on stock markets, the calculated value of our equity investments in publicly traded bottlers other than Coca-Cola Enterprises and Coca-Cola Amatil would have exceeded our carrying value by approximately \$574 million.

3. ISSUANCES OF STOCK BY EQUITY INVESTEES

In the third quarter of 1996, our previously wholly owned subsidiary, Coca-Cola Erfrischungsgetränke G.m.b.H. (CCEG), issued approximately 24.4 million shares of common stock as part of a merger with three independent German bottlers of our products. The shares were valued at approximately \$925 million, based upon the fair values of the assets of the three acquired bottling companies. In connection with CCEG's issuance of shares, a new corporation was established, Coca-Cola Erfrischungsgetränke AG (CCEAG), and our ownership was reduced to 45 percent of the resulting corporation. As a result, we will account for our related investment by the equity method of accounting, prospectively from the transaction date. This transaction resulted in a noncash pretax gain of \$283 million to our Company. Our German subsidiary has provided deferred taxes of approximately \$171 million related to this gain.

Also in the third quarter of 1996, Coca-Cola Amatil issued approximately 46 million shares in exchange for approximately \$522 million. This issuance reduced our Company's ownership percentage in Coca-Cola Amatil from approximately 39 percent to approximately 36 percent. This transaction resulted in a noncash pretax gain of \$130 million to our Company. We have provided deferred taxes of approximately \$47 million on this gain.

In 1996, Coca-Cola FEMSA de Buenos Aires, S.A. issued approximately 19 million shares to Coca-Cola FEMSA, S.A. de C.V. This issuance reduced our ownership in Coca-Cola FEMSA de Buenos Aires, S.A. from 49 percent to approximately 32 percent. We recognized a noncash pretax gain of approximately \$18 million as a result of this transaction. In a subsequent transaction, our ownership in Coca-Cola FEMSA de Buenos Aires, S.A. was reduced to 25 percent.

In the third quarter of 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 interest in Coca-Cola Amatil was diluted to approximately 40 percent. This transaction resulted in a noncash pretax gain of \$74 million. We provided deferred taxes of approximately \$27 million on this gain.

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

December 31,	1996	1995
Accrued marketing	\$ 510	\$ 492
Container deposits	64	130
Accrued compensation	169	198
Sales, payroll and other taxes	174	209
Accounts payable and other accrued expenses	2,055	2,074
	\$ 2,972	\$ 3,103

Notes to Consolidated Financial Statements

5. SHORT-TERM BORROWINGS AND CREDIT ARRANGEMENTS

Loans and notes payable consist primarily of commercial paper issued in the United States. On December 31, 1996, we had \$3.2 billion outstanding in commercial paper borrowings. In addition, we had \$1.1 billion in lines of credit and other short-term credit facilities available, under which \$0.2 billion was outstanding. Our weighted-average interest rates for commercial paper were approximately 5.6 and 5.7 percent on December 31, 1996 and 1995, 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 our Company.

6. LONG-TERM DEBT

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

December 31,	1996	1995
7¼% U.S. dollar notes due 1996	\$ —	\$ 250
5¼% Japanese yen notes due 1996	—	292
5¼% German mark notes due 1998 ¹	161	175
7¼% U.S. dollar notes due 1998	250	250
6% U.S. dollar notes due 2000	251	252
6¼% U.S. dollar notes due 2002	150	149
6% U.S. dollar notes due 2003	150	150
7¼% U.S. dollar notes due 2093	116	116
Other, due 1997 to 2013	47	59
	1,125	1,693
Less current portion	9	552
	\$ 1,116	\$ 1,141

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

After giving effect to interest rate management instruments (see Note 8), the principal amount of our long-term debt that had fixed and variable interest rates, respectively, was \$261 million and \$864 million on December 31, 1996, and \$1,017 million and \$676 million on December 31, 1995. The weighted-average interest rate on our Company's long-term debt was 5.9 and 6.5 percent on December 31, 1996 and 1995, respectively. Interest paid was approximately \$315 million, \$275 million and \$197 million in 1996, 1995 and 1994, respectively.

Maturities of long-term debt for the five years succeeding December 31, 1996, are as follows (in millions):

1997	1998	1999	2000	2001
\$ 9	\$ 422	\$ 16	\$ 257	\$ 2

The above notes include various restrictions, none of which is presently significant to our Company.

7. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The carrying amounts reflected in our consolidated balance sheets for cash, cash equivalents, marketable equity securities, investments, receivables, loans and notes payable and long-term debt approximate their respective fair values. Fair values are based primarily on quoted prices for those or similar instruments. A comparison of the carrying value and fair value of our hedging instruments is included in Note 8.

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, 1996 and 1995, we 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, 1996 and 1995, 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
1996				
Available-for-sale securities				
Equity securities	\$ 377	\$ 259	\$ (2)	\$ 634
Collateralized mortgage obligations	145	—	(5)	140
Other debt securities	24	—	(1)	23
	\$ 546	\$ 259	\$ (8)	\$ 797
Held-to-maturity securities				
Bank and corporate debt	\$ 1,550	\$ —	\$ (9)	\$ 1,541
Other debt securities	58	—	—	58
	\$ 1,608	\$ —	\$ (9)	\$ 1,599

Notes to Consolidated Financial Statements

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

On December 31, 1996 and 1995, these investments were included in the following captions on our consolidated balance sheets (in millions):

December 31,	Available-for-Sale Securities	Held-to-Maturity Securities
1996		
Cash and cash equivalents	\$ —	\$ 1,208
Current marketable securities	68	157
Cost method investments, principally bottling companies	584	—
Marketable securities and other assets	145	243
	\$ 797	\$ 1,608
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

The contractual maturities of these investments as of December 31, 1996, were as follows (in millions):

	Available-for-Sale Securities		Held-to-Maturity Securities	
	Cost	Fair Value	Amortized Cost	Fair Value
1997	\$ 21	\$ 20	\$ 1,365	\$ 1,365
1998-2001	3	3	223	214
After 2001	—	—	20	20
Collateralized mortgage obligations	145	140	—	—
Equity securities	377	634	—	—
	\$ 546	\$ 797	\$ 1,608	\$ 1,599

For the years ended December 31, 1996 and 1995, 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.

8. HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

Our Company employs derivative financial instruments primarily to reduce our exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. 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. We effectively monitor 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 our derivatives are "over-the-counter" instruments.

The estimated fair values of derivatives used to hedge or modify our risks 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 our exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks.

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 our exposure through our use of derivatives. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, exchange rates or other financial indices.

Notes to Consolidated Financial Statements

We have established strict counterparty credit guidelines and only enter 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, we have provisions requiring 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, we enter into derivative transactions with a portfolio of financial institutions. As a result, we consider the risk of counterparty default to be minimal.

Interest Rate Management

Our management has implemented a policy to maintain our percentage of fixed and variable rate debt within certain parameters. We enter into interest rate swap agreements that maintain the fixed/variable mix within these defined parameters. These contracts had maturities ranging from one to seven years on December 31, 1996. Variable rates are predominantly linked to 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, our Company enters into interest rate cap agreements that entitle us to receive from a financial institution the amount, if any, by which our interest payments on our 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 to the interest expense on the underlying debt instruments.

Foreign Currency Management

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

We enter into forward exchange contracts and purchase currency options (principally European currencies and Japanese yen) to hedge firm sale commitments denominated in foreign currencies. We also purchase 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 \$17 million and \$27 million of realized losses on settled contracts entered into as hedges of firmly committed transactions that have not yet occurred were deferred on December 31, 1996 and 1995, respectively. Deferred gains/losses from hedging anticipated transactions were not material on December 31, 1996 or 1995. 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 our 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 our derivative financial instruments outstanding on December 31, 1996 and 1995 (in millions):

December 31,	Notional Principal Amounts	Carrying Values	Fair Values	Maturity
1996				
Interest rate management				
Swap agreements				
Assets	\$ 893	\$ 5	\$ 13	1997-2003
Liabilities	25	—	1	2002
Interest rate caps				
Assets	400	1	—	1997
Foreign currency management				
Forward contracts				
Assets	5	1	(2)	1997
Liabilities	2,541	(53)	(42)	1997-1998
Swap agreements				
Assets	398	18	12	1997-1998
Liabilities	1,086	(12)	(114)	1997-2002
Purchased options				
Assets	1,873	42	89	1997
Other				
Assets	537	67	33	1997
	\$ 7,758	\$ 69	\$ (10)	

Notes to Consolidated Financial Statements

December 31, 1995	Notional Principal Amounts	Carrying Values	Fair Values	Maturity
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)	

Maturities of derivative financial instruments held on December 31, 1996, are as follows (in millions):

1997	1998	1999	2000-2003
\$ 6,037	\$ 622	\$ 204	\$ 895

9. COMMITMENTS AND CONTINGENCIES

On December 31, 1996, we were contingently liable for guarantees of indebtedness owed by third parties in the amount of \$274 million, of which \$34 million related to independent bottling licensees.

The Mitsubishi Bank Limited has provided a yen denominated guarantee for the equivalent of \$269 million in support of a suspension of enforcement of a tax assessment levied by the Japanese tax authorities. We have 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 income tax payable to Japan should be offset by income tax credits in the United States and would not adversely affect earnings.

Through our finance subsidiary, we have agreed to issue up to \$50 million in letters of credit on CCNY's behalf, of which \$21 million was committed on December 31, 1996.

We do not consider it probable that we will be required to satisfy these guarantees or indemnification agreements. The fair value of these contingent liabilities is immaterial to our consolidated financial statements.

We believe our exposure to concentrations of credit risk is limited, due to the diverse geographic areas covered by our operations.

Additionally, under certain circumstances, we have committed to make future investments in bottling companies. However, we do not consider any of these commitments to be individually significant.

10. 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,	1996	1995	1994
Increase in trade accounts receivable	\$ (230)	\$ (255)	\$ (169)
(Increase) decrease in inventories	(33)	(80)	43
Increase in prepaid expenses and other assets	(65)	(160)	(95)
Increase in accounts payable and accrued expenses	361	214	197
Increase (decrease) in accrued taxes	(208)	26	200
Increase in other liabilities	211	63	131
	\$ 36	\$ (192)	\$ 307

11. RESTRICTED STOCK, STOCK OPTIONS AND OTHER STOCK PLANS

Our Company sponsors restricted stock award plans, stock option plans, Incentive Unit Agreements and Performance Unit Agreements. Our Company applies APB Opinion No. 25 and related Interpretations in accounting for our plans. Accordingly, for our stock option plans, no compensation cost has been recognized. The compensation cost that has been charged against income for our restricted stock award plans was \$63 million in 1996 and \$45 million in 1995. For our Incentive Unit Agreements and Performance Unit Agreements, the charge against income was \$90 million in 1996 and \$64 million in 1995. Had compensation cost for the stock option plans been determined based on the fair value at the grant dates for awards under the plans, consistent with the alternative method set forth under SFAS 123, our Company's net income and net income per share would have been reduced.

Notes to Consolidated Financial Statements

The pro forma amounts are indicated below (in millions, except per share amounts):

Year Ended December 31,	1996	1995
Net income		
As reported	\$ 3,492	\$ 2,986
Pro forma	\$ 3,412	\$ 2,933
Net income per share		
As reported	\$ 1.40	\$ 1.18
Pro forma	\$ 1.37	\$ 1.16

Under the amended 1989 Restricted Stock Award Plan and the amended 1983 Restricted Stock Award Plan (the Restricted Stock Award Plans), 40 million and 24 million shares of restricted common stock, respectively, may be granted to certain officers and key employees of our Company.

On December 31, 1996, 34 million shares were available for grant under the Restricted Stock Award Plans. In 1996 and 1995, 210,000 and 190,000 shares of restricted stock were granted at \$48.88 and \$35.63, respectively. Participants are entitled to vote and receive dividends on the shares, and under the 1983 Restricted Stock Award Plan, participants are reimbursed by our 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 our Company for reasons other than retirement, disability or death, absent a change in control of our Company.

Under our 1991 Stock Option Plan (the Option Plan), a maximum of 120 million shares of our 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 to purchase common stock under the Option Plan have been granted to Company employees at fair market value at the date of grant. Generally, stock options become exercisable over a three-year vesting period and expire 10 years from the date of grant.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1996 and 1995, respectively: dividend yields of 1.0 and 1.3 percent; expected volatility of 18.3 and 20.1 percent; risk-free interest rates of 6.2 and 5.9 percent; and expected lives of four years for both years. The weighted-average fair value of options granted was \$11.43 and \$8.13 for the years ended December 31, 1996 and 1995, respectively.

A summary of stock option activity under all plans is as follows (shares in millions):

	1996		1995		1994	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding on January 1,	74	\$ 20.74	65	\$ 15.53	60	\$ 12.38
Granted	14	48.86	18	34.88	14	25.35
Exercised	(9)	13.72	(8)	10.63	(8)	7.81
Forfeited/Expired	(1)	31.62	(1)	24.84	(1)	20.95
Outstanding on December 31,	78	\$ 26.50	74	\$ 20.74	65	\$ 15.53
Exercisable on December 31,	51	\$ 18.69	45	\$ 14.22	43	\$ 11.31
Shares Available on December 31, for options that may be granted	46		59		76	

The following table summarizes information about stock options at December 31, 1996 (shares in millions):

Range of Exercise Prices	Outstanding Stock Options			Exercisable Stock Options	
	Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
\$ 3.00 to \$ 10.00	16	2.2 years	\$ 6.74	16	\$ 6.74
\$ 10.01 to \$ 20.00	5	4.5 years	\$ 14.44	5	\$ 14.44
\$ 20.01 to \$ 30.00	28	7.1 years	\$ 23.60	24	\$ 23.16
\$ 30.01 to \$ 40.00	15	8.8 years	\$ 35.63	6	\$ 35.63
\$ 40.01 to \$ 50.00	14	9.8 years	\$ 48.86	—	—
\$ 3.00 to \$ 50.00	78	6.8 years	\$ 26.50	51	\$ 18.69

Notes to Consolidated Financial Statements

In 1988, our 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 2.4 million shares of our common stock at the measurement dates. Under the Incentive Unit Agreements, the employee is reimbursed by our Company for income taxes imposed when the value of the units is paid, but not for taxes generated by the reimbursement payment. At December 31, 1996 and 1995, approximately 1.6 million units were outstanding.

In 1985, we entered into Performance Unit Agreements, whereby certain officers were given the right to receive cash awards based on the difference in the market value of approximately 4.4 million shares of our common stock at the measurement dates and the base price of \$2.58, the market value as of January 2, 1985. At December 31, 1996 and 1995, approximately 2.9 million units were outstanding.

12. PENSION AND OTHER POSTRETIREMENT BENEFITS

Our 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. We generally fund pension costs currently, subject to regulatory funding limitations. We also sponsor nonqualified, unfunded defined benefit plans for certain officers and other employees. In addition, our 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 \$85 million in 1996, \$81 million in 1995 and \$73 million in 1994. Net periodic pension cost for our defined benefit plans consists of the following (in millions):

Year Ended December 31,	1996	1995	1994
Service cost-benefits earned during the period	\$ 48	\$ 43	\$ 46
Interest cost on projected benefit obligation	91	89	78
Actual return on plan assets	(169)	(211)	(25)
Net amortization and deferral	103	145	(39)
Net periodic pension cost	\$ 73	\$ 66	\$ 60

The funded status of our defined benefit plans is as follows (in millions):

December 31,	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets	
	1996	1995	1996	1995
Actuarial present value of benefit obligations				
Vested benefit obligation	\$ 704	\$ 731	\$ 343	\$ 286
Accumulated benefit obligation	\$ 768	\$ 790	\$ 384	\$ 316
Projected benefit obligation	\$ 890	\$ 919	\$ 485	\$ 394
Plan assets at fair value ¹	1,126	1,044	156	112
Plan assets in excess of (less than) projected benefit obligation	236	125	(329)	(282)
Unrecognized net (asset) liability at transition	(39)	(44)	36	41
Unrecognized prior service cost	33	38	16	25
Unrecognized net (gain) loss	(191)	(84)	104	54
Adjustment required to recognize minimum liability	—	—	(66)	(60)
Accrued pension asset (liability) included in the consolidated balance sheet	\$ 39	\$ 35	\$ (239)	\$ (222)

¹ Primarily listed stocks, bonds and government securities.

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

Year Ended December 31,	1996	1995	1994
Discount rates	7¼%	7%	7½%
Rates of increase in compensation levels	4¾%	4¾%	5%
Expected long-term rates of return on assets	8½%	8½%	8¾%

Our 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 our postretirement health care and life insurance benefits consists of the following (in millions):

Year Ended December 31,	1996	1995	1994
Service cost	\$ 12	\$ 12	\$ 12
Interest cost	20	23	21
Other	(3)	(2)	(1)
	\$ 29	\$ 33	\$ 32

Notes to Consolidated Financial Statements

In addition, we contribute to a Voluntary Employees' Beneficiary Association trust that will be used to partially fund health care benefits for future retirees. Generally, we fund 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 our postretirement health care and life insurance plans is as follows (in millions):

December 31,	1996	1995
Accumulated postretirement benefit obligations:		
Retirees	\$ 114	\$ 122
Fully eligible active plan participants	35	40
Other active plan participants	130	141
Total benefit obligation	279	303
Plan assets at fair value ¹	41	42
Plan assets less than benefit obligation	(238)	(261)
Unrecognized prior service cost	5	(3)
Unrecognized net gain	(57)	(9)
Accrued postretirement benefit liability included in the consolidated balance sheet	\$ (290)	\$ (273)

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,	1996	1995	1994
Discount rate	7¾%	7¼%	8¼%
Rates of increase in compensation levels	5%	4¾%	5¼%

The rate of increase in the per capita costs of covered health care benefits is assumed to be 7¾ percent in 1997, decreasing gradually to 5¼ percent by the year 2003. Increasing the assumed health care cost trend rate by one percentage point would increase the accumulated postretirement benefit obligation as of December 31, 1996, by approximately \$33 million and increase the net periodic postretirement benefit cost by approximately \$5 million in 1996.

13. INCOME TAXES

Income before income taxes consists of the following (in millions):

Year Ended December 31,	1996	1995	1994
United States	\$ 1,168	\$ 1,270	\$ 1,214
International	3,428	3,058	2,514
	\$ 4,596	\$ 4,328	\$ 3,728

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

Year Ended December 31,	United States	State & Local	International	Total
1996				
Current	\$ 256	\$ 79	\$ 914	\$ 1,249
Deferred	(264)	(29)	148	(145)
1995				
Current	\$ 204	\$ 41	\$ 940	\$ 1,185
Deferred	80	10	67	157
1994				
Current	\$ 299	\$ 38	\$ 779	\$ 1,116
Deferred	24	5	29	58

We made income tax payments of approximately \$1,242 million, \$1,000 million and \$785 million in 1996, 1995 and 1994, respectively.

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

Year Ended December 31,	1996	1995	1994
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	(3.3)	(3.9)	(4.3)
Equity income	(1.7)	(1.7)	(1.1)
Tax settlement	(7.0)	—	—
Other-net	—	.6	.9
	24.0%	31.0%	31.5%

In 1996, we reached an agreement in principle with the U.S. Internal Revenue Service (IRS) settling certain U.S.-related income tax matters. The agreement included issues in litigation involving our operations in Puerto Rico, dating back to the 1981 tax year and extending through 1995. This agreement resulted in a one-time reduction of \$320 million to our 1996 income tax expense as a result of reversing previously accrued contingent income tax liabilities.

Our effective tax rate reflects the favorable U.S. tax treatment of 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 of operations in Puerto Rico. Our 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. Our 1996 effective tax rate would have been 31 percent, excluding the favorable impact of the settlement with the IRS.

Notes to Consolidated Financial Statements

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 our international subsidiaries that is expected to be indefinitely reinvested is approximately \$542 million on December 31, 1996. The taxes that would be paid upon remittance of these indefinitely reinvested earnings are approximately \$190 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,	1996	1995
Deferred tax assets:		
Benefit plans	\$ 414	\$ 369
Liabilities and reserves	164	178
Net operating loss carryforwards	130	97
Other	88	151
Gross deferred tax assets	796	795
Valuation allowance	(18)	(42)
	\$ 778	\$ 753
Deferred tax liabilities:		
Property, plant and equipment	\$ 200	\$ 414
Equity investments	369	170
Intangible assets	74	89
Other	33	205
	\$ 676	\$ 878
Net deferred tax asset (liability) ¹	\$ 102	\$ (125)

¹ Deferred tax assets of \$403 million and \$69 million have been included in the consolidated balance sheet caption "marketable securities and other assets" at December 31, 1996 and 1995, respectively.

On December 31, 1996, we had \$261 million of operating loss carryforwards available to reduce future taxable income of certain international subsidiaries. Loss carryforwards of \$17 million must be utilized within the next 5 years; \$244 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.

14. NONRECURRING ITEMS

In the third quarter of 1996, we made a series of decisions that resulted in provisions of approximately \$276 million in selling, administrative and general expenses related to our plans for strengthening our worldwide system. Of this \$276 million, approximately \$130 million related to the streamlining of our operations, primarily in Greater Europe and Latin America. Our management has taken actions to consolidate certain manufacturing operations

and, as a result, recorded charges to recognize the impairment of certain manufacturing assets and to recognize the estimated losses on the disposal of other assets. The remainder of this \$276 million provision related to actions taken by The Minute Maid Company (formerly known as Coca-Cola Foods). During the third quarter of 1996, The Minute Maid Company entered into two significant agreements with independent parties: (i) a strategic supply alliance with Sucocitrico Cutrale Ltda., the world's largest grower and processor of oranges, and (ii) a joint venture agreement with Groupe Danone to produce, distribute and sell premium refrigerated juices outside of the United States and Canada. With these agreements, we intend to increase The Minute Maid Company's focus on managing its brands while seeking arrangements to lower its overall manufacturing costs. In connection with these actions, we recorded \$146 million in third quarter provisions, comprised primarily of impairment charges to certain production facilities and reserves for losses on the disposal of other production facilities.

Also in the third quarter of 1996, we launched a strategic initiative, Project Infinity, to redesign and enhance our information systems and communications capabilities. In connection with this initiative, we recorded an \$80 million impairment charge in administrative and general expenses to recognize Project Infinity's impact on existing information systems.

Based upon management's commitment to certain strategic actions during the third quarter of 1996, these impairment charges were recorded to reduce the carrying value of identified assets to fair value. Fair values were derived using a variety of methodologies, including cash flow analysis, estimates of sales proceeds and independent appraisals.

Also in the third quarter of 1996, we recorded a charge in administrative and general expenses as a result of our decision to contribute \$28.5 million to the corpus of The Coca-Cola Foundation, a not-for-profit charitable organization.

During 1995, selling, administrative and general expenses included provisions of \$86 million to increase efficiencies in our operations in North America and Europe.

15. SUBSEQUENT EVENT

In 1996, we executed an agreement to sell our 49 percent interest in Coca-Cola & Schweppes Beverages Ltd. to Coca-Cola Enterprises. This transaction closed in early 1997 and resulted in gross proceeds to our Company of approximately U.S. \$1 billion, and an after-tax gain of approximately \$.08 per share.

Notes to Consolidated Financial Statements

16. OPERATIONS IN GEOGRAPHIC AREAS

Information about the Company's operations by geographic area is as follows (in millions):

	North America	Africa	Greater Europe	Latin America	Middle & Far East	Corporate	Consolidated
1996							
Net operating revenues	\$ 6,050	\$ 476	\$ 5,947	\$ 1,991	\$ 4,035	\$ 47	\$ 18,546
Operating income	949 ²	118 ²	1,277 ²	815 ²	1,358 ²	(602) ²	3,915
Identifiable operating assets	3,814	326	2,896	1,405	1,463	2,088 ¹	11,992
Equity income						211	211
Investments (principally bottling companies)						4,169	4,169
Capital expenditures	261	32	379	79	121	118	990
Depreciation and amortization	157	8	176	37	25	76	479
1995							
Net operating revenues	\$ 5,513	\$ 595	\$ 5,999	\$ 1,920	\$ 3,936	\$ 55	\$ 18,018
Operating income	856 ³	205	1,256 ³	798	1,394	(483)	4,026
Identifiable operating assets	3,478	348	4,301	1,294	1,445	1,461 ¹	12,327
Equity income						169	169
Investments (principally bottling companies)						2,714	2,714
Capital expenditures	286	19	383	87	85	77	937
Depreciation and amortization	148	8	180	31	21	66	454
1994							
Net operating revenues	\$ 5,327	\$ 522	\$ 5,029	\$ 1,928	\$ 3,333	\$ 42	\$ 16,181
Operating income	915	174	1,129	710	1,150	(441)	3,637
Identifiable operating assets	3,085	356	3,959	1,164	1,343	1,456 ¹	11,363
Equity income						134	134
Investments (principally bottling companies)						2,510	2,510
Capital expenditures	253	27	330	129	50	89	878
Depreciation and amortization	130	6	160	36	19	60	411

Intercompany transfers between geographic areas are not material.

North America includes only the United States and Canada.

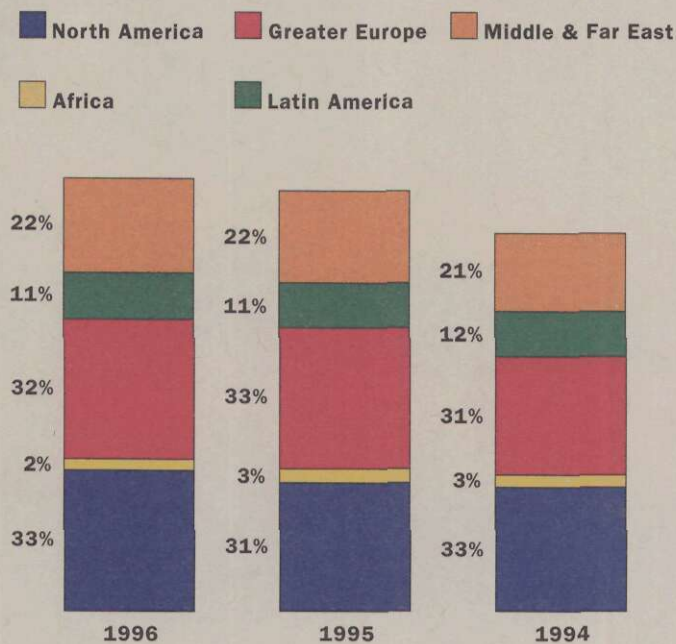
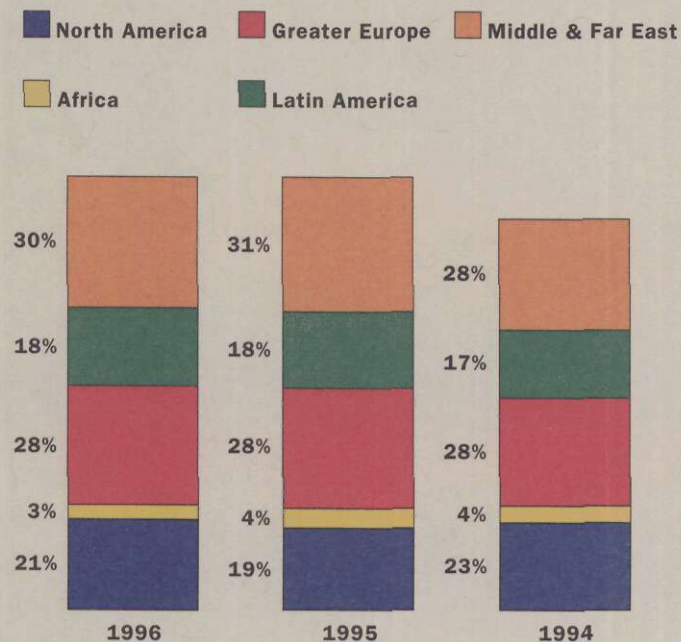
Prior year amounts have been reclassified to conform to the current year presentation.

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

² Operating income for North America, Africa, Greater Europe, Latin America and the Middle & Far East was reduced by \$153 million, \$7 million, \$66 million, \$32 million and \$18 million, respectively, for provisions related to management's strategic plans to strengthen our worldwide system. Corporate operating income was reduced by \$80 million for Project Infinity's impairment impact to existing systems and by \$28.5 million for our decision to contribute to the corpus of The Coca-Cola Foundation.

³ Operating income for North America and Greater Europe was reduced by \$61 million and \$25 million, respectively, for provisions to increase efficiencies.

Compound Average Growth Rates Ending 1996	North America	Africa	Greater Europe	Latin America	Middle & Far East	Consolidated
Net operating revenues						
5 years	6%	18%	10%	13%	14%	10%
10 years	6%	11%	15%	14%	11%	10%
Operating income						
5 years	9%	2%	8%	15%	13%	11%
10 years	12%	19%	15%	19%	15%	16%

NET OPERATING REVENUES BY GEOGRAPHIC AREA¹**OPERATING INCOME BY GEOGRAPHIC AREA¹**

¹ Charts and percentages are calculated exclusive of corporate operations.

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, 1996 and 1995, 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, 1996. 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, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Ernst + Young LLP

Atlanta, Georgia
January 24, 1997

Report of Management

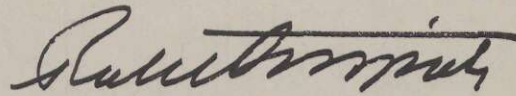
We are responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include certain amounts based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

We are 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 our Company's Board of Directors, applicable to all employees of our Company and our subsidiaries. In our opinion, our 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.

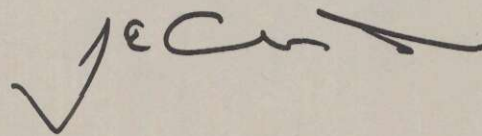
The Audit Committee of our Company's Board of Directors, composed solely of Directors who are not officers of our Company, meets with the independent auditors, management and internal auditors periodically to discuss internal accounting controls and auditing and financial reporting matters. The Committee 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 our Company's share owners.

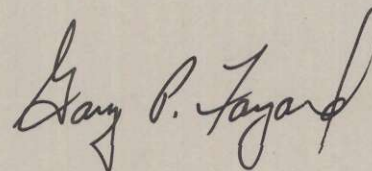
Ernst & Young LLP is engaged to audit the consolidated financial statements of The Coca-Cola Company and subsidiaries and conduct such tests and related procedures as it deems necessary in conformity with generally accepted auditing standards. The opinion of the independent auditors, based upon their 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 24, 1997

Quarterly Data (Unaudited)

(In millions except per share data)

Year Ended December 31,	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
1996					
Net operating revenues	\$ 4,194	\$ 5,253	\$ 4,656	\$ 4,443	\$ 18,546
Gross profit	2,664	3,347	2,842	2,955	11,808
Net income	713	1,050	967	762	3,492
Net income per share	.28	.42	.39	.31	1.40
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	.25	.35	.32	.26	1.18

The third quarter of 1996 includes a noncash gain from a tax settlement with the IRS for \$320 million (\$.13 per share after income taxes), an impairment charge to recognize Project Infinity's impact on existing information systems of \$80 million (\$.02 per share after income taxes), a charge for our decision to contribute \$28.5 million (\$.01 per share after income taxes) to the corpus of The Coca-Cola Foundation, a not-for-profit charitable organization and provisions related to management's strategic plans to strengthen our worldwide system of \$276 million (\$.07 per share after income taxes). In addition, the third quarter of 1996 includes noncash gains on the issuance of stock by Coca-Cola Amatil of \$130 million (\$.03 per share after income taxes) and CCEAG of \$283 million (\$.04 per share after income taxes).

The third quarter of 1995 includes provisions to increase efficiencies of \$86 million (\$.02 per share after income taxes) and a noncash gain recognized on the issuance of stock by Coca-Cola Amatil of \$74 million (\$.02 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 1996 and 1995, adjusted for the 1996 two-for-one stock split.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1996				
High	\$ 42.69	\$ 49.50	\$ 53.88	\$ 54.25
Low	36.06	39.13	44.25	46.88
Close	41.38	49.00	50.88	52.63
1995				
High	\$ 29.69	\$ 33.00	\$ 35.31	\$ 40.19
Low	24.38	28.06	31.31	34.19
Close	28.19	31.88	34.50	37.13

Corporate Officers

Roberto C. Goizueta¹
Chairman, Board of Directors,
and Chief Executive Officer

M. Douglas Ivester¹
President and
Chief Operating Officer

Senior Vice Presidents

Anton Amon¹
James E. Chestnut¹
Ralph H. Cooper¹
Douglas N. Daft¹
John J. Gillin
Joseph R. Gladden, Jr.¹
George Gourlay¹

Timothy J. Haas¹
E. Neville Isdell¹
Weldon H. Johnson¹
Earl T. Leonard, Jr.¹
Alex Malaspina
Jack L. Stahl¹
Carl Ware¹
Sergio S. Zyman¹

Vice Presidents

Carolyn H. Baldwin
Lawrence R. Cowart
Carlton L. Curtis
William J. Davis
Daniel B. Dennison
Randal W. Donaldson

Gary P. Fayard¹
Charles S. Frenette
Charles B. Fruit
Robert D. Guy
William S. Herald
Juan D. Johnson
Ingrid S. Jones
David L. Kennedy, Jr.
William R. Newton
Janmarie C. Prutting
Judith A. Rosenblum
Connell Stafford, Jr.
David M. Taggart
Michael W. Walters
Steve M. Whaley

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
Charles S. Frenette
Southern Africa Division

Latin America Group

Timothy J. Haas
President
Glenn G. Jordan
River Plate Division
Luiz Lobão
Brazil Division
J. Alberto Quintana
Central America and
Caribbean Division
Jose Octavio Reyes
North Latin America
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
José J. Nuñez-Cervera
Iberian Division
John Sechi
Central Mediterranean
Division
John K. Sheppard
East Central European
Division
Patrick C. Smyth
German 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
C. Patrick Garner
Philippines Division
Michael W. Hall
Japan Division

North America Group

Jack L. Stahl
President
Anthony G. Eames
Coca-Cola Ltd., Canada
David L. Kennedy, Jr.
Coca-Cola Fountain

The Minute Maid Company

Ralph H. Cooper
President



Center, front: Roberto C. Goizueta. Second row, seated, left to right: Peter V. Ueberroth, Susan B. King, M. Douglas Ivester, James D. Robinson III. Third row, standing, left to right: James B. Williams, Donald F. McHenry, Charles W. Duncan, Jr., Sam Nunn, Ronald W. Allen, Warren E. Buffett, Paul F. Orefice, Cathleen P. Black, Herbert A. Allen.

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

Sam Nunn ^{2,3}

Partner in the law firm of
King & Spalding

Paul F. Orefice ^{2,4,5}

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

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

Corporate Offices

The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, Georgia 30313

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: 311,983

Shares outstanding at year end: 2.48 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 and the Swiss exchange in Switzerland.

Dividends

At its February 1997 meeting, our Board increased our quarterly dividend to 14 cents per share, equivalent to an annual dividend of 56 cents per share. The Company has increased dividends each of the last 35 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 303 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 brokerage commissions associated with participation 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 beginning the first business day of each month, except in December when purchases begin on the 15th; dividend reinvestment purchases begin on April 1, July 1, October 1 and December 15.

If your shares are held in street name by your broker and you are interested in participating in the Dividend and Cash Investment Plan, you may have your broker transfer the shares to First Chicago Trust Company of New York electronically.

At year end, 65 percent of the Company's share owners of record were participants in the Plan. In 1996, share owners invested \$35 million in dividends and \$150 million in cash in the Plan.

Annual Meeting of Share Owners

April 16, 1997, 9 a.m. local time
The Playhouse Theatre
Du Pont Building
10th 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, please contact:

Registrar and Transfer Agent

First Chicago Trust Company of New York

P.O. Box 2500

Jersey City, NJ 07303-2500

Toll-free: (888) COKESHR (265-3747)

For hearing impaired: (201) 222-4955

E-mail: fctc@delphi.com

Internet: <http://www.fctc.com>

Information Resources**Publications**

The Company's Annual and Interim Reports, Proxy Statement, Form 10-K and Form 10-Q reports are available free of charge from our Industry & Consumer Affairs Department at the Company's corporate address, listed above left. 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 site (<http://www.cocacola.com>) offers information about our Company, as well as periodic marketing features.

Hotline

The Company's hotline, (800) INVSTKO (468-7856), offers taped highlights from the most recent quarter and may be used to request the most recent quarterly results news release.

Audio Annual Report

An audiocassette version of this report is available without charge as a service to the visually impaired. To receive a copy, please contact our Industry & Consumer Affairs Department at (800) 571-2653.

Duplicate Mailings

If you are receiving duplicate or unwanted copies of our publications, please contact the First Chicago Trust Company of New York at the numbers listed above.

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 Business System: The Company and its bottling partners.

Concentrate or Beverage Base: Material manufactured from Company-defined ingredients and sold to bottlers for use in the preparation of syrups through the addition of sweetener and/or 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 business, restaurant or other operation that sells or serves Company products directly to consumers.

Derivatives: Contracts or agreements, the value of which 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: Income from continuing operations, after taxes, excluding interest, 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.

Fountain: System used by customers 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: Income before taxes, excluding unusual items, plus interest expense divided by the sum of interest expense and capitalized interest.

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

The Minute Maid Company (Formerly Coca-Cola Foods): A division of the Company that processes, markets and distributes juice and juice-drink products, with principal operations in the United States and Canada.

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.

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

Per Capita Consumption: Average number of servings consumed per person, per year in a specific market. Company per capita consumption is calculated by multiplying our unit case volume by 24, and dividing by the 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: Company's unit case volume as a percentage of the total unit case volume of the soft-drink category of the commercial beverages industry.

Soft Drink: Nonalcoholic carbonated beverage containing flavorings and sweeteners. Excludes flavored waters and carbonated or noncarbonated teas, coffees and sports drinks.

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 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 sales in a particular market. Company unit case volume includes products reported as gallon shipments and certain other key products owned by our bottlers. Excludes products distributed by The Minute Maid Company.

Environmental Statement

The Coca-Cola Company is dedicated to environmental excellence, because we believe the best possible environment for our business is the best possible environment. While our impact on the environment is small, we are committed to managing that impact in a progressive, forthright manner — just as we would any other business issue. One of the ways we do that is through our comprehensive environmental management system — EMS 2000, which includes a set of comprehensive environmental policies, provides environmental training and requires periodic environmental audits of our facilities. Through Waste \$mart — our program to identify waste minimization opportunities in our facilities — and other actions, we have achieved significant progress in areas such as source reduction, recycling, water and energy conservation and wastewater quality. The Company received special recognition in 1996 from the U.S. Environmental Protection Agency's WasteWi\$e Program for comprehensive solid-waste reduction efforts.

Equal Opportunity Policy

The Coca-Cola Company and its subsidiaries employ approximately 26,000 people (down from 32,000 in 1995, due primarily to divestitures of juice processing plants in Florida and certain Company-owned bottling operations in Europe and Latin America). The Company 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.

A billion hours ago ...

human life appeared on Earth

A billion seconds ago ...

the Beatles changed music forever

A billion Coca-Colas ago ...

was yesterday morning

Our challenge:

to make a billion Coca-Colas ago be this morning ...

Thirsty?