

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-02217

The Coca-Cola Company

(Exact name of Registrant as specified in its Charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

58-0628465  
(IRS Employer  
Identification No.)

One Coca-Cola Plaza  
Atlanta, Georgia  
(Address of principal executive offices)

30313  
(Zip Code)

Registrant's telephone number, including area code (404) 676-2121

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes    X        No  
-----        -----

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock as of the latest practicable date.

Class of Common Stock	Outstanding at October 30, 1998
----- \$.25 Par Value	----- 2,465,104,203 Shares

THE COCA-COLA COMPANY AND SUBSIDIARIES

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Part I. Financial Information

Item 1. Financial Statements (Unaudited)

THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(In millions except share data)

ASSETS

<TABLE>  
<CAPTION>

	September 30, 1998	December 31, 1997
	----- <C>	----- <C>
<b>CURRENT</b>		
Cash and cash equivalents	\$ 1,746	\$ 1,737
Marketable securities	83	106
	-----	-----
	1,829	1,843
Trade accounts receivable, less allowances of \$12 at September 30 and \$23 at December 31	1,594	1,639
Inventories	900	959
Prepaid expenses and other assets	1,673	1,528
	-----	-----
<b>TOTAL CURRENT ASSETS</b>	<b>5,996</b>	<b>5,969</b>
	-----	-----
<b>INVESTMENTS AND OTHER ASSETS</b>		
Equity method investments		
Coca-Cola Enterprises Inc.	495	184
Coca-Cola Amatil Limited	1,096	1,204
Coca-Cola Beverages plc	918	-
Other, principally bottling companies	3,356	3,049
Cost method investments, principally bottling companies	319	457
Marketable securities and other assets	1,512	1,607
	-----	-----
	7,696	6,501
	-----	-----
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land	180	183
Buildings and improvements	1,474	1,535
Machinery and equipment	3,845	3,896
Containers	124	157
	-----	-----
	5,623	5,771
Less allowances for depreciation	2,057	2,028
	-----	-----
	3,566	3,743
	-----	-----
<b>GOODWILL AND OTHER INTANGIBLE ASSETS</b>	<b>613</b>	<b>727</b>
	-----	-----
	\$ 17,871	\$ 16,940

</TABLE>

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THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

(In millions except share data)

LIABILITIES AND SHARE-OWNERS' EQUITY

<TABLE>

<CAPTION>

	September 30, 1998	December 31, 1997
	-----	-----
<S>	<C>	<C>
CURRENT		
Accounts payable and accrued expenses	\$ 2,863	\$ 3,249
Loans and notes payable	3,933	2,677
Current maturities of long-term debt	2	397
Accrued income taxes	1,042	1,056
	-----	-----
TOTAL CURRENT LIABILITIES	7,840	7,379
	-----	-----
LONG-TERM DEBT	688	801
	-----	-----
OTHER LIABILITIES	942	1,001
	-----	-----
DEFERRED INCOME TAXES	540	448
	-----	-----
SHARE-OWNERS' EQUITY		
Common stock, \$.25 par value		
Authorized: 5,600,000,000 shares		
Issued: 3,455,057,379 shares at		
September 30; 3,443,441,902		
shares at December 31	864	861
Capital surplus	1,932	1,527
Reinvested earnings	19,694	17,869
Unearned compensation related to		
outstanding restricted stock	(46)	(50)
Accumulated other comprehensive income	(1,542)	(1,314)
	-----	-----
	20,902	18,893
Less treasury stock, at cost		
(992,814,443 shares at September 30;		
972,812,731 shares at December 31)	13,041	11,582
	-----	-----
	7,861	7,311
	-----	-----
	\$ 17,871	\$ 16,940
	=====	=====

<FN>

See Notes to Condensed Consolidated Financial Statements.

</TABLE>

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THE COCA-COLA COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

(In millions except per share data)

<TABLE>  
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
NET OPERATING REVENUES	\$ 4,747	\$ 4,954	\$ 14,355	\$ 14,167
Cost of goods sold	1,446	1,659	4,263	4,563
GROSS PROFIT	3,301	3,295	10,092	9,604
Selling, administrative and general expenses	2,064	2,052	6,062	5,776
OPERATING INCOME	1,237	1,243	4,030	3,828
Interest income	56	50	171	150
Interest expense	72	58	209	188
Equity income	51	46	103	152
Gains on issuances of stock by equity investees	27	-	27	363
Other income (loss) - net	(12)	224	211	566
INCOME BEFORE INCOME TAXES	1,287	1,505	4,333	4,871
Income taxes	399	494	1,397	1,559
NET INCOME	\$ 888	\$ 1,011	\$ 2,936	\$ 3,312
BASIC NET INCOME PER SHARE	\$ .36	\$ .41	\$ 1.19	\$ 1.34
DILUTED NET INCOME PER SHARE	\$ .36	\$ .40	\$ 1.18	\$ 1.32
DIVIDENDS PER SHARE	\$ .15	\$ .14	\$ .45	\$ .42
AVERAGE SHARES OUTSTANDING	2,464	2,478	2,468	2,479
Dilutive effect of stock options	28	37	30	38
AVERAGE SHARES OUTSTANDING ASSUMING DILUTION	2,492	2,515	2,498	2,517

<FN>  
See Notes to Condensed Consolidated Financial Statements.

</TABLE>

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THE COCA-COLA COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)  
(In millions)

<TABLE>  
<CAPTION>

Nine Months Ended

	September 30,	
	1998	1997
<S>	<C>	<C>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 2,936	\$ 3,312
Depreciation and amortization	471	450
Deferred income taxes	25	(57)
Equity income, net of dividends	(52)	(103)
Gains on issuances of stock by equity investees	(27)	(363)
Foreign currency adjustments	57	63
Other items	(178)	(588)
Net change in operating assets and liabilities	(628)	730
Net cash provided by operating activities	2,604	3,444
<b>INVESTING ACTIVITIES</b>		
Acquisitions and investments, principally bottling companies	(1,001)	(789)
Purchases of investments and other assets	(365)	(268)
Proceeds from disposals of investments and other assets	862	1,958
Purchases of property, plant and equipment	(612)	(776)
Proceeds from disposals of property, plant and equipment	29	54
Other investing activities	(37)	84
Net cash provided by (used in) investing activities	(1,124)	263
Net cash provided by operations after reinvestment	1,480	3,707
<b>FINANCING ACTIVITIES</b>		
Issuances of debt	1,324	101
Payments of debt	(409)	(1,493)
Issuances of stock	196	109
Purchases of stock for treasury	(1,459)	(957)
Dividends	(1,089)	(695)
Net cash used in financing activities	(1,437)	(2,935)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(34)	(95)
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase during the period	9	677
Balance at beginning of period	1,737	1,433
Balance at end of period	\$ 1,746	\$ 2,110

<FN>  
See Notes to Condensed Consolidated Financial Statements.

</TABLE>

THE COCA-COLA COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However,

except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in the Annual Report on Form 10-K of The Coca-Cola Company (our Company) for the year ended December 31, 1997. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended September 30, 1998, are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

Certain amounts in our prior period financial statements have been reclassified to conform to the current period presentation.

NOTE B - SEASONAL NATURE OF BUSINESS

Unit sales of soft drink and noncarbonated beverage products are generally greater in the second and third quarters due to seasonal factors.

NOTE C - COMPREHENSIVE INCOME

As of January 1, 1998, we adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). The adoption of this Statement had no impact on our net income or share-owners' equity. SFAS 130 establishes new rules for the reporting and display of comprehensive income and its components. SFAS 130 requires foreign currency translation adjustments and unrealized gains or losses on our Company's available-for-sale securities to be included in other comprehensive income. Prior to our adoption of SFAS 130, we reported such adjustments and unrealized gains or losses separately in share-owners' equity. Amounts in prior year financial statements have been reclassified to conform to SFAS 130.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE C - COMPREHENSIVE INCOME (Continued)

The components of comprehensive income, net of related tax, are as follows (in millions):

<TABLE>  
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Net income	\$ 888	\$ 1,011	\$ 2,936	\$ 3,312
Net change in unrealized gain (loss) on available-for-sale securities	(48)	32	(69)	23
Foreign currency translation adjustment	(81)	(179)	(159)	(375)
Comprehensive income	\$ 759	\$ 864	\$ 2,708	\$ 2,960

</TABLE>

The components of accumulated other comprehensive income, net of related tax, are as follows (in millions):

<TABLE>  
<CAPTION>

	September 30, 1998	December 31, 1997
Unrealized gain (loss) on available-for-sale securities	\$ (11)	\$ 58
Foreign currency translation		

adjustment	(1,531)	(1,372)
	-----	-----
Accumulated other comprehensive income	\$ (1,542)	\$ (1,314)

</TABLE>

NOTE D - BOTTLING TRANSACTIONS

In August 1998, we exchanged our Korean bottling operations with Coca-Cola Amatil Limited (CCA) for additional ownership interest in CCA.

In June 1998, we sold to Coca-Cola Beverages plc (CCB) our wholly owned Italian bottling operations in northern and central Italy, for proceeds valued at approximately \$1 billion. The proceeds we received consisted of cash, notes receivable and shares of stock of CCB. As a result of this sale, we recognized an after-tax gain of approximately \$.03 per share (basic and diluted).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE D - BOTTLING TRANSACTIONS (Continued)

In August 1997, we sold our 48 percent interest in Coca-Cola Beverages, Ltd. of Canada and our 49 percent interest in The Coca-Cola Bottling Company of New York, Inc. to Coca-Cola Enterprises (CCE) in exchange for aggregate consideration valued at approximately \$456 million in cash. This transaction resulted in an after-tax gain of approximately \$.04 per share (basic and diluted).

In February 1997, we sold our 49 percent interest in Coca-Cola & Schweppes Beverages Ltd. to CCE. This transaction resulted in cash proceeds for our Company of approximately \$1 billion and an after-tax gain of approximately \$.08 per share (basic and diluted).

NOTE E - ISSUANCES OF STOCK BY EQUITY INVESTEES

At the time an equity investee sells its stock to third parties at a price in excess of its book value, our Company's equity in the underlying net assets of that investee increases. We generally record an increase to our investment account and a corresponding gain in these transactions.

In the third quarter of 1998, Coca-Cola Erfrischungsgetraenke AG (CCEAG), a bottler in Germany, issued new shares valued at approximately \$275 million to effect a merger with Nordwest Getraenke GmbH & Co. KG, another German bottler. Approximately 7.5 million shares were issued, resulting in a one-time noncash pretax gain for our Company of approximately \$27 million. We provided deferred taxes of approximately \$10 million on this gain. This issuance reduced our ownership in CCEAG from approximately 45 percent to approximately 40 percent.

In June 1997, our Company and San Miguel Corporation (San Miguel) sold their respective interests in Coca-Cola Bottlers Philippines, Inc. to Coca-Cola Amatil Limited (Coca-Cola Amatil) in exchange for approximately 293 million shares of Coca-Cola Amatil stock. In connection with this transaction, Coca-Cola Amatil issued approximately 210 million shares to San Miguel valued at \$2,429 million. The issuance to San Miguel resulted in a one-time noncash pretax gain for our Company of approximately \$343 million. We provided deferred taxes of approximately \$141.5 million on this gain. This transaction resulted in our Company's 36 percent interest in Coca-Cola Amatil being diluted to 33 percent.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE E - ISSUANCES OF STOCK BY EQUITY INVESTEES (Continued)

In May 1997, our Company and The Cisneros Group of Companies (Cisneros Group) sold their respective interests in Coca-Cola y Hit de Venezuela to Panamerican Beverages, Inc. (Panamco) in exchange for approximately 30.6 million shares of Panamco stock. In connection with this transaction, Panamco issued approximately 13.6 million shares to the Cisneros Group valued at approximately \$402 million. The issuance to the Cisneros Group resulted in a one-time noncash pretax gain for our Company of approximately \$20 million. We provided deferred taxes of approximately \$7.2 million on this gain. At the completion of this transaction, our ownership in Panamco was approximately 23 percent.

If gains have been previously recognized on issuances of an equity investee's stock and shares of the equity investee are subsequently repurchased by the equity investee, gain recognition would not occur on issuances subsequent to the date of a repurchase until such time as shares have been issued in an amount equivalent to the number of repurchased shares. This type of transaction is reflected as an equity transaction and the net effect is reflected in the accompanying condensed consolidated balance sheet.

In June 1998, CCE completed its acquisition of CCBG Corporation and Texas Bottling Group, Inc. (collectively known as Coke Southwest). The transaction was valued at approximately \$1.1 billion, with approximately 55 percent of the transaction funded with the issuance of approximately 17.7 million shares of CCE common stock, and the remaining portion funded through debt and assumed debt. The CCE common stock issued in exchange for Coke Southwest was valued in an amount greater than the book value per share of our investment in CCE. As a result of this transaction, our equity in the underlying net assets of CCE increased, and we recorded a \$257 million increase to our Company's investment basis in CCE. Due to CCE's share repurchase program, the increase in our investment in CCE was recorded as an equity transaction and no gain was recognized. We recorded a deferred tax liability of approximately \$101 million on this increase to our investment in CCE. At the completion of this transaction, our ownership in CCE was approximately 42 percent.

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#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### NOTE F - ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." Essentially, the new statement requires all derivatives to be recorded on the balance sheet at fair value and establishes new accounting practices for hedge instruments. The statement is effective for years beginning after June 15, 1999. We are currently assessing the impact this statement will have on our consolidated financial statements.

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 provides guidance on accounting for the costs of computer software developed or obtained for internal use. Also, in June 1998, the AICPA issued SOP 98-5 "Reporting on the Costs of Start-Up Activities." SOP 98-5 requires costs of start-up activities and organizational costs, as defined, to be expensed as incurred. These statements are effective for fiscal years beginning after December 15, 1998. We do not expect either of these SOP's to have a material impact on our Company's consolidated financial statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations



#### BEVERAGE VOLUME

In the third quarter of 1998, our worldwide unit case volume (excluding volume of The Minute Maid Company) increased 3 percent and gallon shipments of concentrates and syrups grew 5 percent, on top of third quarter 1997 growth rates of 11 percent and 14 percent, respectively. Our unit case volume and gallon shipments have each increased 9 percent for the first nine months of 1998.

The third quarter 1998 increase in volume is primarily a result of our Company's investment in marketing activities and continued development of infrastructure (including bottlers, capital and information systems), offset by the impacts of difficult economic conditions in many parts of the world. As previously disclosed, year-to-date volume results are impacted in the first quarter of 1998 by additional shipping days as compared to the first quarter of 1997. This increase in shipping days will be offset by an equal reduction in shipping days in the fourth quarter of 1998 as compared to the fourth quarter of 1997.

In the third quarter of 1998, volume increased 3 percent for The Minute Maid Company compared to an 8 percent decline in the third quarter of 1997. The 1998 increase is a result of brand building initiatives and increases in share of sales for Minute Maid Premium ready-to-drink orange juice products. For the first nine months of 1998, volume for The Minute Maid Company increased 1 percent compared to the first nine months of 1997.

#### NET OPERATING REVENUES AND GROSS MARGIN

Although worldwide gallon shipments increased 5 percent in the third quarter of 1998, net operating revenues declined 4 percent due to the impact of a stronger U.S. dollar and the sales in 1998 and 1997 of previously consolidated bottling operations. Net operating revenues increased 1 percent year to date versus the prior year.

Our gross profit margin increased to 69.5 percent in the third quarter of 1998 from 66.5 percent in the third quarter of 1997. The increase in gross margin for the third quarter of 1998 was due primarily to the sales in 1998 and 1997 of previously consolidated bottling operations, which shifted proportionately more revenue to our higher margin concentrate business.

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#### RESULTS OF OPERATIONS (Continued)

##### SELLING, ADMINISTRATIVE AND GENERAL EXPENSES

Selling, administrative and general expenses were \$2,064 million in the third quarter of 1998, compared to \$2,052 million in the third quarter of 1997. The increase was due primarily to higher marketing investments in support of our Company's volume growth, offset by the sales in 1998 and 1997 of previously consolidated bottling operations. For the first nine months of the year, selling, administrative and general expenses were \$6,062 million, compared to \$5,776 million for the same period in 1997.

##### OPERATING INCOME AND OPERATING MARGIN

Operating income for the third quarter of 1998 totaled \$1,237 million, a decrease of \$6 million from the third quarter of 1997. Third quarter 1998 operating income reflects the difficult economic conditions in many markets throughout the world, the impact of the stronger U.S. dollar and the sales of previously consolidated bottling operations in 1998 and 1997. Operating margin for the third quarter of 1998 was 26.1 percent, compared to 25.1 percent for the comparable period in 1997. Operating income and operating margin for the nine months ended September 30, 1998 were \$4,030 million and 28.1 percent, respectively, compared to \$3,828 million and 27.0 percent for the nine months ended September 30, 1997.

##### INTEREST INCOME AND INTEREST EXPENSE

Interest income increased in the third quarter and the nine month period ended September 30, 1998 relative to the comparable periods in 1997, due primarily to cash held in locations outside the United States earning higher interest income in the current year. Interest expense increased in the third quarter and for the nine months ended September 30, 1998, relative to the comparable periods in 1997, due to receipt of proceeds from the 1997 sales of our interests in Coca-Cola & Schweppes Beverages Ltd., Coca-Cola Beverages, Ltd. of Canada and The Coca-Cola Bottling Company of New York, Inc. These proceeds

decreased the average 1997 commercial paper debt balances and related interest expense.

#### EQUITY INCOME

Our equity income for the third quarter of 1998 totaled \$51 million, compared to \$46 million in the third quarter of 1997. For the first nine months of 1998, equity income totaled \$103 million, compared to \$152 million for the same period in 1997. In 1998, equity income has been negatively impacted by difficult economic conditions in many worldwide markets as well as continued structural changes in the global bottling system.

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#### RESULTS OF OPERATIONS (Continued)

##### GAINS ON ISSUANCES OF STOCK BY EQUITY INVESTEES

In the third quarter of 1998, Coca-Cola Erfrischungsgesellschaft AG (CCEAG), a bottler in Germany, issued new shares valued at approximately \$275 million to effect a merger with Nordwest Getraenke GmbH & Co. KG, another German bottler. Approximately 7.5 million shares were issued, resulting in a one-time noncash pretax gain for our Company of approximately \$27 million. We provided deferred taxes of approximately \$10 million on this gain. This issuance reduced our ownership in CCEAG from approximately 45 percent to approximately 40 percent.

In June 1997, our Company and San Miguel Corporation (San Miguel) sold their respective interests in Coca-Cola Bottlers Philippines, Inc. to Coca-Cola Amatil Limited (Coca-Cola Amatil) in exchange for approximately 293 million shares of Coca-Cola Amatil stock. In connection with this transaction, Coca-Cola Amatil issued to San Miguel approximately 210 million shares valued at \$2,429 million. The issuance to San Miguel resulted in a one-time noncash pretax gain for our Company of approximately \$343 million. We provided deferred taxes of approximately \$141.5 million on this gain. This transaction resulted in our Company's 36 percent interest in Coca-Cola Amatil being diluted to 33 percent.

In May 1997, our Company and The Cisneros Group of Companies (Cisneros Group) sold their respective interests in Coca-Cola y Hit de Venezuela to Panamerican Beverages, Inc. (Panamco) in exchange for approximately 30.6 million shares of Panamco stock. In connection with this transaction, Panamco issued approximately 13.6 million shares to the Cisneros Group valued at approximately \$402 million. The issuance to the Cisneros Group resulted in a one-time noncash pretax gain for our Company of approximately \$20 million. We provided deferred taxes of approximately \$7.2 million on this gain. At the completion of this transaction, our ownership in Panamco was approximately 23 percent.

##### OTHER INCOME (LOSS) - NET

Other income (loss) - net was \$(12) million for the third quarter of 1998 compared to \$224 million for the third quarter of 1997. The decrease reflects gains recognized in the third quarter of 1997 on the sales of our bottling interests in Coca-Cola Beverages, Ltd. of Canada, The Coca-Cola Bottling Company of New York, Inc., Coca-Cola Rhein-Ruhr and Coca-Cola FEMSA de Buenos Aires, S.A. For the first nine months of 1998, other income (loss) - net was \$211 million, compared to \$566 million in the comparable period of the prior year. The decrease in the first nine months of 1998 as compared to the first nine months of 1997 reflects the impacts of the first quarter 1997 gain from the sale of our interest in Coca-Cola & Schweppes Beverages Ltd. and the third quarter 1997 gains from the sales of certain bottling interests, partially offset by the second quarter 1998 gain on the sale of our northern and central Italy bottling operations to Coca-Cola Beverages plc.

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## INCOME TAXES

Our effective tax rate was 31.0 percent for the third quarter of 1998 compared to 32.8 percent for the third quarter of 1997. The effective tax rate was 32.2 percent for the first nine months of 1998 compared to 32.0 percent for the first nine months of 1997. Our effective tax rate reflects tax benefits derived from significant operations outside the United States which are taxed at rates lower than the U.S. statutory rate of 35 percent, partially offset by the tax impact of certain gains recognized from previously discussed bottling transactions. These transactions are generally taxed at rates higher than our Company's effective rate on operations.

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## FINANCIAL CONDITION

## NET CASH FLOW PROVIDED BY OPERATIONS AFTER REINVESTMENT

In the first nine months of 1998, net cash flow after reinvestment totaled \$1,480 million, a decrease of \$2,227 million over the comparable period in 1997.

Cash provided by operating activities in the first nine months of 1998 amounted to \$2,604 million, an \$840 million decrease compared to the first nine months of 1997. The decrease was primarily due to the timing of payments of accounts payable and accrued expenses and accrued income taxes (net change in operating assets and liabilities).

Net cash used in investing activities totaled \$1,124 million for the first nine months of 1998 compared to \$263 million in cash provided by investing activities for the first nine months of 1997. As previously discussed, we sold our interests in Coca-Cola & Schweppes Beverages Ltd., Coca-Cola Beverages, Ltd. of Canada and The Coca-Cola Bottling Company of New York, Inc. in 1997 resulting in higher proceeds from disposals of investments and other assets in 1997.

## FINANCING

Our financing activities primarily consist of net borrowings, dividend payments and share repurchases. Net cash used in financing activities totaled \$1,437 million and \$2,935 million for the first nine months of 1998 and 1997, respectively. For the first nine months of 1998, our Company had net borrowings of \$915 million, versus net repayments of \$1,392 million for the comparable period of 1997. This difference in net borrowings was due primarily to proceeds received from the 1997 sale of Company bottling interests, as previously discussed, and to higher commercial paper borrowings in 1998.

Cash used for share repurchases was \$1,459 million for the first nine months of 1998, compared to \$957 million for the first nine months of 1997.

Cash used for dividend payments was \$1,089 million for the first nine months of 1998, compared to \$695 million for the first nine months of 1997. The increase was due primarily to the timing of dividend payments, as 1998 included three quarterly dividend payments while 1997 included two quarterly dividend payments.

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## FINANCIAL CONDITION (Continued)

## FINANCIAL POSITION

The change in our investment in Coca-Cola Enterprises (CCE) in the first nine months of 1998 is primarily a result of CCE's issuance of stock in an acquisition as discussed in Note E of the accompanying condensed consolidated financial statements. Our investment in CCA decreased due to the spin-off of Coca-Cola Beverages plc (CCB) to its share owners, partially offset by the receipt of additional ownership

interest in CCA in exchange for our wholly owned Korean bottling operations. CCB is a separate entity created to manage the operations of CCA's former eastern European business.

#### EURO CONVERSION

The existing currencies of certain member countries of the European Union are being phased out and will be replaced with the European Union's common currency (Euro). The transition period for this process begins January 1, 1999, when a permanent fixed conversion rate between the existing currencies of the countries and the Euro will be established. Our Company has been preparing for the introduction of the Euro for several years. We believe we are ready for the establishment of permanent fixed conversion rates on January 1, 1999. The mandatory elimination of the other currencies is scheduled to phase in over a period ending January 1, 2002 (with the existing currency being completely removed from circulation on July 1, 2002). The timing of our phasing out all uses of the existing currencies will comply with the legal requirements and also be scheduled to facilitate optimal coordination with the plans of our vendors, distributors and customers. Our work in preparing for the introduction of the Euro and the phasing out of the other currencies includes converting information technology systems, recalculating currency risk, recalibrating derivatives and other financial instruments, evaluating and taking action if needed regarding continuity of contracts and modifying our processes for preparing tax, accounting, payroll and customer records. Based on our work to date, we believe the introduction of the Euro and the phasing out of the other currencies will not have a material impact on our Company's consolidated financial position, results of operations or cash flows.

#### EXCHANGE

Our international operations are subject to certain opportunities and risks, including currency fluctuations and governmental actions. We closely monitor our operations in each country and adopt appropriate strategies responsive to each environment. On a weighted average basis, the U.S. dollar was approximately 9 percent stronger during the third quarter of 1998 versus a weighted average basket of foreign currencies for the comparable period of the prior year. This percentage does not include the effects of our hedging activities and, therefore, does not reflect the actual impact of fluctuations in exchange rates on operating results. Our foreign currency management program mitigates over time a portion of the impact of exchange on net income and earnings per share.

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#### FINANCIAL CONDITION (Continued)

##### YEAR 2000

Certain computer programs written with two digits rather than four to define the applicable year may experience problems handling dates near the end of and beyond the year 1999 (Y2K failure dates). This may cause computer applications to fail or to create erroneous results unless corrective measures are taken. The Year 2000 (Y2K) problem can arise at any point in the Company's supply, manufacturing, processing, distribution, and financial chains.

Aided by third party service providers, we are implementing a plan to address the anticipated impacts of the Y2K problem on our information technology (IT) systems and on non-IT systems involving embedded chip technologies (non-IT systems). We are also surveying selected third parties to determine the status of their Y2K compliance programs. In addition, we are developing contingency plans specifying what the Company will do if it or important third parties experience disruptions as a result of the Y2K problem.

With respect to IT systems, our Y2K plan includes programs relating to (i) computer applications, including those for mainframes, client server systems, minicomputers and personal computers (the Applications Program) and (ii) IT infrastructure, including hardware, software, network technology, and voice and data communications (the Infrastructure Program). In the case of non-IT systems, our Y2K plan includes programs relating to (i) equipment and processes required to produce and distribute beverage concentrates and syrups, finished beverages, juices and juice-drink products (the Manufacturing Program) and (ii) equipment and systems in buildings that our Company occupies or leases to third parties (the Facilities Program).

Each of the foregoing IT and non-IT programs is being conducted in phases, described as follows:

INVENTORY PHASE -- Identify hardware, software, processes or devices that use or process date information.

ASSESSMENT PHASE -- Identify Y2K date processing deficiencies and related implications.

PLANNING PHASE -- Determine for each deficiency an appropriate solution and budget. Schedule resources and develop testing plans.

IMPLEMENTATION PHASE -- Implement designed solutions. Conduct systems testing.

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#### FINANCIAL CONDITION (Continued)

##### YEAR 2000 (Continued)

The plan also includes a control element intended to ensure that changes to IT and non-IT systems do not introduce Y2K issues.

Our Y2K plan is subject to modification and is revised periodically as additional information is developed. The Company currently believes that its Y2K plan will be completed in all material respects prior to the anticipated Y2K failure dates. As of the respective dates indicated below, status reports regarding the Applications, Infrastructure, Manufacturing and Facilities Programs are as follows:

APPLICATIONS PROGRAM (AS OF SEPTEMBER 26, 1998): The inventory, assessment and planning phases have been completed for all 40 applications considered to be mission-critical, and implementation phase progress is as follows: 19 are complete; 15 more are expected to be complete by December 1998; and the remaining six are expected to be complete by June 1999. Of approximately 2,100 other applications we have identified, approximately 1,900 have been assessed and 970 of these have been determined to have Y2K issues. Remaining assessment phase work is expected to be complete by January 1999. We have completed the planning and implementation phases for approximately 31 percent of the 970 applications and we expect to complete the remainder by year-end 1999.

INFRASTRUCTURE PROGRAM (AS OF OCTOBER 24, 1998): The inventory phase is estimated to be approximately 82 percent complete and is expected to be fully completed by March 1999. Approximately 2,000 "components" have been identified to date. (We define a component as a particular type (of which there may be numerous individual iterations) of software package, computer or telecommunications hardware, or lab or research equipment, including any supporting software and utilities.) The assessment, planning and implementation phases are estimated to be approximately 68 percent, 44 percent and 24 percent complete, respectively, and are expected to be fully completed by April, July and October 1999, respectively.

MANUFACTURING PROGRAM (AS OF OCTOBER 28, 1998): We have identified 74 separate manufacturing operations in which our Company's ownership interest is 50 percent or greater. Of these, 69 operations have now completed the inventory phase and all are expected to have done so by January 1999. The assessment phase is complete in 39 operations and is expected to be fully completed by February 1999. Planning phase work is in progress in 34 operations, has been completed in 12 operations, and is expected to be fully completed by April 1999. Implementation phase work is under way in 34 operations, has been completed in one operation and is expected to be fully completed by July 1999.

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FINANCIAL CONDITION (Continued)

YEAR 2000 (Continued)

FACILITIES PROGRAM (AS OF SEPTEMBER 26, 1998): Preliminary inventories are estimated to be approximately 92 percent complete and are expected to be fully completed by February 1999, subject to post-completion verification. The assessment, planning and implementation phases are estimated to be approximately 81 percent, 61 percent and 34 percent complete, respectively, and are expected to be fully completed by March, April and July 1999, respectively. Owners of properties leased by our Company are being contacted in order to assess the Y2K readiness of their facilities.

THIRD PARTY Y2K READINESS. The Company has material relationships with third parties whose failure to be Y2K compliant could have materially adverse impacts on our Company's business, operations or financial condition in the future. Third parties that we consider to be in this category for Y2K purposes (Key Business Partners) include critically important customers, suppliers, vendors and public entities such as government regulatory agencies, utilities, financial entities and others.

CUSTOMERS: We derive most of our net operating revenues from sales of concentrates, syrups and finished products to authorized third parties, including bottling and canning operations (Bottlers) that produce, package and distribute beverages bearing the Company's trademarks. Our Company has made Y2K awareness information available to all Bottlers and has asked each Bottler to advise the Company of the Bottler's plans for reaching Y2K readiness with respect to non-IT systems. As of October 30, 1998, unconsolidated Bottlers representing approximately 91 percent of our 1997 worldwide unit case volume from unconsolidated Bottlers have made their plans available to us, including all ten of our anchor bottlers. We have also contacted the Bottlers to inquire about their state of Y2K readiness with respect to IT systems, as well as the actions being taken by Bottlers with respect to third parties. Further action may be taken by the Company as it deems appropriate in particular cases.

In addition, we have met and exchanged information with a limited number of key non-Bottler customers regarding Y2K readiness issues. We are now formalizing these contacts into a program designed to help us assess the Y2K readiness of key non-Bottler customers.

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FINANCIAL CONDITION (Continued)

YEAR 2000 (Continued)

SUPPLIERS AND VENDORS: The Company classifies as "critical" those suppliers of products or services consumed on an ongoing basis that, if interrupted, would materially disrupt the Company's ability to deliver products or conduct operations. We are conducting on site reviews of suppliers identified as critical on a worldwide basis, for purposes of assessing their Y2K plans and their progress toward implementation. We expect all of these reviews to be completed by April 1999. In addition, each Company field location is working to assess the likelihood of supply issues with suppliers classified as critical on a regional basis.

Suppliers of less critical importance to our business, and vendors from whom we buy goods expected to be in service beyond 1999, have been sent a questionnaire from us asking about the status of their Y2K plans. Although response rates to date have been low, responses will be evaluated, certain selected goods are being tested, and follow-up action will be taken by the Company as it deems appropriate.

PUBLIC ENTITIES: In August 1998, we began the planning and implementation of a Y2K program involving interaction with and assessment of public entities such as government regulatory agencies, utilities, financial entities and others.

CONTINGENCY PLANS. The Company is preparing contingency plans relating specifically to identified Y2K risks, and cost estimates relating to these plans are being developed. We began training designated employees in Y2K contingency planning matters during the third quarter of 1998. We anticipate completion of the Y2K contingency plans during the first half of 1999. Contingency plans

may include stockpiling raw and packaging materials, increasing inventory levels, securing alternate sources of supply and other appropriate measures. Once developed, Y2K contingency plans and related cost estimates will be continually refined as additional information becomes available.

Y2K RISKS. While the Company currently believes that it will be able to modify or replace its affected systems in time to minimize any significant detrimental effects on its operations, failure to do so, or the failure of Key Business Partners or other third parties to modify or replace their affected systems, could have materially adverse impacts on the Company's business, operations or financial condition in the future. There can be no guarantee that such impacts will not occur. In particular, because of the interdependent nature of business systems, the Company could be materially adversely affected if private businesses, utilities and governmental entities with which it does business or that provide essential products or services are not Y2K ready. The Company currently believes that the

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#### FINANCIAL CONDITION (Continued)

##### YEAR 2000 (Continued)

greatest risk of disruption in its businesses exists in certain international markets. Reasonably likely consequences of failure by the Company or third parties to resolve the Y2K problem include, among other things, temporary slowdowns or cessations of manufacturing operations at one or more Company or Bottler facilities, delays in the delivery or distribution of products, delays in the receipt of supplies, invoice and collection errors, and inventory and supply obsolescence. However, the Company believes that its Y2K readiness program, including related contingency planning, should significantly reduce the possibility of significant interruptions of normal operations.

COSTS. As of October 30, 1998, the Company's total incremental costs (historical plus estimated future costs) of addressing Y2K issues are estimated to be in the range of \$130 million to \$160 million, of which approximately \$60 million has been incurred. These costs are being funded through operating cash flow. These amounts do not include: (i) any costs associated with the implementation of contingency plans, which are in the process of being developed, or (ii) costs associated with replacements of computerized systems or equipment in cases where replacement was not accelerated due to Y2K issues.

Implementation of our Company's Y2K plan is an ongoing process. Consequently, the above described estimates of costs and completion dates for the various components of the plan are subject to change.

For further information regarding Y2K matters, see the disclosures under Forward-Looking Statements on page 24.

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#### Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have no material changes to the disclosure made in our report on Form 10-K for the year ended December 31, 1997 on this matter.

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#### Part II. Other Information

##### Item 5. Other Information

#### FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the Act)

provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in this report and other filings with the Securities and Exchange Commission and in our reports to share owners. All statements which address operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to volume growth, share of sales and earnings per share growth, statements expressing general optimism about future operating results, and non-historical Year 2000 information, are forward-looking statements within the meaning of the Act. The forward-looking statements are, and will be, based on management's then current views and assumptions regarding future events and operating performance.

#### FACTORS THAT MAY IMPACT FORWARD-LOOKING STATEMENTS OR FINANCIAL PERFORMANCE

The following are some of the factors that could affect our financial performance or could cause actual results to differ materially from estimates contained in or underlying our Company's forward-looking statements.

- Our ability to generate sufficient cash flows to support capital expansion plans, share repurchase programs and general operating activities.
- Competitive product and pricing pressures and our ability to gain or maintain share of sales in the global market as a result of actions by competitors. While we believe our opportunities for sustained, profitable growth are considerable, unanticipated actions of competitors could impact our earnings, share of sales and volume growth.
- Changes in laws and regulations, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws in domestic or foreign jurisdictions.
- Fluctuations in the cost and availability of raw materials and the ability to maintain favorable supplier arrangements and relationships.
- Our ability to achieve earnings forecasts, which are generated based on projected volumes and sales of many product types, some of which are more profitable than others. There can be no assurance that we will achieve the projected level or mix of product sales.

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#### FORWARD-LOOKING STATEMENTS (Continued)

- Interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations. Most of our exposures to capital markets, including interest and foreign currency, are managed on a consolidated basis, which allows us to net certain exposures and, thus, take natural offsets. We use derivative financial instruments to reduce our net exposure to financial risks. There can be no assurance, however, that our financial risk management program will be successful in reducing foreign currency exposures.
- Economic and political conditions in international markets, including civil unrest, governmental changes and restrictions on the ability to transfer capital across borders.
- Our ability to penetrate developing and emerging markets, which also depends on economic and political conditions and how well we are able to acquire or form strategic business alliances with local bottlers and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Moreover, the supply of products in developing markets must match the customers' demand for those products, and due to product price and cultural differences, there can be no assurance of product acceptance in any particular market.



- The effectiveness of our advertising, marketing and promotional programs.
- The uncertainties of litigation, as well as other risks and uncertainties detailed from time to time in our Company's Securities and Exchange Commission filings.
- Adverse weather conditions, which could reduce demand for Company products.

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FORWARD-LOOKING STATEMENTS (Continued)

- Our ability and the ability of our Key Business Partners and other third parties to replace, modify or upgrade computer systems in ways that adequately address the Y2K problem. Given the numerous and significant uncertainties involved, there can be no assurance that Y2K-related estimates and anticipated results will be achieved, and actual results could differ materially. Specific factors that might cause such material differences include, but are not limited to, the ability to identify and correct all relevant computer codes and embedded chips, unanticipated difficulties or delays in the implementation of Y2K project plans and the ability of third parties to adequately address their own Y2K issues.
- Our ability to timely resolve issues relating to introduction of the European Union's common currency (Euro).

The foregoing list of important factors is not exclusive.

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Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- 10.1 - The Coca-Cola Company 1987 Stock Option Plan, as amended through October 15, 1998
- 10.2 - The Coca-Cola Company 1991 Stock Option Plan, as amended through October 15, 1998
- 12 - Computation of Ratios of Earnings to Fixed Charges
- 27 - Financial Data Schedule for the nine months ended September 30, 1998, submitted to the Securities and Exchange Commission in electronic format

(b) Reports on Form 8-K:

No report on Form 8-K has been filed during the quarter for which this report is filed.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE COCA-COLA COMPANY  
(REGISTRANT)

Date: November 12, 1998

By: /s/ Gary P. Fayard

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Gary P. Fayard  
Vice President and Controller  
(On behalf of the Registrant and  
as Chief Accounting Officer)

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EXHIBIT INDEX

Exhibit Number and Description

- 10.1 - The Coca-Cola Company 1987 Stock Option Plan,  
as amended through October 15, 1998
- 10.2 - The Coca-Cola Company 1991 Stock Option Plan,  
as amended through October 15, 1998
- 12 - Computation of Ratios of Earnings to Fixed Charges
- 27 - Financial Data Schedule for the nine months ended  
September 30, 1998, submitted to the Securities and  
Exchange Commission in electronic format

THE COCA-COLA COMPANY  
1987 STOCK OPTION PLAN  
as amended through October 15, 1998

SECTION 1. PURPOSE

The purpose of the 1987 Stock Option Plan of The Coca-Cola Company (the "Plan") is to advance the interest of The Coca-Cola Company (the "Company") and its Affiliates (as defined in Section 4 hereof) by encouraging and enabling the acquisition of a financial interest in the Company by officers and other key employees. In addition, the Plan is intended to aid the Company and its Affiliates in attracting and retaining key employees, to stimulate the efforts of such employees and to strengthen their desire to remain in the employ of the Company and its Affiliates.

The Company may grant stock options which constitute "incentive stock options" ("ISOs") within the meaning of Section 422A of the Internal Revenue Code of 1954, as amended (the "Code"), or stock options which do not constitute ISOs ("NSOs") (ISOs and NSOs being hereinafter collectively referred to as "Options"). The Company may also grant cash amounts ("Cash Awards") in connection with certain NSOs and may grant certain officers of the Company stock appreciation rights ("Rights") for use in connection with Options or with other stock options granted by the Company.

SECTION 2. ADMINISTRATION

The Plan shall be administered by a committee (the "Committee") appointed by the Board of Directors of the Company (the "Board") or in accordance with Section 7, Article III of the By-Laws of the Company (as amended through October 17, 1996) from among its members. Unless and until its members are not qualified to serve on the Committee pursuant to the provisions of the Plan, the Compensation Committee of the Board shall function as the Committee. Eligibility requirements for members of the Committee shall comply with Rule 16b-3 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor rule or regulation. No person, other than members of the Committee, shall have any discretion concerning decisions regarding the Plan. Members of the Committee shall be members of the Board who are not eligible to participate under the Plan and who have not been eligible to participate in the Plan for at least one (1) year prior to the time at which they become members of the Committee. The Committee shall determine the key employees of the Company and its Affiliates (including officers, whether or not they are directors) to whom, and the time or times at which, Options, Cash Awards and Rights will be granted, the number of shares to be subject to each Option, the duration of each Option or Right, the time or times within which the Option or Right may be exercised, the cancellation of the Option, Cash Award or Right (with the consent of the holder thereof) and the other conditions of the grant of the Option, Cash Award or Right. The provisions and conditions of the grants of Options, Cash Awards and Rights need not be the same with respect to each optionee or with respect to each Option, each Cash Award or each Right.

The Committee may, subject to the provisions of the Plan, establish such rules and regulations as it deems necessary or advisable for the proper administration of the Plan, and may make determinations and may take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each determination or other action made or taken pursuant to the Plan, including interpretation of the Plan and the specific conditions and provisions of the Options, Cash Awards and Rights granted hereunder by the Committee shall be final and conclusive for all purposes and upon all persons including, but without limitation, the Company, its Affiliates, the Committee, the Board, officers and the affected employees of the Company and/or its Affiliates and their respective successors in interest.

SECTION 3. STOCK

The stock to be issued, transferred and/or sold under the Plan shall be shares of Common Stock, \$.25 par value, of the Company (the "Stock"). The Stock shall be made available from authorized and unissued Common Stock of the Company or from the Company's treasury shares. Pursuant to Section 13 of the Plan, no additional Options or Rights may be granted under the Plan after

April 15, 1992. The number of shares subject to existing Options or Rights granted prior to such date are subject to adjustment in accordance with Section 12 hereof. Stock subject to any unexercised portion of an Option or Right which expires or is cancelled, surrendered or terminated for any reason may again be subject to Options and/or Rights granted under the Plan. Upon surrender of an Option or a stock option granted under any other plan heretofore or hereafter adopted by the Company and the exercise of a Right, the number of shares of Stock subject to the surrendered Option or stock option shall be charged against the maximum number of shares of Stock issuable or transferable under the Plan or the stock option plan pursuant to which the surrendered Option or stock option was granted, and such number of shares of Stock shall not be issuable or transferable under such Plan or plan in the future. The surrender of any stock option issued other than pursuant to a stock option plan pursuant to the exercise of a Right shall not result in a charge against the maximum number of shares issuable or transferable under the Plan or any other stock option plan.

#### SECTION 4. ELIGIBILITY

Options, Cash Awards and Rights may be granted to employees of the Company and its Affiliates. The term "Affiliates" shall mean any corporation or other business organization in which the Company owns, directly or indirectly, 25 percent or more of the voting stock or capital at the time of the granting of such Option or Right; provided, however, that no ISO may be granted to any employee of an Affiliate which is not a corporation or to any employee of an Affiliate which is not at least 50 percent owned, directly or indirectly, by the Company. No employee shall be granted the right to acquire pursuant to Options granted under the Plan more than 5 percent of the aggregate number of shares of Stock issuable under the Plan.

#### SECTION 5. AWARDS OF OPTIONS

Except as otherwise specifically provided herein, Options granted pursuant to the Plan shall be subject to the following terms and conditions:

(a) OPTION PRICE. The option price shall be 100 percent of the fair market value of the Stock on the date of grant. The fair market value of a share of Stock shall be the average of the high and low market prices at which a share of Stock shall have been sold on the date of grant, or on the next preceding trading day if such date was not a trading date, as reported on the New York Stock Exchange Composite Transactions listing.

(b) PAYMENT. The option price shall be paid in full at the time of exercise, except as provided in the next sentence. For exercises of NSOs executed by Merrill Lynch, Pierce Fenner & Smith using the cashless method, the exercise price shall be paid in full no later than the close of business on the third business day following the exercise. "Business day" means a day on which the New York Stock Exchange is open for securities trading.

No shares shall be issued or transferred until full payment has been received therefor. Payment may be in cash or, with the prior approval of and upon conditions established by the Committee, by delivery of shares of Stock owned by the optionee. Cash payment for the shares purchased under an NSO may be offset by the amount of any Cash Award approved by the Committee. If payment is made by the delivery of shares of Stock, the value of the shares delivered shall be computed on the basis of the reported market price at which a share of Stock shall have most recently traded prior to the time the exercise order was processed. Such price will be determined by reference to the New York Stock Exchange Composite Transactions listing.

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(c) DURATION OF OPTIONS. The duration of Options shall be determined by the Committee, but in no event shall the duration of an Option exceed ten (10) years from the date of its grant.

(d) OTHER TERMS AND CONDITIONS. Options may contain such other provisions, not inconsistent with the provisions of the Plan, as the Committee shall determine appropriate from time to time; provided, however, that, except in the event of a "Change in Control", death or disability of the optionee or "Retirement", as defined in Section 10, no Option shall be exercisable in whole or in part for a period of twelve (12) months from the date on which the Option is granted, and subject to the provisions of Section

10 hereof, thereafter the ratio of the number of shares for which any such Option is exercisable through any given date may not exceed the ratio of the number of months (a fraction thereof counting as a full month) between the date on which the Option is granted and such given date to a period of thirty-six (36) months (or such lesser period as determined by the Committee in its discretion). The grant of an Option and/or Right to any employee shall not affect in any way the right of the Company and any Affiliate to terminate the employment of the holder thereof.

(e) ISOs. The Committee, with respect to each grant of an Option to an optionee, shall determine whether such Option shall be an ISO, and, upon determining that an Option shall be an ISO, shall designate it as such in the written instrument evidencing such Option. If the written instrument evidencing an Option does not contain a designation that it is an ISO, it shall not be an ISO.

The aggregate fair market value (determined in each instance on the date on which an ISO is granted) of the Stock with respect to which ISOs are first exercisable by any optionee in any calendar year shall not exceed \$100,000 for such optionee. If any subsidiary or Affiliate of the Company shall adopt a stock option plan under which options constituting incentive stock options (as defined in Section 422A(b) of the Code) may be granted, the fair market value of the Stock on which any such incentive stock options are granted and the times at which such incentive stock options will first become exercisable shall be taken into account in determining the maximum amount of ISOs which may be granted to the optionee in any calendar year.

#### SECTION 6. AWARDS OF RIGHTS

The Committee may, at any time and in its discretion, grant to any officer of the Company who is awarded or who holds an outstanding Option or any other outstanding stock option granted by the Company the right to surrender such Option (to the extent any Option or such other stock option is otherwise exercisable) and to receive from the Company an amount equal to the excess, if any, of the fair market value of the Stock with respect to which such Option is surrendered on the date of such surrender over the option price of the Option or other stock option surrendered. No ISO may be surrendered in connection with the exercise of a Right unless the fair market value of the Stock subject to the ISO is greater than the option price for such Stock. Payment by the Company of the amount receivable upon any exercise of a Right may be made by the delivery of Stock or cash or any combination of Stock and cash, as determined in the sole discretion of the Committee from time to time. No fractional shares shall be used. The Committee may provide for the elimination of fractional shares of Stock without adjustment or for the payment of the value of such fractional shares in cash. Shares of Stock of the Company delivered to the optionee upon the exercise of a Right and the surrender of the Option or stock option shall be valued at the fair market value of a share of Stock on the date the right is exercised and the Option or stock option is surrendered. The Committee may limit the period or periods during which the Rights may be exercised and may provide such other terms and conditions (which need not be the same with respect to each optionee) under which a Right may be granted and/or exercised. A Right may be exercised only as long as the related Option or stock option is exercisable; provided, however, that no Right may be exercised and cash paid in partial or complete satisfaction thereof during the first six (6) months exercised following the date of grant of the Right and related Option. In no event may a Right be exercised more than ten (10) years after the date of the grant of the Right and the related Option or stock option. The fair market value of a share of Stock shall be the average of the high and low market prices at which a share of Stock shall have been sold on the date the Option or the stock option is surrendered or on the next preceding trading day, if such date is not a trading day, as reported on the New York Stock Exchange Composite Transactions listing.

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#### SECTION 7. CASH AWARDS

The Committee may, at any time and in its discretion, grant to any employee who is granted an NSO the right to receive, at such times and in such amounts as determined by the Committee in its discretion, a cash amount ("Cash Award") which is intended to reimburse the employee for all or a portion of the Federal, state and local income taxes imposed upon such employee as a consequence of the exercise of an NSO and the receipt of a Cash

Award.

SECTION 8. REPLACEMENT AND EXTENSION OF THE TERMS OF OPTIONS,  
CASH AWARDS AND RELATED RIGHTS

The Committee from time to time may permit an optionee under the Plan or any other stock option plan heretofore or hereafter adopted by the Company to surrender for cancellation any unexercised outstanding stock option and related Right and receive from the Company in exchange an Option for such number of shares of Stock as may be designated by the Committee. Such optionees also may be granted related Rights or Cash Awards as provided in Sections 6 and 7. In addition, the Committee may extend the duration of any NSO and/or Right for a period not to exceed one (1) year, subject to the provisions of paragraph 5(c), without changing the option price and on such other terms and conditions as the Committee may deem advisable.

SECTION 9. NONTRANSFERABILITY OF OPTION AND RIGHT

No Option or Right granted pursuant to the Plan shall be transferable otherwise than by will or by the laws of descent and distribution. During the lifetime of an optionee, the Option and Right shall be exercisable only by the optionee personally or by the optionee's legal representative.

SECTION 10. EFFECT OF TERMINATION OF EMPLOYMENT, DEATH,  
RETIREMENT OR A CHANGE IN CONTROL

(a) If an optionee's employment with the Company and/or its Affiliates shall be terminated for any reason, except death, disability or Retirement, as hereinafter defined, to the extent the Option was exercisable by the optionee at the date of such termination of employment, the optionee shall be entitled to exercise the Option for the period of six (6) months from the date of such termination of employment unless the Option, by its terms, expires prior thereto, except as provided in paragraph (b) of this Section 10.

(b) If an optionee shall die or become disabled while an employee of the Company or any Affiliate or within six (6) months from the date of termination of employment with the Company or any Affiliate but prior to the expiration of the Option, the executor or administrator of the optionee's estate or a transferee of the Option pursuant to Section 9 or the disabled employee shall have the right to exercise the Option, and the right to exercise the Option shall terminate upon the earliest of (i) the expiration of twelve (12) months from the date of such termination of employment, (ii) the expiration of twelve (12) months from the date of the optionee's death or disability, or (iii) as otherwise provided by the terms of the Option. As used in the Plan, the term "disabled" shall have the meaning set forth in the Company's Long Term Disability Income Plan.

(c) If an optionee's employment with the Company and/or its Affiliates shall be terminated by reason of death, disability or Retirement, all Options held by the optionee shall become exercisable. Death or disability of the optionee occurring after termination of employment with the Company and/or its Affiliates shall not cause any Options to become exercisable. The optionee shall be entitled to exercise exercisable Option or Options for the period of six (6) months from the date of Retirement or, in the case of such death or disability, in accordance with the terms of Section 10(b) hereof, unless any such Option, by its terms, expires prior thereto. "Retirement", as used herein, shall mean an employee's termination of employment on a date which is on or after the earliest date on which such employee would be eligible for an immediately payable benefit pursuant to (i) for those employees eligible for participation in the Company's Supplemental Retirement Plan, the terms of that Plan and (ii) for all other employees, the terms of the Employees Retirement Plan (the "ERP") assuming such employee were eligible to participate in the ERP.

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(d) All Options held by an optionee shall become exercisable upon the occurrence of a Change in Control. A "Change in Control" shall mean a change in control of a nature that would be required to be reported in response to item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act as in effect on November 15, 1988, provided that such a change in control shall be deemed to have occurred at such time as (i) any "person" (as that term is used in Sections 13(d) and 14(d) (2) of the

Exchange Act), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly, of securities representing 20% or more of the combined voting power for election of directors of the then outstanding securities of the Company or any successor of the Company; (ii) during any period of two consecutive years or less, individuals who at the beginning of such period constituted the Board of Directors of the Company cease, for any reason, to constitute at least a majority of the Board of Directors, unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; (iii) the shareholders of the Company approve any merger or consolidation as a result of which the Stock shall be changed, converted or exchanged (other than a merger with a wholly-owned subsidiary of the Company) or any liquidation of the Company or any sale or other disposition of 50% or more of the assets or earning power of the Company; or (iv) the shareholders of the Company approve any merger or consolidation to which the Company is a party as a result of which the persons who were shareholders of the Company immediately prior to the effective date of the merger or consolidation shall have beneficial ownership of less than 50% of the combined voting power for election of directors of the surviving corporation following the effective date of such merger or consolidation; provided, however, that no Change in Control shall be deemed to have occurred if, prior to such time as a Change in Control would otherwise be deemed to have occurred, the Board of Directors determines otherwise.

(e) Whether military or other government eleemosynary service or other leave of absence will constitute termination of employment shall be determined in each case by the Committee in its sole discretion.

#### SECTION 11. RIGHTS AS A SHAREHOLDER

An optionee or a transferee of an optionee pursuant to Section 9 shall have no right as a stockholder with respect to any Stock covered by an Option or receivable upon the exercise of an Option or Right until the optionee or transferee shall have become the holder of record of such Stock, and no adjustments shall be made for dividends in cash or other property or other distributions or rights in respect to such Stock for which the record date is prior to the date on which the optionee or transferee shall have in fact become the holder of record of the share of Stock acquired pursuant to the Option or Right.

#### SECTION 12. ADJUSTMENT IN THE NUMBER OF SHARES AND IN OPTION PRICE

In the event there is any change in the shares of Stock through the declaration of stock dividends, or stock splits or through recapitalization or merger or consolidation or combination of shares or otherwise, the Committee or the Board shall make such adjustment, if any, as it may deem appropriate in the number of shares of Stock available for Options and Rights as well as the number of shares of Stock subject to any outstanding Option or Right and the option price thereof. Any such adjustment may provide for the elimination of any fractional shares which might otherwise become subject to any Option or Right without payment therefor.

#### SECTION 13. AMENDMENTS, MODIFICATIONS AND TERMINATION OF THE PLAN

The Board or the Committee may terminate the Plan, in whole or in part, may suspend the Plan, in whole or in part, from time to time and may amend the Plan from time to time, including the adoption of amendments deemed necessary or desirable to qualify the Options, Cash Awards and/or Rights under the laws of various countries (including tax laws) and under rules and regulations promulgated by the Securities and Exchange Commission with respect to employees who are subject to the provisions of Section 16 of the Exchange Act, or to correct any defect or supply an omission or reconcile any inconsistency in the Plan or in any Option or Right granted thereunder, without the approval of the stockholders of the Company; provided, however, that no action shall be taken without the approval of the stockholders of the Company to increase the number of shares of Stock on which Options and Rights may

or change the manner of determining the amount payable upon exercise of a Right, or increase the maximum duration of an Option, or change the class of employees eligible to participate, or withdraw administration from the Committee, or permit any person while a member of the Committee to be eligible to receive or hold an Option or Right granted under the Plan.

No amendment or termination or modification of the Plan shall in any manner affect any Option, Cash Award or Right theretofore granted without the consent of the optionee, except that the Committee may amend or modify the Plan in a manner that does affect Options, Cash Awards or Rights theretofore granted upon a finding by the Committee that such amendment or modification is in the best interest of holders of outstanding Options, Cash Awards or Rights affected thereby. The Plan shall terminate five (5) years after the date of approval of the Plan by stockholders of the Company unless earlier terminated by the Board or by the Committee.

SECTION 14. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant thereto shall be governed by the laws of the State of Georgia and construed in accordance therewith.



THE COCA-COLA COMPANY  
1991 STOCK OPTION PLAN  
as amended through October 15, 1998

## SECTION 1. PURPOSE

The purpose of the 1991 Stock Option Plan of The Coca-Cola Company (the "Plan") is to advance the interest of The Coca-Cola Company (the "Company") and its Affiliates (as defined in Section 4 hereof) by encouraging and enabling the acquisition of a financial interest in the Company by officers and other key employees of the Company or its Affiliates. In addition, the Plan is intended to aid the Company and its Affiliates in attracting and retaining key employees, to stimulate the efforts of such employees and to strengthen their desire to remain in the employ of the Company and its Affiliates.

The Company may grant stock options which constitute "incentive stock options" ("ISOs") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or stock options which do not constitute ISOs ("NSOs") (ISOs and NSOs being hereinafter collectively referred to as "Options"). The Company may grant certain officers of the Company stock appreciation rights ("Rights") for use in connection with Options or with other stock options granted by the Company.

## SECTION 2. ADMINISTRATION

The Plan shall be administered by a committee (the "Committee") appointed by the Board of Directors of the Company (the "Board") or in accordance with Section 7, Article III of the By-Laws of the Company (as amended through October 17, 1996) from among its members. Unless and until its members are not qualified to serve on the Committee pursuant to the provisions of the Plan, the Compensation Committee of the Board shall function as the Committee. Eligibility requirements for members of the Committee shall comply with Rule 16b-3 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), or any successor rule or regulation. No person, other than members of the Committee, shall have any discretion concerning decisions regarding the Plan. The Committee shall determine the key employees of the Company and its Affiliates (including officers, whether or not they are directors) to whom, and the time or times at which, Options and Rights will be granted, the number of shares to be subject to each Option, the duration of each Option or Right, the time or times within which the Option or Right may be exercised, the cancellation of the Option or Right (with the consent of the holder thereof) and the other conditions of the grant of the Option or Right at grant or while outstanding pursuant to the terms of the Plan. The provisions and conditions of the Options and Rights need not be the same with respect to each optionee or with respect to each Option or each Right.

The Committee may, subject to the provisions of the Plan, establish such rules and regulations as it deems necessary or advisable for the proper administration of the Plan, and may make determinations and may take such other action in connection with or in relation to the Plan as it deems necessary or advisable. Each determination or other action made or taken pursuant to the Plan, including interpretation of the Plan and the specific conditions and provisions of the Options and Rights granted hereunder by the Committee shall be final and conclusive for all purposes and upon all persons including, but without limitation, the Company, its Affiliates, the Committee, the Board, officers and the affected employees of the Company and/or its Affiliates and their respective successors in interest.

## SECTION 3. STOCK

The stock to be issued, transferred and/or sold under the Plan shall be shares of Common Stock, \$.25 par value, of the Company (the "Stock"). The Stock shall be made available from authorized and unissued Common Stock of the Company or from the Company's treasury shares. The total number of shares of Stock that may be issued or transferred under the Plan pursuant to Options and Rights granted thereunder may not exceed 59,551,338 shares (subject to adjustment as described below). This number represents the number of shares originally authorized in the Plan, adjusted for a 2-for-1 stock split which occurred on May 1, 1992 and subsequently for a 2-for-1 stock split which occurred on May 1, 1996 in

accordance with Section 10, less the number of shares already issued or subject to outstanding Options or Rights issued pursuant to the Plan as of October 1, 1996. Such number of shares shall be subject to adjustment in accordance with Section 10 hereof and this Section 3. Stock subject to any unexercised portion of an Option or Right which expires or is cancelled, surrendered or terminated for any reason may again be subject to Options and/or Rights granted under the Plan. Upon surrender of an Option or stock option granted under any other plan heretofore or hereafter adopted by the Company and the exercise of a Right, the number of shares of Stock subject to the surrendered Option or stock option shall be charged against the maximum number of shares of Stock issuable or transferable under the Plan or the stock option plan pursuant to which the surrendered Option or stock option was granted, and such number of shares of Stock shall not be issuable or transferable under such Plan or plan in the future. The surrender of any stock option issued other than pursuant to a stock option plan pursuant to the exercise of a Right shall not result in a charge against the maximum number of shares issuable or transferable under the Plan or any other stock option plan.

#### SECTION 4. ELIGIBILITY

Options and Rights may be granted to employees of the Company and its Affiliates. The term "Affiliates" shall mean any corporation or other business organization in which the Company owns, directly or indirectly, 25% or more of the voting stock or capital at the time of the granting of such Option or Right; provided, however, that no ISO may be granted to any employee of an Affiliate which is not a corporation or to any employee of an Affiliate which is not at least 50% owned, directly or indirectly, by the Company. Any ISOs held by an optionee of an Affiliate which ceases to be 50% owned will become NSOs three (3) months after the date that the Company's ownership of the Affiliate falls below 50%. If ownership falls below 25% an optionee will be considered terminated for purposes of Section 8 on the date that the Company's ownership of the Affiliate falls below 25%. No employee shall be granted the right to acquire pursuant to Options granted under the Plan more than 15% of the aggregate number of shares of Stock originally authorized under the Plan, as adjusted pursuant to Section 10 hereof.

#### SECTION 5. AWARDS OF OPTIONS

Except as otherwise specifically provided herein, Options granted pursuant to the Plan shall be subject to the following terms and conditions:

(a) OPTION PRICE. The option price shall be 100% of the fair market value of the Stock on the date of grant. The fair market value of a share of Stock shall be the average of the high and low market prices at which a share of Stock shall have been sold on the date of grant, or on the next preceding trading day if such date was not a trading date, as reported on the New York Stock Exchange Composite Transactions listing.

(b) PAYMENT. The option price shall be paid in full at the time of exercise, except as provided in the next sentence. For exercises of ISOs granted on or after October 15, 1998, and exercises of NSOs, if such exercises are executed by Merrill Lynch, Pierce, Fenner & Smith using the cashless method, the exercise price shall be paid in full no later than the close of business on the third business day following the exercise. "Business day" means a day on which the New York Stock Exchange is open for securities trading.

No shares shall be issued or transferred until full payment has been received therefor. Payment may be in cash or, with the prior approval of and upon conditions established by the Committee, by delivery of shares of Stock owned by the optionee.

The optionee, if a U.S. taxpayer, may elect to satisfy Federal, state and local income tax liabilities due by reason of the exercise by the withholding or tendering of shares of Stock.

If shares are delivered to pay the option price or if shares are withheld for U.S. taxpayers to satisfy such tax liabilities, the value of the shares delivered or withheld shall be computed on the basis of the reported market price at which a share of Stock most recently traded prior to the

time the exercise order was processed. Such price will be determined by reference to the New York Stock Exchange Composite Transactions listing.

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(c) DURATION OF OPTIONS. The duration of Options shall be determined by the Committee, but in no event shall the duration of an Option exceed ten (10) years from the date of its grant.

(d) OTHER TERMS AND CONDITIONS. Options may contain such other provisions, not inconsistent with the provisions of the Plan, as the Committee shall determine appropriate from time to time; provided, however, that, except in the event of a "Change in Control" or disability of the optionee, as both are defined in Section 8, or death of the optionee no Option shall be exercisable in whole or in part for a period of twelve (12) months from the date on which the Option is granted, and, subject to the provisions of Section 8 hereof, thereafter the ratio of the number of shares for which any such Option is exercisable through any given date may not exceed the ratio of the number of months between the date on which the Option is granted and such given date to a period of thirty-six (36) months (or such lesser period as may be then or later determined by the Committee in its discretion). The grant of an Option and/or Right to any employee shall not affect in any way the right of the Company and any Affiliate to terminate the employment of the holder thereof.

(e) ISOs. The Committee, with respect to each grant of an Option to an optionee, shall determine whether such Option shall be an ISO, and, upon determining that an Option shall be an ISO, shall designate it as such in the written instrument evidencing such Option. If the written instrument evidencing an Option does not contain a designation that it is an ISO, it shall not be an ISO.

The aggregate fair market value (determined in each instance on the date on which an ISO is granted) of the Stock with respect to which ISOs are first exercisable by any optionee in any calendar year shall not exceed \$100,000 for such optionee. If any subsidiary or Affiliate of the Company shall adopt a stock option plan under which options constituting incentive stock options (as defined in Section 422(b) of the Code) may be granted, the fair market value of the Stock on which any such incentive stock options are granted and the times at which such incentive stock options will first become exercisable shall be taken into account in determining the maximum amount of ISOs which may be granted to the optionee in any calendar year.

#### SECTION 6. AWARDS OF RIGHTS

The Committee may, at any time and in its discretion, grant to any officer of the Company who is awarded or who holds an outstanding Option or any other outstanding stock option granted by the Company the right to surrender such Option (to the extent any Option or such other stock option is otherwise exercisable) and to receive from the Company an amount equal to the excess, if any, of the fair market value of the Stock with respect to which such Option is surrendered on the date of such surrender over the option price of the Option or other stock option surrendered. No ISO may be surrendered in connection with the exercise of a Right unless the fair market value of the Stock subject to the ISO is greater than the option price for such Stock. Payment by the Company of the amount receivable upon any exercise of a Right may be made by the delivery of Stock or cash or any combination of Stock and cash, as determined in the sole discretion of the Committee from time to time. No fractional shares shall be used. The Committee may provide for the elimination of fractional shares of Stock without adjustment or for the payment of the value of such fractional shares in cash. Shares of Stock of the Company delivered to the optionee upon the exercise of a Right and the surrender of the Option or stock option shall be valued at the fair market value of a share of Stock on the date the right is exercised and the Option or stock option is surrendered. The Committee may limit the period or periods during which the Rights may be exercised and may provide such other terms and conditions (which need not be the same with respect to each optionee) under which a Right may be granted and/or exercised. A Right may be exercised only as long as the related Option or stock option is exercisable; provided, however, that no Right may be exercised and cash paid in partial or complete satisfaction thereof during the first six (6) months following the date of grant of the Right and

related Option. In no event may a Right be exercised more than ten (10) years after the date of the grant of the Right and the related Option or stock option. The fair market value of a share of Stock shall be the average of the high and low market prices at which a share of Stock shall have been sold on the date the Option or the stock option is surrendered or on the next preceding trading day, if such date is not a trading day, as reported on the New York Stock Exchange Composite Transactions listing.

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SECTION 7. NONTRANSFERABILITY OF OPTION AND RIGHT

No Option or Right granted pursuant to the Plan shall be transferable otherwise than by will or by the laws of descent and distribution. During the lifetime of an optionee, the Option and Right shall be exercisable only by the optionee personally or by the optionee's legal representative.

SECTION 8. EFFECT OF TERMINATION OF EMPLOYMENT, DEATH, RETIREMENT OR A CHANGE IN CONTROL

(a) ACCELERATION. If an optionee's employment with the Company and/or its Affiliates shall be terminated by reason of death or disability or in the event of a Change in Control, all Options held by the optionee shall become exercisable. If an optionee's employment with the Company and/or its Affiliates shall be terminated by reason of Retirement (as defined below), all Options held by the optionee for at least twelve full calendar months prior to Retirement shall become exercisable. Death or disability of the optionee occurring after termination of employment with the Company and/or its Affiliates shall not cause any Options to become exercisable. As used in the Plan, the term "disabled" shall have the meaning set forth in the Company's Long Term Disability Income Plan. "Retirement", as used herein, shall mean an employee's termination of employment on a date which is on or after the earliest date on which such employee would be eligible for an immediately payable benefit pursuant to (i) for those employees eligible for participation in the Company's Supplemental Retirement Plan, the terms of that Plan and (ii) for all other employees, the terms of the Employee Retirement Plan (the "ERP") assuming such employee were eligible to participate in the ERP. "Retire" shall mean to enter Retirement.

A "Change in Control" shall mean a change in control of a nature that would be required to be reported in response to item (6e) of Schedule 14A of Regulation 14A promulgated under the 1934 Act as in effect on November 15, 1988, provided that such a change in control shall be deemed to have occurred at such time as (i) any "person" (as that term is used in Sections 13(d) and 14(d)(2) of the 1934 Act), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act) directly or indirectly, of securities representing 20% or more of the combined voting power for election of directors of the then outstanding securities of the Company or any successor of the Company; (ii) during any period of two (2) consecutive years or less, individuals who at the beginning of such period constituted the Board of Directors of the Company cease, for any reason, to constitute at least a majority of the Board of Directors, unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; (iii) the shareholders of the Company approve any merger or consolidation as a result of which the Stock shall be changed, converted or exchanged (other than a merger with a wholly owned subsidiary of the Company) or any liquidation of the Company or any sale or other disposition of 50% or more of the assets or earning power of the Company; or (iv) the shareholders of the Company approve any merger or consolidation to which the Company is a party as a result of which the persons who were shareholders of the Company immediately prior to the effective date of the merger or consolidation shall have beneficial ownership of less than 50% of the combined voting power for election of directors of the surviving corporation following the effective date of such merger or consolidation; provided, however, that no Change in Control shall be deemed to have occurred if, prior to such times as a Change in Control would otherwise be deemed to have occurred, the Board of Directors determines otherwise.

(b) EXERCISE PERIOD. If an optionee's employment with the Company and/or its Affiliates shall be terminated for any reason, except death, disability or Retirement to the extent the Option was exercisable by the optionee at the date of such termination of employment, the optionee shall be entitled to exercise the Option

for the period of six (6) months from the date of such termination of employment unless the Option by its terms expires prior thereto, except as otherwise provided herein.

If an optionee shall become disabled while an employee of the Company or any Affiliate or within six (6) months after the date of termination of employment with the Company or any Affiliate but prior to the expiration of the Option, or if an optionee shall Retire, the retired optionee, the transferee of the Option pursuant to Section 7 or the disabled employee shall have the right to exercise the Option, and the right to exercise the Option shall terminate as provided by the terms of the Option. If an optionee shall die while an employee of the Company or any Affiliate or within six (6) months from the date of termination of employment with the Company or any Affiliate but prior to the expiration of the Option, the executor or administrator of the optionee's estate or a transferee of the Option pursuant to Section 7 shall have the

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right to exercise the Option, and the right to exercise the Option shall terminate upon the earliest of (i) the expiration of twelve (12) months from the date of such termination of employment, (ii) the expiration of twelve (12) months from the date of the optionee's death, or (iii) as otherwise provided by the terms of the Option. The occurrence of a Change in Control shall have no effect on the duration of the exercise period.

Whether military or other government or eleemosynary service or other leave of absence will constitute termination of employment shall be determined in each case by the Committee in its sole discretion.

Notwithstanding the foregoing termination provisions, the Committee may, in its sole discretion, establish different terms and conditions pertaining to the effect of an optionee's termination on the expiration or exercisability of newly granted options or (with the consent of the affected optionee) outstanding options. However, no Option or Right can have a term of more than ten years.

#### SECTION 9. NO RIGHTS AS A SHAREHOLDER

An optionee or a transferee of an optionee pursuant to Section 7 shall have no right as a shareholder with respect to any Stock covered by an Option or receivable upon the exercise of an Option or Right until the optionee or transferee shall have become the holder of record of such Stock, and no adjustments shall be made for dividends in cash or other property or other distributions or rights in respect to such Stock for which the record date is prior to the date on which the optionee or transferee shall have in fact become the holder of record of the share of Stock acquired pursuant to the Option or Right.

#### SECTION 10. ADJUSTMENT IN THE NUMBER OF SHARES AND IN OPTION PRICE

In the event there is any change in the shares of Stock through the declaration of stock dividends, or stock splits or through recapitalization or merger or consolidation or combination of shares or spin-offs or otherwise, the Committee or the Board shall make such adjustment, if any, as it may deem appropriate in the number of shares of Stock available for Options and Rights as well as the number of shares of Stock subject to any outstanding Option or Right and the option price thereof. Any such adjustment may provide for the elimination of any fractional shares which might otherwise become subject to any Option or Right without payment therefor.

#### SECTION 11. AMENDMENTS, MODIFICATIONS AND TERMINATION OF THE PLAN

The Board or the Committee may terminate the Plan, in whole or in part, may suspend the Plan, in whole or in part, from time to time and may amend the Plan from time to time, including the adoption of amendments deemed necessary or desirable to qualify the Options and/or Rights under the laws of various countries (including tax laws) and under rules and regulations promulgated by the Securities and Exchange Commission with respect to employees who are subject to the provisions of Section 16 of the 1934 Act, or to correct any defect or supply an omission or reconcile any inconsistency in the Plan or in any Option or Right granted thereunder, or for any other purpose or to any effect

permitted by applicable laws and regulations, without the approval of the shareholders of the Company. However, in no event may additional shares of Stock be allocated to the Plan or any outstanding option be repriced or replaced without shareholder approval. Without limiting the foregoing, the Board of Directors or the Committee may make amendments applicable or inapplicable only to participants who are subject to Section 16 of the 1934 Act.

No amendment or termination or modification of the Plan shall in any manner affect any Option or Right theretofore granted without the consent of the optionee, except that the Committee may amend or modify the Plan in a manner that does affect Options or Rights theretofore granted upon a finding by the Committee that such amendment or modification is in the best interest of holders of outstanding Options or Rights affected thereby. Grants may be made until April 19, 2001. The Plan shall terminate when there are no longer Rights or Options outstanding under the Plan unless earlier terminated by the Board or by the Committee.

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SECTION 12. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant thereto shall be governed by the laws of the State of Georgia and construed in accordance therewith.

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## THE COCA-COLA COMPANY AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES  
(In millions except ratios)<TABLE>  
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	Nine months Ended September 30,		Year Ended December 31,			
	1998	1997	1996	1995	1994	1993
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EARNINGS:						
Income before income taxes and changes in accounting principles	\$ 4,333	\$ 6,055	\$ 4,596	\$ 4,328	\$ 3,728	\$ 3,185
Fixed charges	240	300	324	318	236	213
Adjustments:						
Capitalized interest, net	(11)	(17)	(7)	(9)	(5)	(16)
Equity (income) loss, net of dividends	(52)	(108)	(89)	(25)	(4)	(35)
Adjusted earnings	\$ 4,510	\$ 6,230	\$ 4,824	\$ 4,612	\$ 3,955	\$ 3,347
FIXED CHARGES:						
Gross interest incurred	\$ 220	\$ 275	\$ 293	\$ 281	\$ 204	\$ 184
Interest portion of rent expense	20	25	31	37	32	29
Total fixed charges	\$ 240	\$ 300	\$ 324	\$ 318	\$ 236	\$ 213
Ratios of earnings to fixed charges	18.8	20.8	14.9	14.5	16.8	15.7

At September 30, 1998, our Company is contingently liable for guarantees of indebtedness owed by third parties in the amount of \$389 million. Fixed charges for these contingent liabilities have not been included in the computations of the above ratios as, in the opinion of Management, it is not probable that we will be required to satisfy the guarantees.

&lt;/TABLE&gt;

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF THE COCA-COLA COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 1998 AS SET FORTH IN ITS FORM 10-Q FOR SUCH QUARTER, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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