The Coca-Cola Company

1993 Annual Report

Creating Value by Refreshing 5.6 Billion People

FINANCIAL HIGHLIGHTS

Year Ended December 31,	**1993**	1992	Percent Change
(In millions except per share data and ratios)			
Excluding Unusual Items			
Net operating revenues	**$ 13,957**	$ 13,074	7 %
Operating income	**$ 3,183**	$ 2,770	15 %
Net income	**$ 2,232**	$ 1,883	19 %
Net income per share	**$ 1.71**	$ 1.43	20 %
Including Unusual Items[1,2]			
Net operating revenues	**$ 13,957**	$ 13,074	7 %
Operating income	**$ 3,102**	$ 2,770	12 %
Net income	**$ 2,176**	$ 1,664	31 %
Net income per share	**$ 1.67**	$ 1.26	33 %
Cash dividends per share	**$ .68**	$ .56	21 %
Average shares outstanding	**1,302**	1,317	(1)%
Share-owners' equity at year-end	**$ 4,584**	$ 3,888	18 %
Return on equity	**51.7%**	46.4%	—
Closing market price per share	**$ 44.63**	$ 41.88	7 %

[1] 1993 includes a one-time, noncash, after-tax catch-up adjustment of $12 million ($.01 per share) resulting from the adoption of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits." In addition, provisions recorded by the Company related to increasing efficiencies in European, domestic and corporate operations reduced operating income by $63 million ($.03 per share after income taxes). Upon a favorable court decision in 1993, the Company reversed previously recorded reserves resulting in a $13 million increase in operating income and a $10 million reduction to interest expense ($.01 per share after income taxes). Also in 1993, changes in U.S. tax law reduced operating income by $32 million, equity income by $18 million and net income by $51 million ($.04 per share after income taxes). Equity income in 1993 was further reduced by $42 million ($.02 per share after income taxes) related to restructuring charges recorded by an equity investee. These charges were offset by gains resulting from the sales of real estate in Japan ($34 million, or $.02 per share after income taxes) and citrus groves in the United States ($50 million, or $.02 per share after income taxes), both of which were recorded in other income (deductions)-net. The Company also recognized a $12 million gain ($.01 per share after income taxes) on the issuance of stock by an equity investee to fund its acquisition of a bottling interest.

[2] 1992 includes a one-time, noncash, after-tax catch-up adjustment of $219 million ($.17 per share) resulting from the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."

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A Global Growth Company 2
Chairman's Message to Share Owners

A Flexible Formula, A Precise Focus 9
In markets at every stage of development, four basic tools help create value worldwide.

Consumer Marketing 18

Infrastructure 22

Product Packaging 26

Customer Marketing 30

Evaluation of Potential 34

1993 Operations Review 36

Financial Review 44
Incorporating Management's Discussion and Analysis

Selected Financial Data 52

Consolidated Financial Statements 54

Notes to Consolidated Financial Statements 59

Board of Directors and Management 74

Glossary and Share-Owner Information 76

To Our Share Owners:

When people ask me about the growth prospects of The Coca-Cola Company, I always respond with three simple facts. First, every day, every single one of the world's 5.6 billion people will get thirsty. Second, only in the last few years have world events allowed us true access to more than half of those people. And third, as the world's foremost beverage company, we are in the best position to satisfy their need for refreshment.

We do not plan to squander even a tiny portion of that remarkable potential. With clear focus, we took significant, measurable strides in 1993 to continue converting that opportunity into real value.

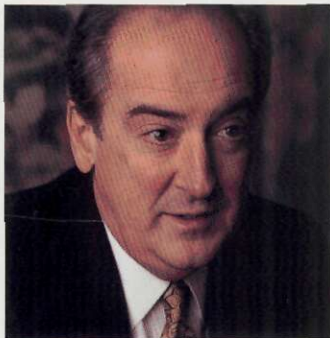
Success During Tough Times. For the second consecutive year, we faced an extremely tough global economic environment. On top of that, we also endured the coldest, rainiest summers in the recent histories of both Japan and Europe, which further negatively impacted soft drink sales in markets accounting for more than a third of our international unit case volume.

Executive management team, from left to right: John Hunter, executive vice president and principal operating officer/International; Roberto C. Goizueta, chairman, Board of Directors, and chief executive officer; and M. Douglas Ivester, executive vice president and principal operating officer/North America.

Times were tough, but we did not flinch.

Instead, we did what we have always done best. We continued to invest aggressively in the long-term growth of our business, building additional value into our enterprise by wisely seeding new operations in high-potential markets like China, India and East Central Europe, while simultaneously fueling growth in established markets like the United States through new products and aggressive marketing. In other words, we stuck to our commitment to do what is best for our business for today and tomorrow.

Our 1993 numbers bear that out. While our worldwide unit case volume grew 5 percent, despite the difficult environment, we were again able to control costs and invest in marketing activities, generating a 15 percent increase in operating income and a 20 percent increase in earnings per share, excluding unusual items. Including unusual items, 1993 earnings per share increased 33 percent. Return on share-owners' equity reached an all-time high of nearly 52 percent. Return on capital climbed to 31 percent,



In other words, we stuck to our commitment to do what is best for our business for today and tomorrow.

nearly three times our cost of capital.

We also passed a telling milestone, cracking the $2 billion level in annual net income for the first time in our history. Net income increased 19 percent to a record $2.2 billion, excluding unusual items. Although passing such numerical landmarks says little in itself, the fact that we did not even break the $1 billion level until 1988 reveals much about our momentum. In simple terms, it took us more than a century to do it the first time, but only five years to do it again.

That momentum also showed itself in the global marketplace, as we expanded our worldwide share of carbonated soft drink sales to a new high. Our total worldwide soft drink volume climbed to a record 10.7 billion unit cases, supported by 5 percent unit case volume growth from our North American operations.

Unit case volume for our international soft drink operations grew 6 percent overall. Volume growth of 21 percent in East Central Europe, 38 percent in China and 22 percent in Australia helped compensate for lackluster performance in those key markets hampered by both tough

economic conditions and bad summer weather.

In addition, Coca-Cola Foods once again outperformed its competitors and delivered solid unit volume and operating income increases.

Based on our overall growth in 1993, our Directors approved a 15 percent increase of our quarterly dividend to 19.5 cents per share, our 32nd consecutive annual increase.

The Bottom Line. While our operating numbers for 1993 provide fine testimony to the fundamental strength of our business, what about the true bottom line? What about the total return on your investment?

In 1993, we generated a total return to share owners of more than 8 percent, which came on the heels of 1992's total return of nearly 6 percent. Those returns fall short of both our track record of the past 12 years and our own long-term expectations, and we remain dissatisfied.

And that is exactly how we should be, despite some of our significant accomplishments.

- In survey after survey, the Coca-Cola trademark continued to strengthen its lead on a global basis as the world's most powerful brand.
- On a local level, our individual operating units were recognized as Britain's best marketer, Argentina's most admired company, France's favorite grocery supplier, the U.S. convenience store industry's favorite supplier and Asia's best company, both overall and specifically in terms of long-term vision, financial soundness and setting an example other companies try to emulate.
- On a Company-wide level, *Fortune* magazine's annual survey of corporate reputations once again ranked us as one of the five most admired companies in the nation, as we moved up to a number three overall ranking and remained the top-ranked company as a long-term investment.
- From the list of the nation's 1,000 most highly capitalized companies, that same magazine also ranked us as second only to one other company, Wal-Mart, in creating wealth for their share owners. We have generated nearly $54 billion of new market value over the last 12 years, plus cash dividends totaling more than $6 billion. In 1993, we generated $4 billion of additional share-owner wealth.
- We also continued to move up in the ranking of U.S. companies by market value, becoming the fourth-largest company overall and the largest consumer goods company. At year-end of 1993, our market value reached $58 billion.
- Finally, our total return to share owners over the last three years —

Total Return vs. S&P

Appreciation plus reinvested dividends on a $100 investment on 12-31-83. From 1983 through 1993, the Company's stock (KO) outperformed the S&P 500 by more than 3-to-1.

	1983	1988	1993
S&P	$100	$203	$400
KO	$100	$298	$1,286

buoyed by 1991's 75 percent performance — averaged a strong 26 percent annually; over the last five years it averaged 34 percent.

Those are pleasant truths that tell us we are effectively managing in a difficult environment. But the dominant truth is that you have every right to say to us: "Three- and five-year historical averages are fine, but what are you going to do for me the *next* three or five years?"

In terms of total return, the law discourages us from making specific promises, nor would we want to. We do not control the global economy, local weather or the short-run movements of the U.S. stock market.

We do, however, control our own actions. And we do promise to continue to take the same kinds of initiatives that have propelled our business to a 10-year average annual total return to share owners of 29 percent and inspired your confidence in our ability to increase the value of your Company.

Disciplined Fervor. What drives our actions? From the Directors on our Board to our route drivers in the world's most remote corners, Coca-Cola people tend to work with both the rousing fervor of missionaries and the disciplined reasoning of scientists. Three priorities — each distilled from our publicly articulated strategy — dominate their thoughts and actions.

(1) Value Creation: We are never confused about why we exist. Although volume growth, earnings, returns and cash flow are critical priorities, our people understand those measurements are all simply the means to the long-term end of creating value for our share owners.

(2) *Real* Trademark Strength: The true worth of a trademark is best measured by its effectiveness in the marketplace, not by a calculation on the balance sheet. Our people understand that brand strength is not a pool to be drained, but a reservoir that must be continuously replenished to new levels. We view every daily task as an opportunity to build additional value into Coca-Cola and the other trademarks in our stable of brands.

(3) The Long Term: Tough economic times breed fear and often cause business people to compromise their long-term judgment. We will not allow ourselves to sacrifice even a tiny portion of our long-term future on the altar of short-term expectations.

Without a doubt, we further sharpen our focus each day. But that is not what makes our Company so attractive. Our best selling point is actually the unique composition of The Coca-Cola Company.

A Global Vehicle. Think about it this way. The Coca-Cola Company, in essence, offers investors a chance to invest in the world through more than 195 individual operations, a global vehicle that trades under the name, "The Coca-Cola Company." In effect, we offer investors a unique opportunity to invest in the most promising economies in the world ... in the lucrative business of soft drinks ... with a familiar management team and the easy access of the New York Stock Exchange.

Of the 195 or so "companies" that make up this portfolio, the most established are growing nicely and generating large amounts of cash for investment. The vast majority of the others, however, operate very much in their start-up stages and enjoy significant growth potential.

The result: a balanced vehicle featuring both the dependability of an established growth company and the growth potential

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of a venture capital investment.

It is a simple, solid formula, and we are best positioned to execute it. As the world's largest beverage company, we possess the world's most valuable trademark, the substantial financial resources, the remarkable local business partners and the experience-based expertise that equip us to operate as the leading player in the very profitable non-alcoholic beverage industry virtually anywhere we go.

Historically, those same assets have effectively equipped us to snap out of slow unit volume growth periods with a prolonged bang, and we have always done so. The difference today is that we now *also* enjoy fresh access to *3 billion new potential consumers* for our beverages around the world.

Confident Stewards. Such encouraging facts help make us bold stewards of your investment, and we appreciate your sharing our confidence. More than ever, we are also grateful for the opportunity to continue to work with our bottlers, our distributors, our customers and our suppliers as partners in creating value for all of us, while making the Coca-Cola system a stand-out citizen of the communities we serve. Our Directors continue to provide us with wise counsel, and we welcomed the return of Cathleen P. Black, who rejoined our Board in October. The people of the Coca-Cola family — effectively led by our multi-cultural, multi-national senior management team — continue to operate as one of the world's most determined and talented work forces.

All of us in the Coca-Cola family wake up each morning knowing that every single one of the world's 5.6 billion people will get thirsty that day ... and that we are the ones with the best opportunity to refresh them. Our task is simple: make Coca-Cola and our other products available, affordable and acceptable to them, quenching their thirst and providing them a perfect moment of relaxation.

All of us in the Coca-Cola family wake up each morning knowing that every single one of the world's 5.6 billion people will get thirsty that day ... and that we are the ones with the best opportunity to refresh them.

If we do this ... if we make it impossible for these 5.6 billion people to escape Coca-Cola ... then we assure our future success for many years to come. Doing anything else is not an option.

We believe in the future of The Coca-Cola Company, and we thank you for sharing that conviction. With great eagerness, we look forward to taking our Company to new heights in 1994 and beyond.

Roberto C. Goizueta
Chairman, Board of Directors, and Chief Executive Officer
February 17, 1994

Market Value
(In billions)

$7

1983

$16

1988

$58

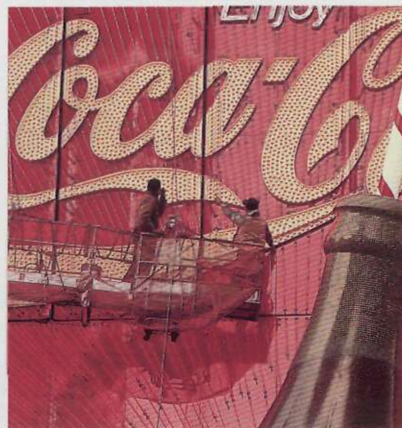
1993

We create value for our share owners, and that remains our true bottom line. Over the past 10 years, our stock price has appreciated at an average annual rate of 26 percent, generating nearly $51 billion of additional market value.

We create value

by reaching out to 5.6 billion people.

People change continually. Using "presearch" to anticipate the evolving tastes and desires of the people who drink our products, we work to understand them better than anyone else, so we can serve them better than anyone else.



Reaching out and building relationships with the people who drink our products remains our key to creating value. We reach out to people in two ways. As the world's premier consumer marketing organization, we continually work to build affinity for our brands. And through the world's most pervasive distribution system, we continually work to make our products pleasantly inescapable.

Our seamless system: Three partners linked by one objective. Built on the long-time premise that every business involved with Coca-Cola should profit from it, our global system consists of three partners executing three distinct, yet highly interrelated roles. *The Coca-Cola Company* develops brands and produces concentrates; our *Bottlers* manufacture and distribute finished products and execute local marketing efforts; our *Customers* present our products to the public. Working continually to eliminate overlapping efforts, our system makes our products available, affordable and acceptable to consumers with an efficiency that makes us the low-cost producer virtually everywhere.

To do it, our seamless system uses four

1

Consumer Marketing. From global television advertising campaigns to simple signs posted in tiny, remote towns, we build affinity for our products through every available means.

2

Infrastructure. We work with thousands of business partners to create the production and distribution systems that deliver the highest quality products at the lowest possible cost.

New Markets are those places where we have just begun to build a business. They often feature product presence limited to core brands in single-serve packages made available in a few key population centers. Establishing infrastructure takes priority, and new investment and reinvestment are emphasized over repatriation of earnings.

Emerging Markets, which include the vast majority of our markets, are those places where our business has begun to take root. They often feature product presence expanded to include a diversified product/packaging mix made available virtually nationwide. Production capacity often still trails demand, but healthy cash flow provides for infrastructure reinvestment and makes these markets self-funding.

Leading Edge Markets are those places where our business is very sophisticated, serving as models for our other markets. They often feature product presence that has been expanded to a full mix of core and niche products and packages. Availability has been broadened nationwide, with penetration extending beyond primary retail outlets. With capacity meeting demand, production emphasis shifts to increasing efficiencies, and strong cash flows allow for investment locally and in new markets.

basic tools in more than 195 markets.

3

Product Packaging. "Packaging" a product goes beyond just putting it in a container. It means creating a quality product with distinctive attributes and delivering it in a desirable package at an attractive price.

4

Customer Marketing. Our ability to create value for our share owners is largely dependent on our ability to help our customers create value for themselves by driving the sales of our products. To do that, we provide coolers, promotions, vending machines and many other tools to help our customers convert demand into the actual purchase of our products.

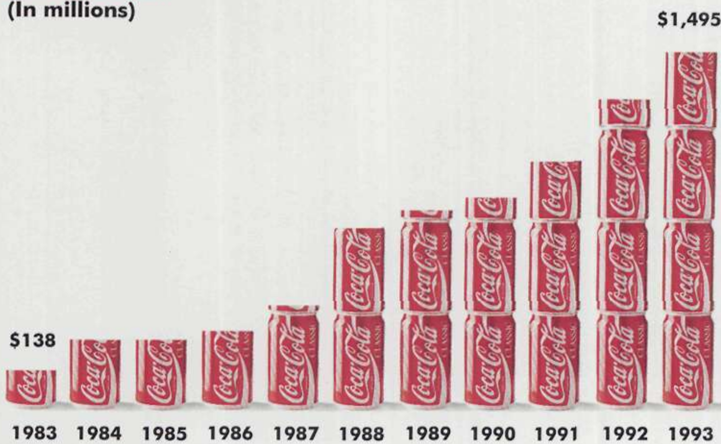
Worldwide Soft Drink Industry

A flexible formula: No matter what level of market development we face, we understand how to apply the basic tools of our business. With the world's most powerful trademark, the world's most pervasive distribution system and some of the world's best business partners, we are uniquely equipped to execute our simple formula for creating value. It is a competitive advantage we refuse to squander.

A flexible formula,

In China, where consumers are enjoying new choices and increased purchasing power, Coca-Cola is rapidly becoming a part of today's Chinese lifestyle through spectacular outdoor signs, sports sponsorships, television advertising and commanding presence in the marketplace.

a precise focus.



A precise focus on why we exist: to create real value for our share owners over the long term. We believe the total returns we generate for our share owners are directly driven by the economic profit we create. We define economic profit as our net operating profit after taxes in excess of our overall cost of capital. Over the last 10 years, our economic profit has grown at an average annual rate of 27 percent.

By closely following evolving preferences, our consumer marketing efforts create value by building consumer affinity for our trademarks, generating the "pull" for our products by expanding the marketplace strength of Coca-Cola and our other core brands. We also use consumer marketing to develop new products to fulfill changing consumer desires, always seeking to make what we can sell, instead of merely trying to sell what we make.

Consumer Marketing

New Markets

- Create basic consumer awareness of core brands.
- Establish high-quality image for trademarks.
- Differentiate image from existing competitors.
- Support that image with superior quality products and packages.

Emerging Markets

- Elevate basic consumer awareness to well-rooted familiarity.
- Expand consumer perception of appropriate drinking occasions.
- Widen image differentiation from competitors.

Leading Edge Markets

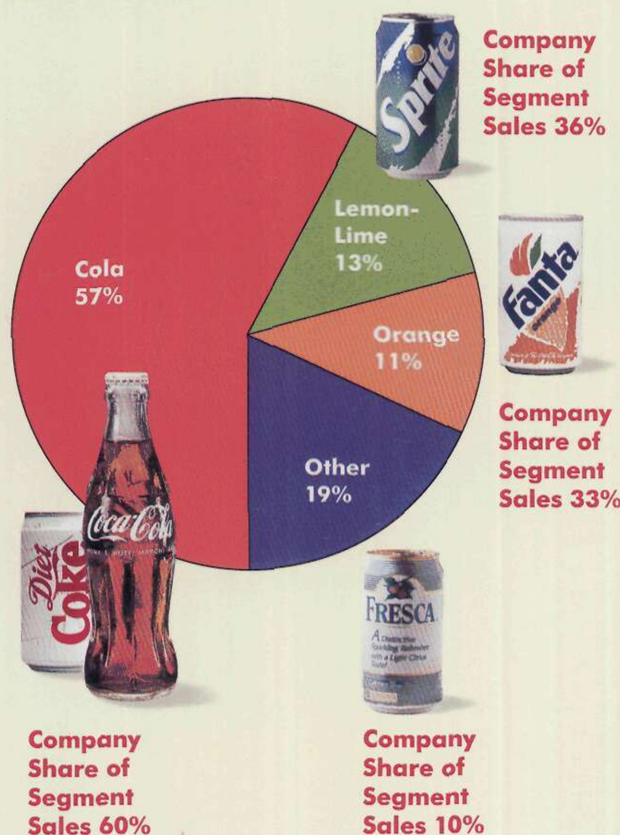
- Ingrain core brands as integral components of consumer lifestyle.
- Closely tie brands with positive, prestigious aspects of local and global culture.
- Widen image differentiation from competitors.
- Create awareness of new products.

The World's Favorite Soft Drink

	Market Leader	Leadership Margin	Second Place
Australia	Coca-Cola	4.0–1	diet Coke
Austria	Coca-Cola	3.2–1	Fanta
Belgium	Coca-Cola	10.2–1	Coca-Cola light
Brazil	Coca-Cola	4.0–1	Brazilian brand
Denmark	Coca-Cola	1.9–1	Coca-Cola light
France	Coca-Cola	4.1–1	French brand
Germany	Coca-Cola	3.5–1	Coca-Cola light
Great Britain	Coca-Cola	1.7–1	diet Coke
Greece	Coca-Cola	4.9–1	Fanta
Italy	Coca-Cola	2.5–1	Fanta
Japan	Coca-Cola	2.0–1	Fanta
Korea	Coca-Cola	1.5–1	Korean brand
Norway	Coca-Cola	2.1–1	Coca-Cola light
South Africa	Coca-Cola	4.9–1	Fanta
Spain	Coca-Cola	2.1–1	Spanish brand
Sweden	Coca-Cola	3.7–1	Fanta

Share of flavored, carbonated soft drink sales
Source: Company data/A.C. Nielsen

1993 Worldwide Carbonated Soft Drink Industry
By Flavor Segment



ALWAYS

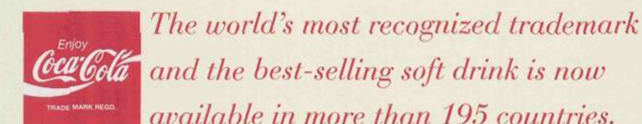
CASE STUDY

In an age when people value authenticity more than ever, we unveiled our new "Always Coca-Cola" campaign in 1993, introducing a global theme confirming Coca-Cola as always real, always there, always new and always yours. To help execute that theme, we broadened our use of creative services beyond traditional agencies. The result: a highly effective and strikingly diverse arsenal of advertising, ranging from sentimental love stories to high-energy hip-hop. That diversity reflected our first strategic effort to create advertising specifically tailored for effective use with the increasingly segmented consumer market.

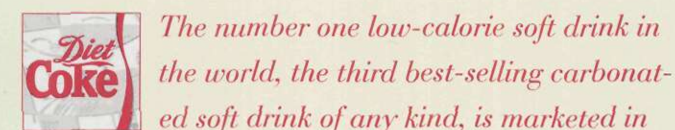
By second quarter 1993, more than 50 "Always" spots were created, all targeted to touch different kinds of people in different ways. Surprisingly, in the celebrity-less effort, in which the main attraction is Coca-Cola, one star was born: the Coke-loving polar bear.

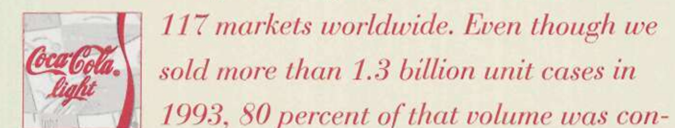
Brand Strength

With four of the world's top-five carbonated soft drinks, our core brands include the leaders of the three largest carbonated soft drink segments: cola, orange and lemon-lime.

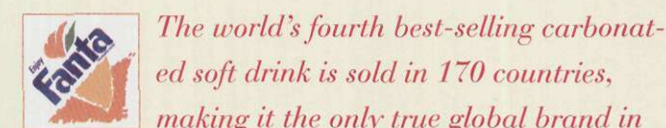


The world's most recognized trademark and the best-selling soft drink is now available in more than 195 countries. In 1993, we sold more than 6.3 billion unit cases of Coca-Cola and Coca-Cola classic.

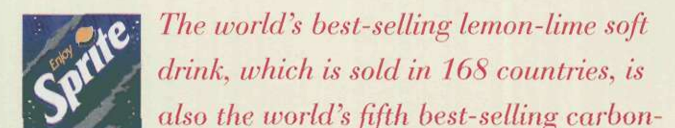




The number one low-calorie soft drink in the world, the third best-selling carbonated soft drink of any kind, is marketed in 117 markets worldwide. Even though we sold more than 1.3 billion unit cases in 1993, 80 percent of that volume was concentrated in only four English-speaking markets, indicating significant growth potential in both existing and new markets. New brand positioning, advertising and packaging graphics will be introduced in early 1994 to build on the success of these two brands.



The world's fourth best-selling carbonated soft drink is sold in 170 countries, making it the only true global brand in the orange segment. Nearly 1 billion unit cases of Fanta were sold in 1993. New packaging graphics will be introduced in 1994.



The world's best-selling lemon-lime soft drink, which is sold in 168 countries, is also the world's fifth best-selling carbonated soft drink of any kind. With its total volume climbing to 948 million unit cases, Sprite is expected to continue its rapid growth as it enters new international markets. New packaging graphics will be introduced in 1994.

In less than three years, the Coca-Cola system has built formidable infrastructure to serve Poland's fast-growing marketplace, with seven plants and two additional distribution centers making returnable glass bottles, recyclable plastic bottles and cans available nationwide.

Our production and distribution infrastructure does not simply supply our customers; it serves them. It does not simply drop our products off at the loading dock; it takes them into the outlet, services the aisles, builds displays, places equipment and provides comprehensive sales support. Our infrastructure also creates value by making us the lowest-cost provider of the highest-quality products wherever we do business.

Infrastructure

New Markets

- Establish distribution coverage in key population centers.
- Establish relationships with key retail channels.
- Become the new quality standard for the industry.
- Establish relationships with well capitalized business partners with local know-how and visibility.

Emerging Markets

- Expand distribution coverage market-wide.
- Adjust bottling structure to facilitate maximum infrastructure investment and efficiency.
- Expand plant capacity and equipment placement.

Leading Edge Markets

- Develop the production/distribution capacity needed for serving national and international customers.
- Rationalize production/distribution system to strengthen low-cost producer status.
- Introduce technically advanced sales equipment and information systems.

INDIA

CASE STUDY

After a 16-year absence, The Coca-Cola Company returned to India in late 1993 by forming a strategic alliance with Parle Exports, providing us instant ownership of the nation's top soft drink brands, access to Parle's extensive 60-plant bottling network and a base for the rapid introduction of the Company's international brands.

The Coca-Cola system quickly began upgrading bottling plants with modern technology, implementing its own strict quality and inventory control standards. Two such plants were renovated by the end of 1993, with several more scheduled for upgrades in 1994. Meanwhile, a fleet of newly designed trademarked six-ton delivery trucks began direct-store delivery while small tricycle carts, fitted for pallet loading, took to small alleyways to service hard-to-reach customers.

With over $60 million invested in India to date, the Company will continue building its modern infrastructure, positioning itself to build a significant business in India's virtually untapped market of 896 million people and one of the world's fastest-growing middle classes.

Our Bottling Investments

Since The Coca-Cola Company began making investments in bottling companies worldwide, the value of those investments has grown substantially. As a good reflection of that, the market value of our publicly traded bottlers exceeded the Company's book value by $1.5 billion at year-end 1993.

Coca-Cola Beverages-49% (Canada)

Brucephil-32%
Coca-Cola Consolidated-30%
Coca-Cola Enterprises-44% *(also in Netherlands)*
Coca-Cola New York-49%
Piedmont Coca-Cola Bottling-50%
(United States)

Coca-Cola FEMSA-30%
Grupo Continental-11%
Panamerican Beverages-9%
(also in Brazil and Colombia)
(Mexico)

Incasa-37% (Guatemala)

Vonpar Refrescos-40%
(Brazil)

Montevideo Refrescos
Bottler-56%
(Uruguay)

Buenos Aires Bottler-100%
Cordoba Bottler-72%
(Argentina)

Frankfurt Bottler-44%
CCEG Bottler-100%
Rhine-Ruhr Bottler-100%
(Germany)

Gdynia Bottler-100%
Krakow Bottler-100%
Warsaw Bottler-49%
West Poland Bottler-100%
(Poland)

Dzerieni Bottler-87%
(Latvia)

Coca-Cola Beverages-62%
(Estonia)

Belgium Bottler-100%
(Belgium)

Northern Italian Bottler-100%
Pescara Bottler-100%
Rome Bottler-100%
(Italy)

Moscow Bottler-100%
St. Petersburg Bottler-100%
(Russia)

Coca-Cola &
Schweppes Beverages-
49% (Great Britain)

Bucharest Bottler-52% (Romania)

Sofia Bottler-30% (Bulgaria)

France Bottler-100%
(France)

ANSAN-88%
MAKSAN-100%
(Turkey)

Coca-Cola Getranke-33%
(Switzerland)

Coca-Cola Bottlers
Zagreb-50% (Croatia)

International
Aerated Water-100%
(Egypt)

BONAGUI-44% (Guinea)

Century Bottling-49%
(Uganda)

Nairobi Bottler-60%
(Kenya)

Copperbelt Bottling Company Ltd.-49%
Zambia Bottler-49%
(Zambia)

Beijing Coca-Cola Beverage-17%
Hainan Bottler-25%
Coca-Cola Swire Beverages Ltd.-14.5%
(also in Hong Kong)
Tianjin Bottler-50%
(China)

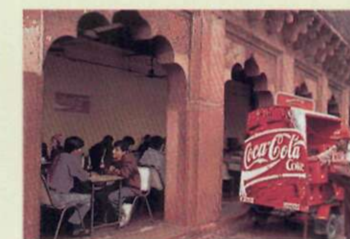
Kerry Beverages-12.5%
(Hong Kong)

Taiwan Bottling-34.5%
(Taiwan)

Thai Pure Drinks-44%
(Thailand)
(also in Vietnam)

Coca-Cola Bottling
Philippines-30%
(Philippines)

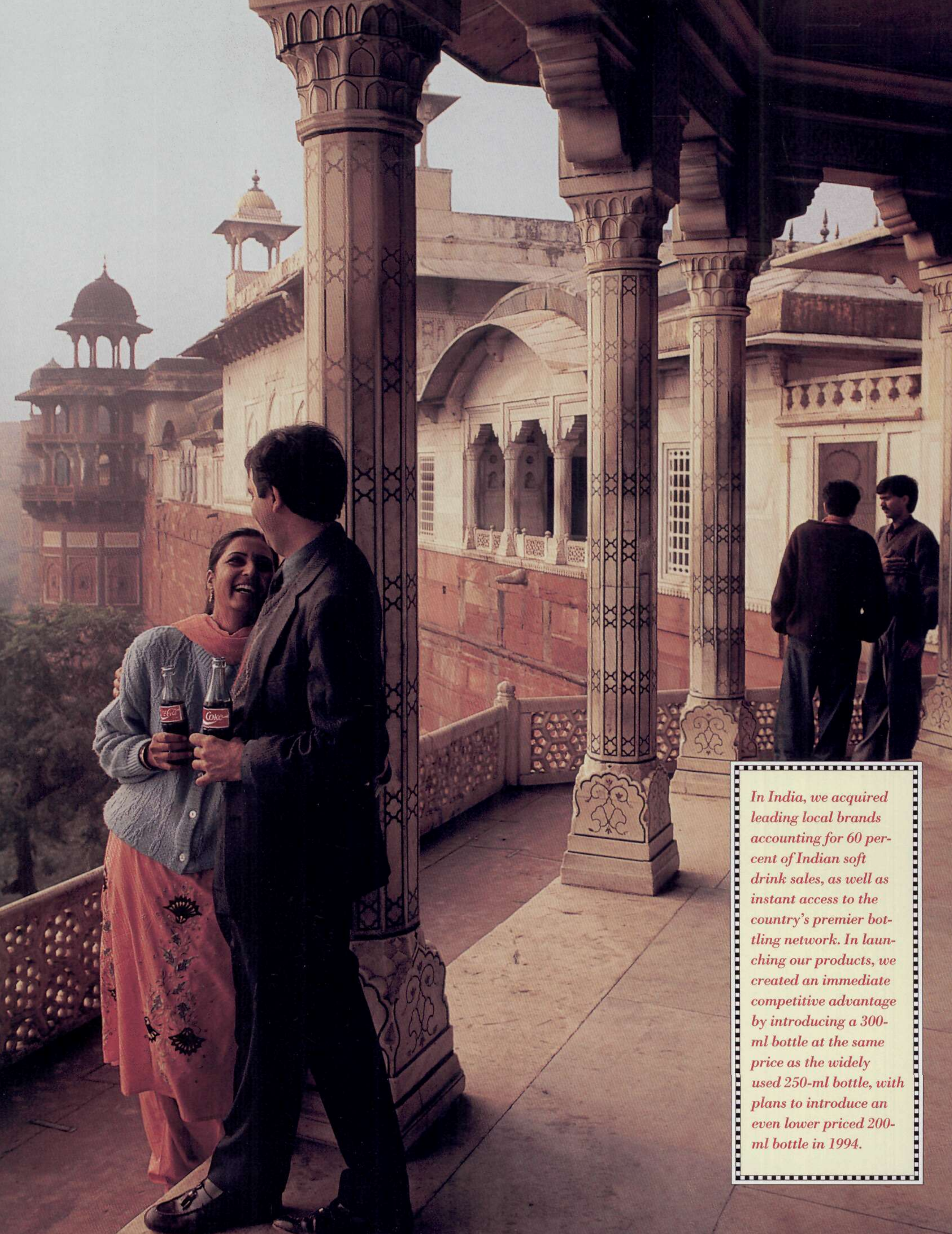
F & N Coca-Cola-25% (Singapore)
(also in Nepal, Cambodia and Vietnam)



Coca-Cola Amatil-51% (Australia)
(also in Austria, Belarus, Czech Republic, Hungary, Indonesia, New Guinea, New Zealand and Slovakia)

International Bottling System

Much of the infrastructure of our global system has been developed by our bottling partners. Historically, the strength of our system was built on the indigenous expertise of each bottler in its local market. Over the past decade, we have augmented that strength in three ways. First, we have helped rationalize local bottling systems to improve their operating efficiencies and ability to serve their customers. Second, we have taken minority equity positions in various bottlers to provide them additional financial and managerial strength. Third, we have promoted the international expansion of anchor bottlers, exceptionally strong bottlers who now also operate outside their home territories, bringing their unique resources to markets where they are most needed.



In India, we acquired leading local brands accounting for 60 percent of Indian soft drink sales, as well as instant access to the country's premier bottling network. In launching our products, we created an immediate competitive advantage by introducing a 300-ml bottle at the same price as the widely used 250-ml bottle, with plans to introduce an even lower priced 200-ml bottle in 1994.

Packaging a product means much more than simply putting it in a container. It includes the product itself, the package it comes in and the price at which it is sold. We use product packaging to offer value and convenience to our consumers, to contribute to customer profitability and to create competitive advantages in the marketplace by clearly differentiating our products.

Product Packaging

New Markets

- Offer products of clearly superior quality.
- Create initial core-brand availability through single-serve packages that facilitate trials and affordability.
- Offer products at a competitive price, relative to the perceived quality.
- Differentiate Coca-Cola through use of proprietary contour single-serve packaging.

Emerging Markets

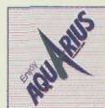
- Expand purchase options through product and packaging diversification.
- Encourage increased consumption through larger package sizes offering additional per-ounce value.
- Maintain value through appropriate package/pricing mix.

Leading Edge Markets

- Encourage increased home consumption through multi-package configurations.
- Encourage increased impulse purchases through tactical value pricing.
- Further differentiate Coca-Cola by expanding use of proprietary contour design.
- Support core line with specialized products/packages, including short life-cycle products that profitably capture temporary consumer preferences.

Developing Brands

Although core brands will continue to generate most of the Company's growth, we also capitalize on opportunities through developing new brands, with several product launches planned for 1994.



PowerAde and Aquarius, non-carbonated thirst quenchers, continued rapid expansion in the fast-growing sports drink segment. New advertising campaigns, package sizes and sports sponsorships — including the Olympic Games — helped both brands increase 21 percent to nearly 59 million unit cases in 1993.

The largest selling product of Coca-Cola Nestlé Refreshments, a joint venture between The Coca-Cola Company and Nestlé S.A., ready-to-drink Nestea was introduced in 1992 and is now available in 15 countries with further geographic, flavor and package expansion planned for 1994. Unit case volume exceeded 48 million in 1993.

A newly reformulated Fresca was reintroduced in the United States in 1991, and worldwide sales for the low-calorie citrus soft drink climbed to more than 23 million unit cases in 1993.

Capitalizing on the growing single-serve juice-drink category, Minute Maid Juices to Go expanded availability to 96 percent of the United States in 1993. With continued international sales growth, worldwide unit case volume more than doubled over 1992, to more than 21 million unit cases.

Bonaqa, a quality mineral water, was launched in Poland, expanding its availability to 13 countries worldwide. Unit case volume for Bonaqa was nearly 18 million in 1993.

MEXICO

CASE STUDY

Packaging and pricing efforts play a significant role in expanding soft drink sales. A prime example is in Mexico, where new packaging innovations — following deregulation of the industry — helped generate an 8 percent unit case volume increase in 1993.

Over five decades, the Coca-Cola system built its number two volume market in Mexico despite strict governmental restrictions on packaging and pricing. In fact, the limits on packaging were such that as recently as 1991, 75 percent of Mexico volume was in the traditional single-serve glass bottle.

With the last of such restrictions now lifted, the Coca-Cola system has responded with an array of 84 product/package combinations, including 12-ounce cans, the popular new half-liter contour glass bottle of Coca-Cola and 2-liter lightweight plastic bottles of Coke, diet Coke, Sprite and Fanta. The new packaging helped sales of Fanta climb 55 percent in 1993, making Mexico our second-largest Fanta market worldwide.

At the same time, restrictions on pricing have also been lifted, allowing the Coca-Cola system to generate healthy returns, while still offering value to Mexican consumers. The result: nearly 10 percent of the Company's 1993 Mexico unit case volume was created through new packages.

Larger Cup Sizes

In addition to merchandising and product line expansion, larger cup sizes at quick-service restaurants, convenience stores and theaters have helped increase customer profitability and drive fountain volume. Consumer demand for large soft drink serving quantities has made cup sizes of 32 to 44 ounces commonplace. Since 1989, the average fountain drink size has increased almost 2 ounces, creating an additional 150 million unit cases in volume in the past four years.

The Contour Preference

The distinctive Coca-Cola contour bottle appeals to consumers of all ages, communicating quality, taste and refreshment. By a margin of 5-to-1, consumers tell us they significantly prefer the contour bottle to the straight-walled generic bottles used by our competitors. The expanding availability of our contour bottles in 1994 will offer a uniquely powerful tool to invite consumers to drink more Coca-Cola, more often and in larger sizes.

The Consumer Contour Preference

If given a choice, 84 percent of consumers would choose the contour bottle over the traditional straight-walled bottle.

Source: Company marketing research

For the second straight year, unit case volume in Chile grew at the rapid rate of 16 percent, sparked by a wide variety of customer marketing programs. In quick-service restaurants, specially tailored promotional activities stimulated consistent growth, while in-store marketing to expand home consumption sizes helped unit case volume grow nearly 30 percent in convenience stores.

Geared toward the point of purchase, customer marketing creates value for our customers and drives the sales of our products. Elevating our role with customers beyond that of mere supplier, our customer marketing efforts range from highly integrated merchandising programs with major customers to the simple placement of a cooler or vending machine.

Customer Marketing

New Markets

- Create fundamental availability in primary retail outlets of major population centers.
- Establish quality standards for the retail presentation of our products.
- Help customers make our products prominent and cold.

Emerging Markets

- Expand availability beyond major population centers and primary retail outlets.
- Expand interaction with customers to include promotional activities.
- Help customers capitalize on the profitability of merchandising programs, including cooler and vending placement.

Leading Edge Markets

- Deepen market-wide availability to include any potential venue for soft drink sales.
- Reach out to consumers by merchandising our products in multiple locations within individual existing outlets.
- Maximize opportunities for impulse purchases through secondary displays, in-store signage and placement of cold-drink equipment.

CUSTOMER MARKETING

MERCHANDISING

CASE STUDY

How We Drive Customer Profit

Our products attract heavier shopper traffic.

Our products attract shoppers who spend more store-wide.

Customer Count x Per Basket Profit = Gross Profit

Our products turn over weekly, a rapid rate that also creates excellent cash flow for customers who pay invoices monthly.

Our products are delivered, stocked and merchandised directly by our system, reducing our customers' inventory service costs.

Gross Profit - Sales Costs = Product Profit

Our products provide the best overall profitability in the soft drink industry.

VIP Club

The VIP Club, an international merchandising program for retailers, has proven successful in creating additional value for our customers by driving incremental sales of one of their most profitable product categories, soft drinks. As part of the program, which is mainly targeted to independent retailers, the Company works with customers to create special signage, dedicated point-of-purchase materials and tailored promotions. In Company surveys conducted in three high-volume countries that participate in the VIP Club, smaller independent retailers saw their unit case volume climb an average of 27 percent higher than the previous year.

VIP Club Members – Small Independent Retailers
(Growth rate over previous year)

Country	Year	Unit Case Sales
Mexico	1992	38%
U.K.	1992	18%
Italy	1993	35%
Average Growth		27%

Source: Company survey

Merchandising encompasses everything we do at the point of purchase to drive sales of our products, including a wide variety of promotional and merchandising programs tailored to individual customer needs and market environments.

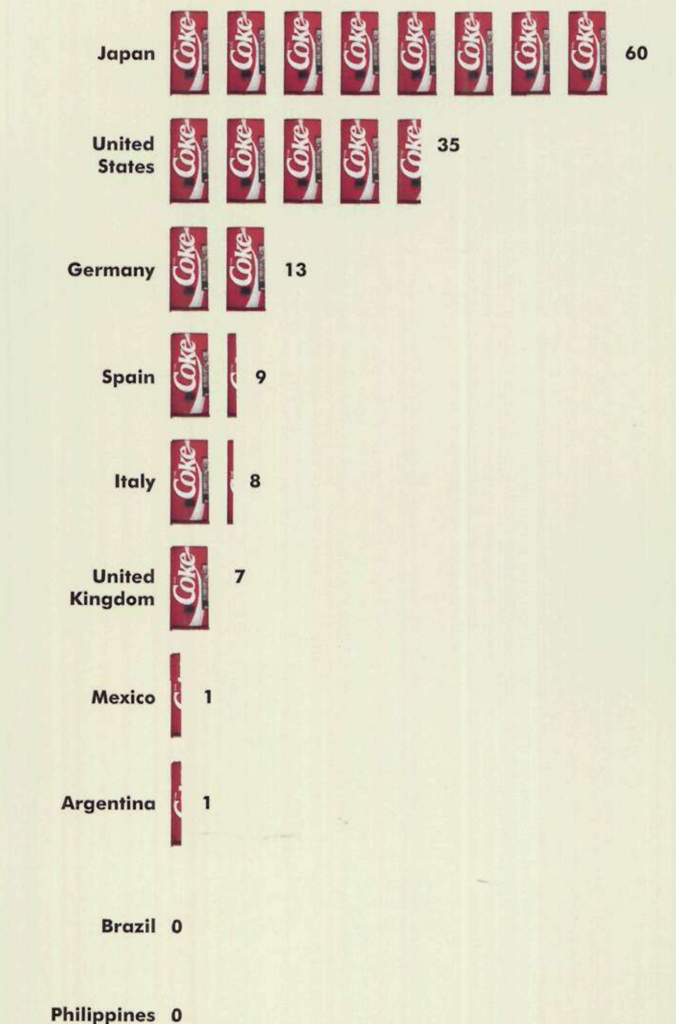
In South Africa, for example, basic merchandising techniques helped a simple distribution tool become an effective device for reaching consumers directly. For several years, standard steel shipping containers have been transported into remote areas to serve as wholesale distribution points. By painting these units and equipping them with coolers and signs, they also serve as vivid retail outlets, accounting for more than 7 million unit cases in South Africa in 1993.

In the United States, where merchandising has long been an important part of retailing, innovative marketing programs and merchandising concepts cut through the competing clutter. For instance, "Fast Lane Merchandisers" at checkout lanes stimulate impulse purchases of cold single-serve packages. These coolers hold 20-ounce packages, along with racks of candy, gum and magazines, and generate additional sales of 25 to 40 cases a week; just one unit can mean as much as $10,000 a year in extra profit for the customer. More than 23,000 Fast Lane Merchandisers have been placed in U.S. retail outlets, with an additional 15,000 units scheduled for installation in 1994.

Vending Potential

Vending is an inexpensive, high-return tool for making our beverages cold and easily available. With the exception of the United States and Japan, where volume generated from vending accounts for 12.5 percent and more than 50 percent of total sales, respectively, vending represents a relatively untapped opportunity in most of our top-volume markets.

1993 Company Vending Machines
(Per 10,000 people)



EVALUATION OF POTENTIAL

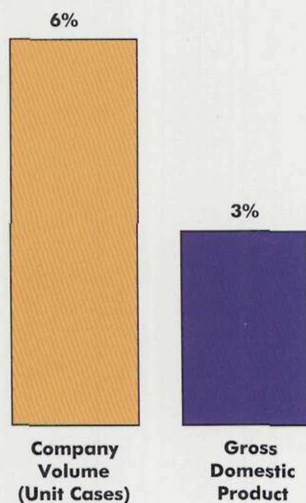
Today, our top-16 markets account for 80 percent of our volume, but those 16 markets *account for only 20 percent of the world's* population. This indicates we are only beginning to scratch the surface of soft drink opportunity in countries representing four-fifths of the world's population. This growth potential can be measured through several meaningful methods of evaluation.

The Potential of Economic Growth

Our historical ability to outperform local economies over the long term in virtually every market worldwide has helped us grow rapidly during economic booms, while effectively weathering economic downturns or stagnation. In fact, over the last 10 years, the Company's worldwide unit case volume *has grown twice as fast as worldwide* economic growth.

Worldwide Volume Growth vs. Worldwide GDP

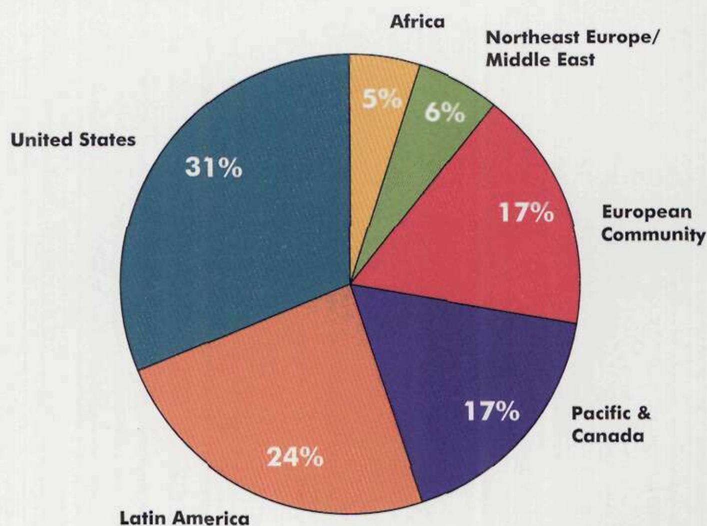
(Average growth over 10 years)



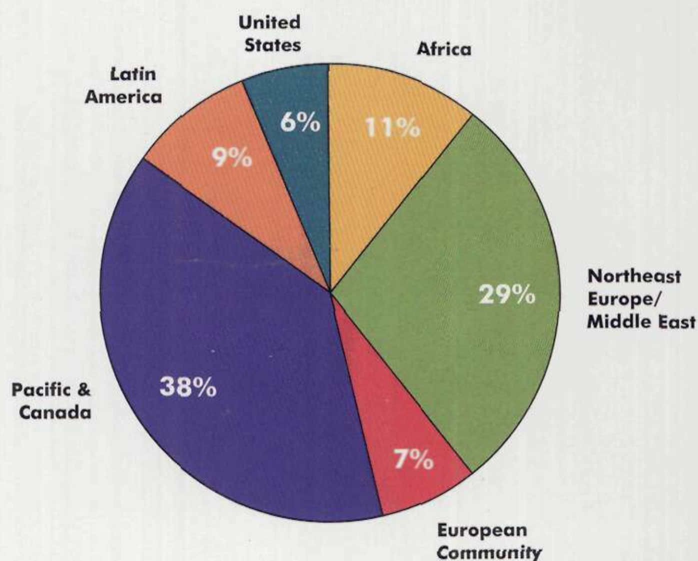
The Potential of Geographic Development

While our total worldwide unit cases are still *heavily weighted toward our long-time major* markets, we expect our global sales to increasingly align themselves with world population figures as we continue to develop new and emerging markets. For example, while only 6 percent of our 1993 worldwide unit case volume came from Northeast Europe and the Middle East, the region represents 29 percent of the world's population, signifying a tremendous soft drink opportunity for the future.

Unit Cases by Region



Population by Region



The Potential of Per Capita Consumption

With the United States and Mexico serving as ever-rising benchmarks, comparative per capita consumption rates reflect the significant growth potential of markets worldwide.

8-Ounce Servings of Company Carbonated Soft Drinks Per Person Per Year

Country	Servings
Mexico	306
United States	303
Australia	250
Norway	238
Chile	205
Germany	180
Argentina	174
Canada	161
Spain	155
Benelux/Denmark	142
South Africa	139
Japan*	123
Hungary	104
Great Britain	95
Italy	90
Brazil	85
Philippines	84
France	61
Korea	54
Thailand	49
Morocco	34
Int'l average**	32
Kenya	29
Taiwan	28
Romania	26
Turkey	25
Nigeria	23
Poland	23
Egypt	20
Indonesia	5
Russia	2
China	2
Ukraine	1
India	0

*Includes non-carbonated soft drinks.
**Expanded to include India and several former Soviet republics.

The Potential of Large Populations

When we enter new markets with large populations, the development of even modest per capita consumption rates can significantly impact unit case volume. If we were to elevate the average per capita consumption in each of these new markets to just one serving per month, a level far below our current international average, those markets would generate additional sales of more than 1 billion unit cases annually.

Additional Annual Unit Case Volume (In millions)

Generated at per capita consumption level of 12 servings (one per month)

1993 OPERATIONS REVIEW

SELECTED COUNTRY RESULTS

Estimated Unit Case[1] Volume

	Average Annual Growth				1993 Results			
	10 Years		5 Years		Unit Case Growth		Company	
	Company[3]	Industry[4]	Company[3]	Industry[4]	Company[3]	Industry[4]	Share[4]	Per Capita[4] Consumption
Worldwide[6]	6%	5%	6%	3%	5%	3%	44%	45
North America Business Sector[2]	4	4	3	2	5	2	41	289
United States	5	4	3	2	5	3	41	303
International Business Sector[6]	8	5	7	3	6	3	47	32
European Community	8	5	8	3	1	(1)	47	122
Benelux/Denmark	7	3	9	4	0	(2)	46	142
France	13	6	15	9	11	5	43	61
Germany	6	4	9	2	(2)	(5)	53	180
Great Britain	13	7	6	4	6	4	31	95
Italy	9	5	4	3	(2)	(2)	54	90
Spain	7	4	6	3	(3)	(3)	53	155
Pacific[5]	8	7	7	4	7	2	43	19
Australia	9	7	7	3	22	8	62	250
Japan[5]	6	0	6	1	0	(6)	36	123
Korea	5	5	3	1	(8)	(14)	53	54
Philippines	7	2	2	0	(1)	(1)	76	84
Thailand	12	14	11	11	8	7	47	49
Northeast Europe/Middle East (NEME)[6]	11	3	13	(1)	19	14	27	9
Egypt	4	2	(1)	(2)	8	5	41	20
Hungary	18	1	39	4	24	(12)	46	104
Norway	11	7	7	3	6	2	60	238
Poland	27	(1)	56	1	91	34	27	23
Africa	4	3	6	3	4	(2)	72	23
Nigeria	3	1	8	5	12	1	71	23
South Africa	5	5	6	4	2	0	75	139
Zimbabwe	6	6	7	5	1	(2)	84	61
Latin America	7	5	6	4	6	4	53	136
Argentina	8	11	9	10	3	10	48	174
Brazil	8	7	2	1	5	8	58	85
Chile	14	13	15	14	16	12	63	205
Mexico	6	5	8	7	8	5	56	306

[1] *Unit case equals 24 8-ounce drinks.*
[2] *Consists of United States and Canada.*
[3] *Includes non-carbonated soft drinks.*
[4] *Includes only flavored, carbonated soft drinks.*
[5] *Includes Japanese non-carbonated soft drinks.*
[6] *The calculation of per capita consumption has been expanded to include India and several former Soviet republics.*

EUROPEAN COMMUNITY GROUP

Continued investments in the European marketplace and bottling system seeded long-term profit and unit case volume growth. Although poor economic conditions and bad weather limited 1993 growth for the European soft drink industry, the Company outperformed the industry, reporting a 2 percent increase in gallon sales and a 1 percent unit case volume increase. As a result, the Company's share of carbonated soft drink sales increased by one-half point to exceed 47 percent, and Coca-Cola strengthened its position as the top-selling brand in every country within the EC.

Growth Rate
(1993 vs. 1992)

European Community	Gallon Sales	Unit Case Sales
Benelux/Denmark	4%	0%
France	11%	11%
Germany	(1)%	(2)%
Great Britain	9%	6%
Italy	(2)%	(2)%
Spain	1%	(3)%
Other	6%	6%
Total	2%	1%

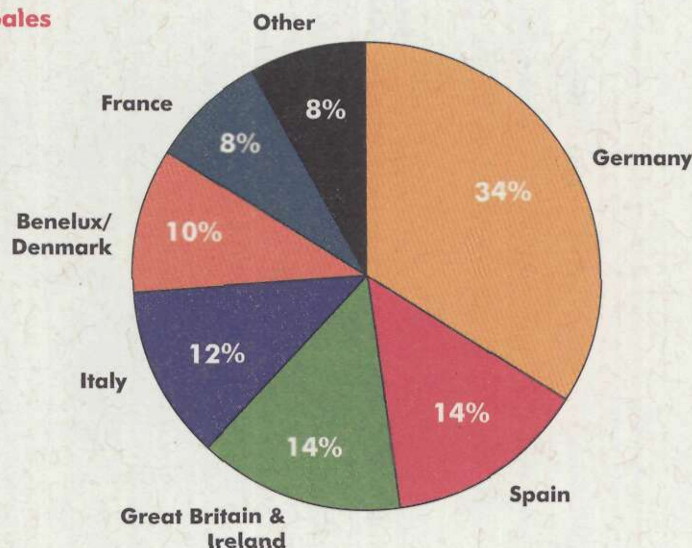
France
Company-owned bottler, Coca-Cola Beverages S.A., led exceptional volume growth of 11 percent, resulting in 2-point growth in share of sales to a record 43 percent ... heavy infrastructure investments and intense merchandising continued ... new formulas for Coca-Cola light and Fanta successfully launched.

Benelux/Denmark
Long-term volume and profit growth enhanced through Coca-Cola Enterprises' acquisition of the Dutch bottler and the Company's bottling acquisition in Belgium ... successfully introduced Nestea in Belgium and Aquarius in Belgium and Holland ... renewed focus on Coca-Cola light helped achieve volume gains in low-calorie segment.

Great Britain
Unit case volume grew 6 percent, representing a 1-point gain in share of sales ... 500-ml PET contour package introduced for Coke and diet Coke ... integrated football promotional program sparked consumer interest ... Company products reintroduced in more than 500 McDonald's outlets ... Coca-Cola named the best-selling grocery brand in Great Britain.

Pan-Europe
"Coca-Cola is the Music" campaign, a multi-faceted marketing and merchandising program throughout Europe, reinforced the link between Coca-Cola and music ... extensive sampling programs and promotions expanded the number of drinkers and frequency of consumption ... Customer Service Europe, a strategic marketing unit focusing on servicing Pan-European customers, built strategic partnerships with major customers.

European Community Group
1993 Unit Case Sales



PACIFIC GROUP

Serving more than 2 billion people, the Pacific Group continued to make significant investments in high-potential markets such as China, Indonesia, Malaysia and Thailand. Despite a rainy summer in the important Japan market, the wettest in over 40 years, unit case volume in the region grew 7 percent, and gallon shipments increased 3 percent in 1993.

Growth Rate
(1993 vs. 1992)

Pacific	Gallon Sales	Unit Case Sales
Australia	17%	22%
China	23%	38%
Japan	(2)%	0%
Korea	(17)%	(8)%
Philippines	0%	(1)%
Thailand	9%	8%
Other	8%	19%
Total	3%	7%

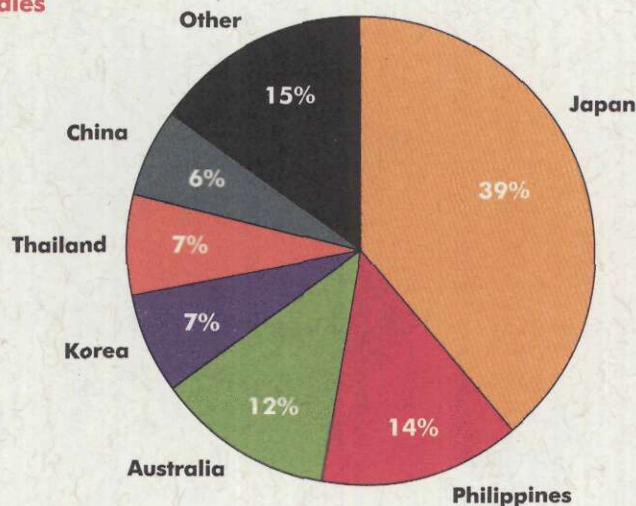
Japan
New campaign and innovative point-of-sale advertising for Georgia Coffee, the number one canned and bottled coffee, helped coffee unit case volume increase 13 percent ... successful launch of two ready-to-drink tea brands, Saryusaisai and Kocha Kaden, resulted in 32 percent unit case volume growth in that segment.

China
Sales of Coca-Cola products climbed 38 percent over the previous year ... Company products account for 16 percent of the total soft drink market, outselling nearest competitor by 2.7-to-1 ... plans approved for 10 new bottling plants, bringing total number of plants to 23 by year-end 1995.

Indonesia
Intense focus on customer and consumer merchandising, cold-drink programs and training helped increase unit case volume 16 percent, exceeding combined unit case volume growth of 1990-1992 ... massive public sampling campaign of Coca-Cola expanded consumer perception of appropriate drinking occasions, pushing unit case volume for brand Coca-Cola up 18 percent over the previous year.

Australia
Acceleration of cold-drink campaigns and new customer and consumer marketing programs contributed to very good volume growth ... brand Coca-Cola increased a strong 8 percent over 1992 ... 3-liter and 500-ml contour PET packages successfully introduced.

Pacific Group 1993 Unit Case Sales



NORTHEAST EUROPE/MIDDLE EAST GROUP

Rapid growth continued in the diverse markets of the Northeast Europe/Middle East Group (NEME). Unit case volume grew 19 percent, and gallon shipments increased 20 percent, continuing the momentum of 1992 results, when unit case volume grew 21 percent and gallon shipments increased 22 percent versus the prior year. Responsible for many rapidly emerging markets, the NEME Group now also includes India, where Coca-Cola returned in 1993 after a 16-year absence.

Growth Rate
(1993 vs. 1992)

Northeast Europe/ Middle East (NEME)	Gallon Sales	Unit Case Sales
East Central European Division	23%	21%
Middle East Division	17%	18%
Nordic and N. Eurasia Division	13%	11%
India	*	*
Total	20%	19%

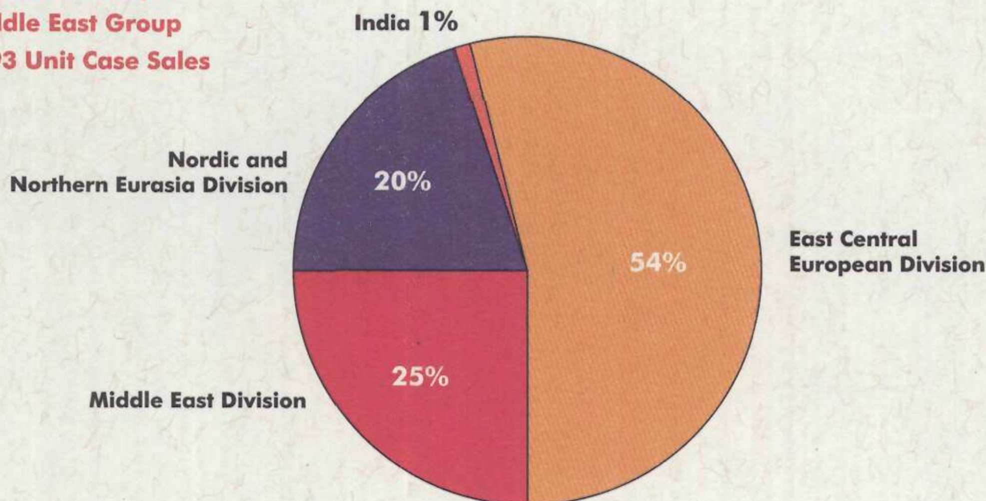
**Sales began in 1993.*

India
Acquisition of Parle brands makes the Company the largest soft drink producer in India, outselling nearest competitor more than 2-to-1 ... Coca-Cola already launched in several key markets, with many more metropolitan areas following in 1994.

Poland
Opening of three new plants and expanded package mix for Fanta and Sprite helped nearly double unit case volume ... continued investment kept Coca-Cola system as Poland's largest foreign investor.

Iran
With the opening of locally owned Mashad plant, Coca-Cola became the only international soft drink produced in the largest soft drink market in the Middle East ... second franchise plant in Tehran expected to open in 1994.

Russia
Rapidly expanding availability and continued infrastructure development more than doubled unit case volume over the last two years ... new Company-owned bottling plant in Moscow began production in early 1994.



LATIN AMERICA GROUP

Hyperinflation and recession in many countries, particularly Brazil, continued to affect industry performance in Latin America. But the strong economic growth in Mexico, Chile and Argentina, coupled with significant infrastructure investment, helped drive a 6 percent increase in both unit case volume and gallon shipments, with profitability increasing significantly.

Growth Rate
(1993 vs. 1992)

Latin America	Gallon Sales	Unit Case Sales
Argentina	4%	3%
Brazil	8%	5%
Chile	14%	16%
Colombia	(2)%	(3)%
Mexico	9%	8%
Other	1%	3%
Total	6%	6%

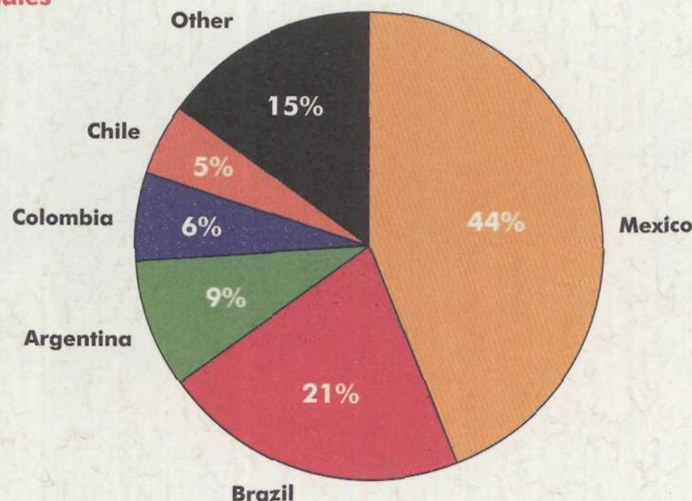
Mexico
Ongoing investment in infrastructure included four new production facilities and 22 new filling lines ... large plastic returnable packages rolled out ... Fanta unit case volume increased 55 percent over 1992.

Argentina
Despite flattening industry growth, Company achieved record volume and profits ... new package and products launched with strong growth on non-refillable packages ... second canning line, fastest in the country, installed to meet growing consumer demand for cans ... Coca-Cola accounts for 77 percent of cola sales.

Brazil
Volume growth resumed despite hyperinflation and reduction of consumer purchasing power ... new canning facility helped meet demand for non-returnable packaging ... post-mix equipment aggressively placed ... vending program initiated ... new Portuguese "Sempre Coca-Cola" advertising campaign launched.

Chile
Per capita consumption reached 205 servings, reflecting 16 percent growth in unit case volume over a very strong 1992 ... share of sales increased 2 points to 63 percent, reflecting widespread availability of new plastic returnable packages.

Latin America Group
1993 Unit Case Sales



AFRICA GROUP

In its first year as an independent operating unit, the Africa Group focused on increasing production and distribution efficiencies, expanding cold-drink availability and, in more developed markets, implementing consumer promotions. Despite difficult economic and political conditions in several key markets, unit case volume grew 4 percent, and gallon sales increased 6 percent. Company products account for 72 percent of all carbonated soft drink sales in sub-Saharan Africa, but overall per capita consumption is a relatively low 23. In simplest terms, the key to profitable growth is making our products more widely available, while maintaining their affordability.

Growth Rate
(1993 vs. 1992)

Africa	Gallon Sales	Unit Case Sales
Nigeria	11%	12%
South Africa	7%	2%
Zimbabwe	6%	1%
Other	0%	3%
Total	6%	4%

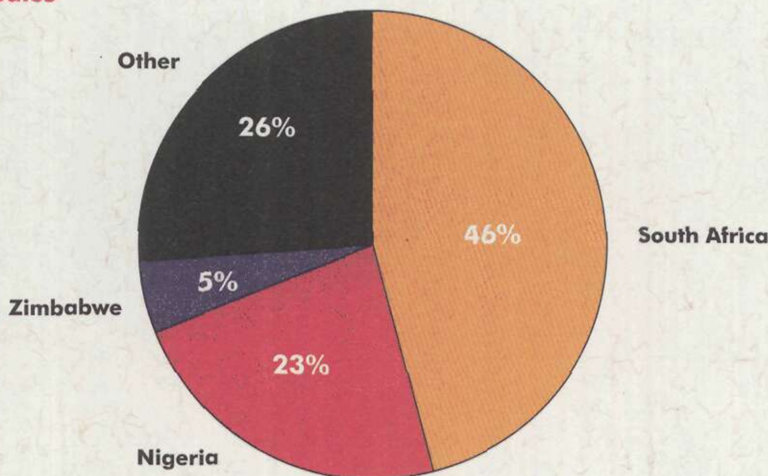
Nigeria
Unit case volume grew 12 percent as system continued to improve efficiencies through investment in additional production capacity ... Company and bottler management strengthened ... new bottling lines installed ... delivery routes streamlined through use of mini-depots ... product affordability maintained and rollout of larger packages expanded.

South Africa
Company remains disinvested from South Africa, but growth achieved with strong independent bottler system despite turbulent economic and political environment ... 17 new products and packages introduced ... successful channel-marketing programs implemented through schools and service stations ... aggressive bottler investment in sales and distribution equipment in fast-growing informal sector ... largest consumer promotion in South African history drew 8.5 million entries.

Zambia
Bottling system restructured under single ownership ... significant investment in production and distribution infrastructure and conversion of bottler-owned brands to Company products drove 23 percent unit case volume growth.

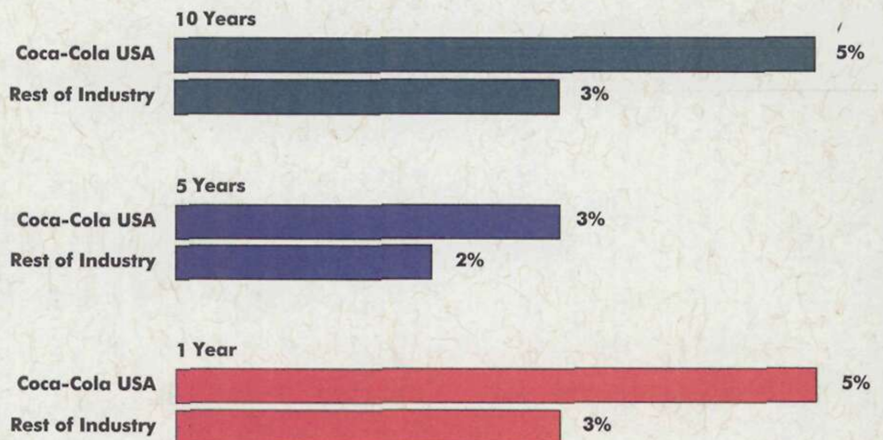
Uganda
Joint venture formed with Kampala bottler ... increased investment in distribution equipment ... consumer promotions introduced, and Fanta rollout begun ... unit case volume increased 34 percent.

Africa Group 1993 Unit Case Sales



COCA-COLA USA

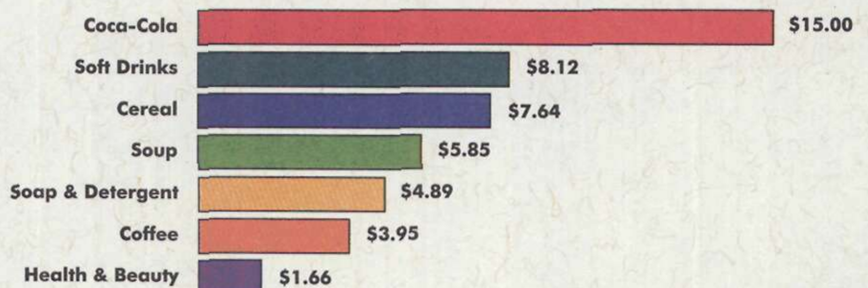
The world's largest market for Coca-Cola continued to enjoy solid growth in 1993 as unit case volume grew 5 percent, outperforming the rest of the industry. The growth was fueled by the success of the "Always Coca-Cola" advertising campaign and sales of PowerAde, Nestea, Hi-C and other developing products.



*Coca-Cola USA includes non-carbonated soft drinks.

Customer Profitability

The success of the Coca-Cola system has always been based on our ability to help our customers become more profitable by selling our products. As the chart indicates, our products are almost always among the most profitable items a retailer sells, generating a much higher average gross margin return on inventory. In addition, shoppers who buy our products also tend to spend significantly more per visit on a store-wide basis.



Source: Marsh Super Study

Fountain Customer Retail Sales

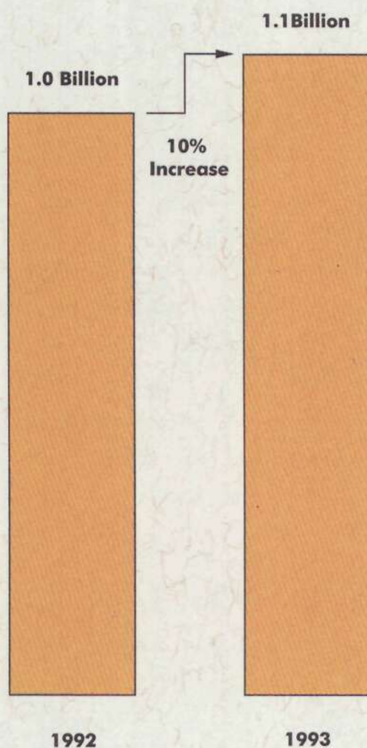
The sales of our products often have tremendous impact on our customers' retail sales. Based on an average serving size, our U.S. fountain customers sold 13.9 billion servings of our products in 1993, generating a total of $11.3 billion in retail sales.

13.9 Billion	x	81¢	=	$11.3 Billion
Servings		Average Serving Price		Total Retail Sales

Our Fountain Business

Coca-Cola USA's fountain division, the Company's oldest operating unit, reported 10 percent volume growth over 1992, driven by the continued focus on programs designed to stimulate consumer purchases and increase our customers' soft drink revenues and profitability.

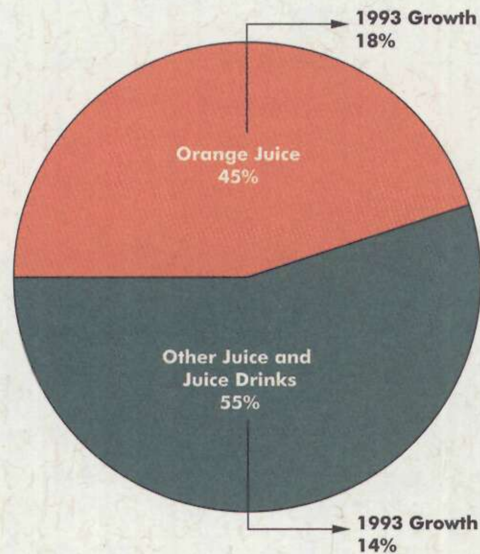
Coca-Cola USA Unit Case Fountain Volume



COCA-COLA FOODS

In 1993, Coca-Cola Foods achieved record results for both volume and operating income, and widened its leadership of the juice and juice-drink industry. Operating income grew 13 percent to $127 million. Volume increased 16 percent, as aggressive pricing and marketing drove strong gains across all lines of business. Minute Maid orange juice volume climbed 18 percent, while volume for other juices and juice drinks increased 14 percent. U.S. volume for Minute Maid Juices To Go, single-serve juice and juice-drink products distributed through the Coca-Cola bottling system, grew 160 percent due to increased availability and strong marketing support.

Coca-Cola Foods Volume



Coca-Cola Foods Operating Income

(In millions)

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's primary objective is to maximize share-owner value over time. To accomplish this objective, The Coca-Cola Company and subsidiaries (the Company) have developed a comprehensive business strategy that emphasizes maximizing long-term cash flows. This strategy focuses on continuing aggressive investment in the high-return soft drink business, increasing returns on existing investments and optimizing the cost of capital through appropriate financial policies. The success of this strategy is evidenced by the growth in the Company's cash flows and earnings, its increased returns on total capital and equity and the total return to its share owners over time.

Investments

The Company has a global business system which distributes its products in more than 195 countries. With this pervasive global business system in place, the Company is well positioned to capitalize on new investment opportunities as they arise. Within the last two years, the Company has gained entry into several countries, such as Romania and India. The Company has also rapidly expanded its system across relatively untapped markets such as China, East Central Europe and Indonesia.

Management seeks investments that strategically enhance existing operations and offer cash returns that exceed the Company's long-term after-tax weighted average cost of capital, estimated by management to be approximately 11 percent as of January 1, 1994. The Company's soft drink business generates inherent high returns on capital, providing an attractive area for continued investment. With international per capita consumption of Company products at only 11 percent of the U.S. level, attractive investment opportunities exist in many international markets for the Company and its bottlers to expand production and distribution systems. Even in countries such as the United States, which have more developed soft drink markets, additional high-return investments can be made to increase product choices and availability, enhance marketing focus and improve overall efficiency. The Company has already benefited from the continued consolidation of production and distribution networks, plus investment in the latest technology and information systems.

Capital expenditures on property, plant and equipment and the percentage distribution by geographic area for 1993, 1992 and 1991 are as follows (dollars in millions):

Year Ended December 31,	**1993**	1992	1991
Capital expenditures	**$ 800**	$ 1,083	$ 792
United States	**23%**	22%	25%
Africa	**1%**	1%	1%
European Community	**33%**	41%	45%
Latin America	**19%**	20%	14%
Northeast Europe/ Middle East	**18%**	13%	8%
Pacific & Canada	**6%**	3%	7%

In addition to capital expenditures, the Company has made significant investments in bottling operations over the last decade. The principal objective of these investments is to ensure strong and efficient production, distribution and marketing systems in order to maximize long-term growth in volume, cash flows and share-owner value of both the bottler and the Company.

When considered appropriate, the Company makes equity investments in bottling companies (typically between 20 percent and 50 percent). Through these investments, the Company is able to help focus and improve sales and marketing programs, assist in the development of effective business and information systems and help establish capital structures appropriate for these respective operations. In 1993, the Company purchased a 30 percent interest in Coca-Cola FEMSA, S.A. de C.V. (Coca-Cola FEMSA) to assist in further strengthening important bottling territories in Mexico. Also in 1993, the Company purchased shares which constitute a 10 percent voting interest in Panamerican Beverages, Inc., which owns operations in Mexico, Brazil and Colombia.

In certain situations, management believes it is advantageous to own a controlling interest in bottling operations. In 1989, the Company purchased the largest of the Coca-Cola bottling operations in France to improve the distribution system and customer relationships in that country. To compensate for limited local resources in eastern Germany, the Company invested directly in a wholly owned bottling subsidiary that could quickly capitalize on soft drink opportunities.

In restructuring the bottling system, the Company periodically takes temporary majority ownership positions in bottlers. The length of ownership is influenced by various

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

factors, including operational changes, management changes and the process of identifying appropriate new investors.

At December 31, 1993, the Company owned approximately 51 percent of Coca-Cola Amatil Limited, an Australian-based bottler of Company products. The Company intends to reduce its ownership interest to below 50 percent within the next year. Accordingly, the investment has been accounted for by the equity method of accounting.

At December 31, 1993, the Company had $69 million of investments that represented majority interests in companies other than Coca-Cola Amatil that were not consolidated. These investments were accounted for by the cost or equity methods, depending on the circumstances. These investments relate primarily to temporary majority interests that management expects to reduce to below 50 percent. For example, the Company recently reduced its voting and economic ownership interest in The Coca-Cola Bottling Company of New York, Inc. to below 50 percent, consistent with its stated intention of ending temporary control after completing certain organizational changes. Based on management's estimates, the aggregate fair values of these majority-owned investments exceeded their carrying values at December 31, 1993.

In 1993, the Company's consolidated bottling, canning and fountain/post-mix operations produced and distributed approximately 16 percent of worldwide unit case volume. Equity investee bottlers produced and distributed an additional 38 percent of worldwide unit case volume.

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

December 31,	Carrying Value	Fair Value	Excess
1993			
Coca-Cola Amatil Limited	$ 592	$ 1,202	$ 610
Coca-Cola Enterprises Inc.	498	859	361
Coca-Cola FEMSA, S.A. de C.V.	206	467	261
Coca-Cola Beverages Ltd.	18	98	80
Coca-Cola Bottling Co. Consolidated	86	101	15
Equity Method Investees	$ 1,400	$ 2,727	$ 1,327
Selected Cost Method Investees			
Grupo Continental, S.A.	$ 3	$ 84	$ 81
Panamerican Beverages, Inc.	32	112	80

Increasing Returns

The Company manages its concentrate and bottling operations to increase volume and its share of soft drink sales, while at the same time optimizing profit margins. The Company also provides expertise and resources to its equity investees to strengthen their businesses and to build long-term volume, cash flows and share-owner value.

Through cost control, efficient allocation of marketing resources and price increases generally in line with local inflation, the Company was able to maintain or improve margins in 1993 despite difficult economic climates in many international markets.

Increases in per capita consumption of soft drinks in the industry and the Company's share of industry sales drive the success of the Company's investments. In emerging markets, the Company's primary emphasis is raising the per capita consumption levels by expanding availability of the Company's products. In these emerging markets, investments are made in the basic infrastructure of the system: facilities, distribution networks and sales equipment. These investments are made primarily through local bottlers, matching their local expertise with the Company's focus and experience. Point-of-sale merchandising and product sampling are used to establish consumer awareness, building product acceptability. As demand expands, the Company increases consumer awareness of its products to improve the Company's share of industry sales. Advertising is used to expand the consumer's perception of appropriate consumption occasions. New products and larger packages provide the consumer with a wider array of choices.

Growth in volume and the Company's share of industry sales also depend, in part, on continuous reinvestment in advertising. Advertising establishes and builds affinity for the Company's trademarks in the minds of the consumers. Advertising expenditures were $1.1 billion in 1993 and 1992 and $1.0 billion in 1991.

Volume and profits have benefited from the Company's ownership of and investments in bottling operations. While the bottling business has relatively lower margins on revenue compared to the concentrate business, aggressive investment in soft drink infrastructure has resulted in growth in profits, share of sales and unit case volume at the bottler level, which in turn generates gallon shipment gains for the concentrate business.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Equity income, which primarily represents returns from the Company's unconsolidated bottling investments, was $91 million in 1993. The Company's joint ventures and investments in bottling entities include Coca-Cola Enterprises Inc., Coca-Cola Amatil, Coca-Cola FEMSA and Coca-Cola & Schweppes Beverages Ltd.

Financial Policies

Maximizing share-owner value necessitates optimizing the Company's cost of capital through appropriate financial policies.

Debt Financing

The Company maintains debt levels considered prudent based on the Company's cash flows, interest coverage and the percentage of debt to the Company's total capital. The Company's overall cost of capital is lowered by the use of debt financing, resulting in increased return to share owners.

The Company's capital structure and financial policies have resulted in long-term credit ratings of "AA" from Standard & Poor's and "Aa3" from Moody's, as well as the highest credit ratings available for its commercial paper programs. The Company's strong financial position and cash flows allow for opportunistic access to financing in financial markets around the world.

Foreign Currency Management

With approximately 79 percent of operating income in 1993 generated by operations outside the United States, foreign currency management is a key element of the Company's financial policies. The Company benefits from operating in a number of different currencies, because weakness in any particular currency is often offset by strengths in other currencies. The Company closely monitors its exposure to fluctuations in currencies and, where cost-justified, adopts strategies to reduce the impact of these fluctuations on the Company's financial performance. These strategies include engaging in various hedging activities to manage income and cash flows denominated in foreign currencies, and using foreign currency borrowings when appropriate to finance investments outside the United States.

Share Repurchases

In July 1992, the Board of Directors authorized a plan to repurchase up to 100 million additional shares of the Company's common stock through the year 2000. In 1993, the Company repurchased 13 million shares approved under this plan and approximately 1 million additional shares to complete its 1989 share repurchase plan of 80 million shares. The total cost of these 1993 repurchases was approximately $586 million. From the inception of share repurchase programs in 1984 to December 31, 1993, the Company has repurchased 429 million shares at a total cost of approximately $5.8 billion. This represents over 26 percent of the Company's common shares that were outstanding at the beginning of 1984. In 1993, the Company purchased an additional 3 million shares of common stock for treasury related to the exercise of stock options by employees.

Dividend Policy

Strong earnings growth has enabled the Company to increase the cash dividend per common share by an average annual compound growth rate of 12 percent since December 31, 1983. The annual common stock dividend was $.68 per share, $.56 per share and $.48 per share in 1993, 1992 and 1991, respectively. At its February 1994 meeting, the Board of Directors increased the quarterly dividend per common share to $.195, equivalent to a full-year common dividend of $.78 in 1994. This is the 32nd consecutive year in which the Board of Directors has approved common stock dividend increases.

With approval from the Board of Directors, management has maintained a common stock dividend payout ratio of approximately 40 percent of net income. The 1993 dividend payout ratio was 41 percent.

Measuring Performance

A significant portion of the increase in the rate of growth of the Company's earnings, returns and cash flows can be attributed to the Company's actions to increase its investments in the high-margin, high-return soft drink business; increase share of sales and volume growth for its products; and manage its existing asset base effectively and efficiently.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Profit and Economic Value Added provide management a framework to measure the impact of value-oriented actions. Economic Profit is defined as net operating profit after taxes in excess of a computed capital charge for average operating capital employed. Economic Value Added represents the growth in Economic Profit from year to year.

Over the last 10 years, Economic Profit has increased at an average annual compound rate of 27 percent, resulting in Economic Value Added to the Company of $1.4 billion. Over the same period, the Company's stock price has increased at an average rate of 26 percent. Management believes that, over the long term, growth in Economic Profit, or Economic Value Added, will have a positive impact on the growth in share-owner value.

Total Return to Share Owners

During the past decade, share owners of the Company have enjoyed an excellent return on their investment. A $100 investment in the Company's common stock at December 31, 1983, together with reinvested dividends, would be worth approximately $1,286 at December 31, 1993, an average annual compound return of 29 percent.

Economic Profit and Company Stock Price

Over the last 10 years, economic profit has increased at an average rate of 27 percent, while the Company's stock has increased on average 26 percent.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lines of Business

Soft Drinks

The Company is the largest manufacturer, marketer and distributor of soft drink concentrates and syrups in the world. It manufactures soft drink concentrates and syrups, which it sells to bottling and canning operations, and manufactures fountain/post-mix soft drink syrups, which it sells to authorized fountain wholesalers and some fountain retailers. The Company has substantial equity investments in numerous soft drink bottling and canning operations, and it owns and operates certain bottling and canning operations outside the United States.

Foods

The foods business sector's principal business is processing and marketing juice and juice-drink products. It is the largest marketer of juice and juice-drink products in both the United States and the world.

Volume

Soft Drinks

The Company measures soft drink volume in two ways: gallon shipments of concentrates and syrups, and equivalent unit cases of finished product. Gallon shipments represent the primary business of the Company since they measure concentrates and syrups sold by the Company to its bottling system. Most of the Company's revenues are based on this measure of wholesale activity. The Company also monitors unit case volume, a measure of finished product sold by the bottling system to retail customers, who make sales to consumers. Management believes unit case volume more accurately measures the underlying strength of the global business system because it measures trends at the retail level and is less impacted by inventory management practices at the wholesale level. Fountain/post-mix syrups sold by the Company directly to customers are included in both measures simultaneously.

For the years 1993 and 1992, the Company increased unit case and gallon volume in its worldwide markets. The percentage increases over the prior year by geographic group and in total are as follows:

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31,	**1993**		1992	
	Unit Cases	Gallons	Unit Cases	Gallons
Worldwide	**5%**	**4%**	3%	3%
International Sector	**6%**	**5%**	4%	3%
Africa	**4%**	**6%**	7%	10%
European Community	**1%**	**2%**	5%	3%
Latin America	**6%**	**6%**	0%	0%
Northeast Europe/ Middle East	**19%**	**20%**	21%	22%
Pacific	**7%**	**3%**	3%	2%
North America Sector[1]	**5%**	**2%**	2%	1%
United States	**5%**	**2%**	2%	2%

[1]*Consists of United States and Canada.*

Worldwide soft drink unit case volume increased 5 percent in 1993 as the Company expanded into new markets in East Central Europe, the Middle East and the Pacific. Volume increases in these new markets more than offset weaker than expected results in the more established markets of Europe and Japan, which suffered from record-setting cold and rainy summer seasons as well as weak economic environments. Each region experienced a volume increase over 1992 results, which were also negatively impacted by difficult economic environments in a number of the Company's major markets, including the United States and Brazil.

In 1993, unit case growth in the newly created Africa group was led by a 12 percent increase in Nigeria, resulting from increased product availability and promotions.

A cool and wet summer season slowed unit case growth in the European Community in 1993. Volume in Great Britain increased 6 percent in 1993 after growing only 3 percent in 1992.

Volume in Latin America recovered in 1993, with Mexico reporting unit case growth of 8 percent. Volume in 1992 was even with the prior year primarily because of an 18 percent decrease in unit cases in Brazil, where severe economic conditions eroded consumer purchasing power. This decline was offset by unit case volume growth of 3 percent in Mexico and 30 percent in Argentina in 1992.

Volume growth in Northeast Europe and the Middle East was driven by expansion into new markets in Poland, Romania and the remaining countries of East Central Europe and continued expansion of the Company's infrastructure in many existing markets.

In the Pacific, unit case growth in 1993 was driven by a 38 percent increase in China and a 22 percent increase in Australia. Unit case volume in Japan for 1993 was even with the prior year, reflecting the cold and wet summer. In 1992, unit cases increased 2 percent in Japan and 29 percent in China, offsetting a 1 percent decrease in the Philippines, where natural disasters hampered distribution.

In the United States, growth in the Company's fountain business drove unit case volume growth of 5 percent in 1993. Slow economic recovery impacted volume in 1992.

Foods

Year Ended December 31,	**1993**	1992
Total Volume	**16%**	0 %
Orange Juice	**18%**	(7)%
Other Juice Drinks	**14%**	5 %

Total unit volume in the foods business sector increased by 16 percent in 1993, driven by aggressive pricing and marketing. Total unit volume in the foods business sector was unchanged in 1992 following a 12 percent increase in volume in the prior year.

Operations

Net Operating Revenues and Gross Margin

In 1993, revenues for the Company's soft drink business increased 7 percent, reflecting an increase in gallon shipments and continued expansion of bottling and canning operations, partially offset by the adverse effect of a stronger U.S. dollar versus most key foreign currencies. Revenues for the foods business sector increased 5 percent in 1993, as volume increases more than offset price reductions.

For the Company's soft drink business, revenues grew 15 percent in 1992, primarily due to gallon shipment increases, favorable exchange movement, price increases and continued expansion of bottling and canning operations. Revenues for the foods business sector in 1992 increased 2 percent primarily due to price increases.

On a consolidated basis, the Company's worldwide net revenues grew 7 percent in 1993 while gross profit grew 10 percent. The Company's gross margin expanded to 63 percent in 1993 from 61 percent in 1992 due to lower costs for aspartame and orange solids. Gross profits grew 16 percent in 1992 on consolidated revenue growth of 13 percent.

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Selling, Administrative and General Expenses

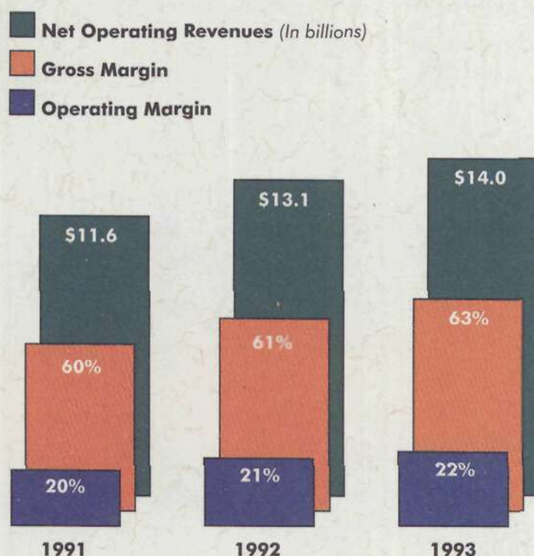
Selling expenses were $4.4 billion in 1993, $4.0 billion in 1992 and $3.5 billion in 1991. The increase in 1993 was due primarily to increased promotional activity. The increase in 1992 was due primarily to higher marketing investments in line with expansion of the business.

Administrative and general expenses were $1.3 billion in 1993, $1.2 billion in 1992 and $1.1 billion in 1991. The increases for both years were due primarily to expansion of the business, particularly newly formed, Company-owned bottling operations. Also, administrative and general expenses in 1993 include provisions of $63 million related to increasing efficiencies in European, domestic and corporate operations. Administrative and general expenses, as a percentage of net operating revenues, were approximately 10 percent in 1993 and 1992 and 9 percent in 1991.

Operating Income and Operating Margin

Operating income grew 12 percent in 1993, after increasing 19 percent in 1992. Operating margins grew to 22 percent in 1993 from 21 percent in 1992. The expansion in operating margins resulted from gross margin expansion.

Margin Analysis



The Company's gross profit and operating income have increased due to both growth in revenues and expansion of margins.

Interest Income and Interest Expense

In 1993, interest expense was approximately even with the prior year while interest income decreased 12 percent. Interest income and interest expense declined in 1992, primarily due to lower interest rates.

Equity Income

Equity income increased 40 percent in 1993 due primarily to new bottling investments and improved results at Coca-Cola Amatil and Coca-Cola Nestlé Refreshments, offset by the results at the Company's Canadian affiliate, Coca-Cola Beverages Ltd. In the fourth quarter, Coca-Cola Beverages recorded a pretax restructuring charge of $126 million, which reduced the Company's equity income by $42 million.

Equity income increased 63 percent, to $65 million, in 1992 due primarily to one-time charges recorded by Coca-Cola Enterprises in 1991, partially offset by increased start-up costs of Coca-Cola Nestlé Refreshments in 1992.

Other Income (Deductions)-Net

In 1993, other income (deductions)-net increased $86 million, primarily due to gains on sales of certain real estate and bottling investments. This includes a $50 million pretax gain recognized on the sale of citrus groves in the United States and a $34 million pretax gain recognized on the sale of property no longer required as a result of a consolidation of manufacturing operations in Japan.

Other income (deductions)-net in 1992 was lower than 1991 due to nonrecurring gains recorded in 1991.

Gain on Issuance of Stock by Coca-Cola Amatil

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

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

Income Taxes

The Company's effective tax rate was 31.3 percent in 1993, 31.4 percent in 1992 and 32.1 percent in 1991. The Company's effective tax rate reflects the favorable U.S. tax treatment from manufacturing facilities in Puerto Rico that operate under a negotiated exemption grant as well as the tax benefit derived from significant operations outside the United States which are taxed at rates lower than the U.S. statutory rate of 35 percent. Changes to U.S. tax law enacted in 1993 will limit the utilization of the favorable tax treatment from operations in Puerto Rico beginning in 1994, and will exert upward pressure on the Company's effective tax rate.

Transition Effect of Changes in Accounting Principles

As of January 1, 1993, the Company recognized an after-tax charge of $12 million resulting from the adoption of Statement of Financial Accounting Standards No. 112, Employers' Accounting for Postemployment Benefits (SFAS 112). The cumulative charge consists primarily of health benefits for surviving spouses and disabled employees.

As of January 1, 1992, the Company recognized an after-tax charge of $219 million resulting from the adoption of Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions (SFAS 106). The cumulative charge consists of postretirement health care and life insurance benefit obligations to employees of the Company and the Company's portion of postretirement benefit obligations of its equity investees. The Company elected to absorb this charge immediately rather than amortize the obligation over a period of up to 20 years.

Income Per Common Share

Accelerated by the Company's share repurchase program, income per common share before changes in accounting principles grew 17 percent and 18 percent in 1993 and 1992, respectively. Net income per common share grew 33 percent in 1993, reflecting the $.17 per share impact of the adoption of SFAS 106 in 1992.

Liquidity and Capital Resources

One of the Company's financial strengths is its ability to generate cash from operations in excess of requirements for capital reinvestment and dividends.

Free Cash Flow

Free Cash Flow is the cash from operations remaining after the Company has satisfied its business reinvestment opportunities. Management focuses on growing long-term Free Cash Flow to achieve management's primary objective, maximizing share-owner value. The Company uses Free Cash Flow, along with borrowings, to make share repurchases and dividend payments. The consolidated statements of cash flows are summarized as follows (in millions):

Year Ended December 31,	**1993**	1992	1991
Cash flows provided by (used in):			
Operations	**$ 2,508**	$ 2,232	$ 2,084
Investment activities	**(885)**	(1,359)	(1,124)
Free Cash Flow	**1,623**	873	960
Cash flows provided by (used in):			
Financing	**(1,540)**	(917)	(1,331)
Exchange	**(41)**	(58)	—
Increase (decrease) in cash	**$ 42**	$ (102)	$ (371)

Cash provided by operations continued to grow in 1993, reaching $2.5 billion, resulting from growth in net income before the noncash charges for depreciation and amortization. In 1992, cash from operations totaled $2.2 billion, a 7 percent increase over 1991. After extensive investment in eastern Europe and other emerging markets during 1992, the Company's purchases of property, plant and equipment declined $283 million in 1993. This decline, coupled with the receipt of proceeds on the sales of real estate in Japan and the United States and various bottling investments, resulted in a decrease in cash used in investment activities in 1993. Cash used in investment activities increased in 1992 due primarily to purchases of property, plant and equipment, investments and acquisitions of bottling operations, offset by the collection of certain finance subsidiary receivables added in 1991.

The finance subsidiary made additional borrowings in 1993 to fund increased receivables. The increase in marketable securities and other assets in 1993 and 1992 was primarily attributed to an increase in marketable securities held in accordance with a negotiated income tax exemption

FINANCIAL REVIEW INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS

grant for the Company's manufacturing facilities in Puerto Rico. The balance also increased due to additional deferred tax assets in 1993. Timing of tax payments, including those attributable to the sales of real estate, resulted in an increase in accrued taxes of 33 percent in 1993. In 1992, payments collected by the finance subsidiary were used to reduce notes payable. The noncash charge for the change in accounting for postretirement benefits other than pensions resulted in an increase in other long-term liabilities and a decrease in deferred tax liabilities in 1992.

Financing

Financing activities primarily represent the Company's net borrowing activities, dividend payments and share repurchases. Cash used in financing activities totaled $1.5 billion in 1993, $917 million in 1992 and $1.3 billion in 1991. The change between years was due primarily to net reductions of debt in 1993 and 1991 compared to net borrowings in 1992. Cash used to purchase common stock for treasury decreased to $680 million in 1993, from $1.3 billion in 1992.

The Company aggressively manages its mix of short-term versus long-term debt to lower its overall cost of borrowing. This process, coupled with the share repurchase program and investment activity, resulted in current liabilities exceeding current assets at December 31, 1993.

The Company manages its debt levels based on the following financial measurements and ratios:

Year Ended December 31,	**1993**	1992	1991
Net debt (in billions)	**$1.6**	$1.8	$1.0
Net debt to net capital	**26%**	32%	19%
Free cash flow to net debt	**100%**	48%	95%
Interest coverage	**18x**	16x	13x
Ratio of earnings to fixed charges	**15.7x**	14.1x	11.6x

Debt levels are measured excluding the debt of the Company's finance subsidiary, and are net of cash, cash equivalents and marketable securities in excess of operating requirements and net of temporary bottling investments.

At December 31, 1993, the Company had $1.4 billion in lines of credit and other short-term credit facilities contractually available, under which $150 million was outstanding. Included were $1.0 billion in lines designated to support commercial paper and other borrowings, under which no amounts were outstanding at December 31, 1993.

Exchange

International operations are subject to certain opportunities and risks, including currency fluctuations and government actions. The Company closely monitors its methods of operating in each country and adopts strategies responsive to changing economic and political environments.

The Company uses approximately 46 functional currencies. In 1993, 1992 and 1991, weighted average exchange rates for certain key foreign currencies that are traded on exchange markets strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	**1993**	1992	1991
Key market-traded currencies	**(3)%**	5 %	1 %
Australian dollar	**(7)%**	(5)%	1 %
British pound	**(15)%**	1 %	(1)%
Canadian dollar	**(8)%**	(4)%	1 %
German mark	**(5)%**	8 %	(3)%
Japanese yen	**15 %**	6 %	8 %

The change in the foreign currency translation adjustment in 1993 was due primarily to the weakening of certain European currencies against the U.S. dollar. Exchange losses recorded in other income (deductions)-net amounted to $74 million in 1993, $25 million in 1992 and $22 million in 1991. Exchange losses include the remeasurement of certain currencies into functional currencies and costs of hedging certain transaction and balance sheet exposures. Additional information concerning the Company's hedging activities is presented on page 63.

Impact of Inflation and Changing Prices

Inflation is a factor in many markets around the world and consequently impacts the way the Company operates. In general, management believes the Company is able to increase prices to counteract the effects of increasing costs and generate sufficient cash flows to maintain its productive capability.

Additional Information

For additional information concerning the Company's operations, cash flows, liquidity and capital resources, this analysis should be read in conjunction with the information on pages 54 through 72 of this report. Additional information concerning operations in different lines of business and geographic areas is presented on pages 69 and 70.

THE COCA-COLA COMPANY AND SUBSIDIARIES

SELECTED FINANCIAL DATA

(In millions except per share data, ratios and growth rates)	Compound Growth Rates 5 Years	Compound Growth Rates 10 Years	Year Ended December 31, 1993[2]	1992[3,4]	1991[4]	1990[4]	1989[4]	1988	1987	1986	1985	1984	1983
Summary of Operations													
Net operating revenues	11.6%	10.7%	**$13,957**	$13,074	$11,572	$10,236	$8,622	$8,065	$7,658	$6,977	$5,879	$5,442	$5,056
Cost of goods sold	8.5%	7.2%	**5,160**	5,055	4,649	4,208	3,548	3,429	3,633	3,454	2,909	2,738	2,580
Gross profit	13.7%	13.5%	**8,797**	8,019	6,923	6,028	5,074	4,636	4,025	3,523	2,970	2,704	2,476
Selling, administrative and general expenses	13.4%	13.2%	**5,695**	5,249	4,604	4,076	3,348	3,038	2,701	2,626	2,163	1,855	1,648
Operating income	14.2%	14.1%	**3,102**	2,770	2,319	1,952	1,726	1,598	1,324	897	807	849	828
Interest income			**144**	164	175	170	205	199	232	154	151	133	90
Interest expense			**168**	171	192	231	308	230	297	208	196	128	77
Equity income			**91**	65	40	110	75	92	64	45	52	42	35
Other income (deductions)-net			**4**	(82)	41	13	66	(33)	—	35	69	13	2
Gain on issuance of stock by subsidiaries			**12**	—	—	—	—	—	40	375	—	—	—
Income from continuing operations before income taxes and changes in accounting principles	14.4%	13.8%	**3,185**	2,746	2,383	2,014	1,764	1,626	1,363	1,298	883	909	878
Income taxes	13.2%	10.3%	**997**	863	765	632	553	537	496	471	314	360	374
Income from continuing operations before changes in accounting principles	15.0%	15.8%	**$ 2,188**	$ 1,883	$ 1,618	$ 1,382	$1,211	$1,089	$ 867	$ 827	$ 569	$ 549	$ 504
Net income	15.8%	14.6%	**$ 2,176**	$ 1,664	$ 1,618	$ 1,382	$1,537	$1,045	$ 916	$ 934	$ 722	$ 629	$ 559
Preferred stock dividends			**—**	—	1	18	21	7	—	—	—	—	—
Net income available to common share owners	16.0%	14.6%	**$ 2,176**	$ 1,664	$ 1,617	$ 1,364	$1,516[5]	$1,038	$ 916	$ 934	$ 722	$ 629	$ 559
Average common shares outstanding			**1,302**	1,317	1,333	1,337	1,384	1,458	1,509	1,547	1,573	1,587	1,635
Per Common Share Data													
Income from continuing operations before changes in accounting principles	17.8%	18.4%	**$ 1.68**	$ 1.43	$ 1.21	$ 1.02	$ .86	$ .74	$ .57	$ .53	$ .36	$ .35	$ .31
Net income	18.7%	17.3%	**1.67**	1.26	1.21	1.02	1.10[5]	.71	.61	.60	.46	.40	.34
Cash dividends	17.8%	11.9%	**.68**	.56	.48	.40	.34	.30	.28	.26	.25	.23	.22
Market price at December 31	31.9%	25.9%	**44.63**	41.88	40.13	23.25	19.31	11.16	9.53	9.44	7.04	5.20	4.46
Balance Sheet Data													
Cash, cash equivalents and current marketable securities			**$ 1,078**	$ 1,063	$ 1,117	$ 1,492	$1,182	$1,231	$1,489	$ 895	$ 843	$ 768	$ 559
Property, plant and equipment–net			**3,729**	3,526	2,890	2,386	2,021	1,759	1,602	1,538	1,483	1,284	1,247
Depreciation			**333**	310	254	236	181	167	152	151	130	119	111
Capital expenditures			**800**	1,083	792	593	462	387	304	346	412	300	324
Total assets			**12,021**	11,052	10,189	9,245	8,249	7,451	8,606	7,675	6,341	5,241	4,540
Long-term debt			**1,428**	1,120	985	536	549	761	909	996	801	631	428
Total debt			**3,100**	3,207	2,288	2,537	1,980	2,124	2,995	1,848	1,280	1,310	520
Share-owners' equity			**4,584**	3,888	4,239	3,662	3,299	3,345	3,187	3,479	2,948	2,751	2,912
Total capital[1]			**7,684**	7,095	6,527	6,199	5,279	5,469	6,182	5,327	4,228	4,061	3,432
Other Key Financial Measures[1]													
Total-debt-to-total-capital			**40.3%**	45.2%	35.1%	40.9%	37.5%	38.8%	48.4%	34.7%	30.3%	32.3%	15.2%
Net-debt-to-net-capital			**26.2%**	31.9%	19.2%	23.7%	14.7%	18.9%	15.4%	10.9%	15.6%	19.7%	5.6%
Return on common equity			**51.7%**	46.4%	41.3%	41.4%	39.4%	34.7%	26.0%	25.7%	20.0%	19.4%	17.7%
Return on capital			**31.2%**	29.4%	27.5%	26.8%	26.5%	21.3%	18.3%	20.1%	16.8%	16.7%	16.4%
Dividend payout ratio			**40.6%**	44.3%	39.5%	39.2%	31.0%[5]	42.1%	46.0%	43.1%	53.8%	57.9%	65.3%
Economic profit			**$ 1,495**	$ 1,293	$ 1,029	$ 878	$ 821	$ 748	$ 417	$ 311	$ 269	$ 268	$ 138

[1]See Glossary on page 76.
[2]In 1993, the Company adopted SFAS No. 112, Employers' Accounting for Postemployment Benefits.
[3]In 1992, the Company adopted SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions.
[4]The Company adopted SFAS No. 109, Accounting for Income Taxes, in 1992 by restating financial statements beginning in 1989.

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

CONSOLIDATED BALANCE SHEETS

December 31,	1993	1992
(In millions except share data)		
Assets		
Current		
Cash and cash equivalents	$ 998	$ 956
Marketable securities, at cost	80	107
	1,078	1,063
Trade accounts receivable, less allowances of $39 in 1993 and $33 in 1992	1,210	1,055
Finance subsidiary receivables	33	31
Inventories	1,049	1,019
Prepaid expenses and other assets	1,064	1,080
Total Current Assets	4,434	4,248
Investments and Other Assets		
Investments		
Coca-Cola Enterprises Inc.	498	518
Coca-Cola Amatil Limited	592	548
Other, principally bottling companies	1,125	1,097
Finance subsidiary receivables	226	95
Marketable securities and other assets	868	637
	3,309	2,895
Property, Plant and Equipment		
Land	197	203
Buildings and improvements	1,616	1,529
Machinery and equipment	3,380	3,137
Containers	403	374
	5,596	5,243
Less allowances for depreciation	1,867	1,717
	3,729	3,526
Goodwill and Other Intangible Assets	549	383
	$ 12,021	$ 11,052

December 31,	**1993**	1992
Liabilities and Share-Owners' Equity		
Current		
Accounts payable and accrued expenses	**$ 2,217**	$ 2,253
Loans and notes payable	**1,409**	1,967
Finance subsidiary notes payable	**244**	105
Current maturities of long-term debt	**19**	15
Accrued taxes	**1,282**	963
Total Current Liabilities	**5,171**	5,303
Long-Term Debt	**1,428**	1,120
Other Liabilities	**725**	659
Deferred Income Taxes	**113**	82
Share-Owners' Equity		
Common stock, $.25 par value—		
Authorized: 2,800,000,000 shares		
Issued: 1,703,526,299 shares in 1993; 1,696,202,840 shares in 1992	**426**	424
Capital surplus	**1,086**	871
Reinvested earnings	**9,458**	8,165
Unearned compensation related to outstanding restricted stock	**(85)**	(100)
Foreign currency translation adjustment	**(420)**	(271)
	10,465	9,089
Less treasury stock, at cost (406,072,817 common shares in 1993; 389,431,622 common shares in 1992)	**5,881**	5,201
	4,584	3,888
	$ 12,021	$ 11,052

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,	1993	1992	1991
(In millions except per share data)			
Net Operating Revenues	**$ 13,957**	$ 13,074	$ 11,572
Cost of goods sold	**5,160**	5,055	4,649
Gross Profit	**8,797**	8,019	6,923
Selling, administrative and general expenses	**5,695**	5,249	4,604
Operating Income	**3,102**	2,770	2,319
Interest income	**144**	164	175
Interest expense	**168**	171	192
Equity income	**91**	65	40
Other income (deductions)-net	**4**	(82)	41
Gain on issuance of stock by Coca-Cola Amatil	**12**	—	—
Income before Income Taxes and Changes in Accounting Principles	**3,185**	2,746	2,383
Income taxes	**997**	863	765
Income before Changes in Accounting Principles	**2,188**	1,883	1,618
Transition effects of changes in accounting principles			
Postemployment benefits	**(12)**	—	—
Postretirement benefits other than pensions			
Consolidated operations	**—**	(146)	—
Equity investments	**—**	(73)	—
Net Income	**2,176**	1,664	1,618
Preferred stock dividends	**—**	—	1
Net Income Available to Common Share Owners	**$ 2,176**	$ 1,664	$ 1,617
Income per Common Share			
Before changes in accounting principles	**$ 1.68**	$ 1.43	$ 1.21
Transition effects of changes in accounting principles			
Postemployment benefits	**(.01)**	—	—
Postretirement benefits other than pensions			
Consolidated operations	**—**	(.11)	—
Equity investments	**—**	(.06)	—
Net Income per Common Share	**$ 1.67**	$ 1.26	$ 1.21
Average Common Shares Outstanding	**1,302**	1,317	1,333

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31, *(In millions)*	**1993**	1992	1991
Operating Activities			
Net income	**$ 2,176**	$ 1,664	$ 1,618
Transition effects of changes in accounting principles	**12**	219	—
Depreciation and amortization	**360**	322	261
Deferred income taxes	**(62)**	(27)	(94)
Equity income, net of dividends	**(35)**	(30)	(16)
Foreign currency adjustments	**9**	24	66
Gains on sales of assets	**(84)**	—	(35)
Other noncash items	**78**	103	33
Net change in operating assets and liabilities	**54**	(43)	251
Net cash provided by operating activities	**2,508**	2,232	2,084
Investing Activities			
Decrease (increase) in current marketable securities	**29**	(52)	3
Additions to finance subsidiary receivables	**(177)**	(54)	(210)
Collections of finance subsidiary receivables	**44**	254	52
Acquisitions and purchases of investments	**(816)**	(717)	(399)
Proceeds from disposals of investments and other assets	**621**	247	180
Purchases of property, plant and equipment	**(800)**	(1,083)	(792)
Proceeds from disposals of property, plant and equipment	**312**	47	44
All other investing activities	**(98)**	(1)	(2)
Net cash used in investing activities	**(885)**	(1,359)	(1,124)
Net cash provided by operations after reinvestment	**1,623**	873	960
Financing Activities			
Issuances of debt	**445**	1,381	990
Payments of debt	**(567)**	(432)	(1,246)
Preferred stock redeemed	**—**	—	(75)
Common stock issued	**145**	131	39
Purchases of common stock for treasury	**(680)**	(1,259)	(399)
Dividends (common and preferred)	**(883)**	(738)	(640)
Net cash used in financing activities	**(1,540)**	(917)	(1,331)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(41)**	(58)	—
Cash and Cash Equivalents			
Net increase (decrease) during the year	**42**	(102)	(371)
Balance at beginning of year	**956**	1,058	1,429
Balance at end of year	**$ 998**	$ 956	$ 1,058

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHARE-OWNERS' EQUITY

Three Years Ended December 31, 1993	Preferred Stock	Common Stock	Capital Surplus	Reinvested Earnings	Outstanding Restricted Stock	Foreign Currency Translation	Treasury Stock
(In millions except per share data)							
Balance December 31, 1990	$ 75	$ 420	$ 513	$ 6,261	$ (68)	$ 4	$ (3,543)
Sales of stock to employees exercising stock options	—	1	38	—	—	—	(2)
Tax benefit from employees' stock option and restricted stock plans	—	—	20	—	—	—	—
Translation adjustments	—	—	—	—	—	(9)	—
Stock issued under restricted stock plans, less amortization of $22	—	1	69	—	(47)	—	—
Purchases of common stock for treasury	—	—	—	—	—	—	(397)
Redemption of preferred stock	(75)	—	—	—	—	—	—
Net income	—	—	—	1,618	—	—	—
Dividends							
Preferred	—	—	—	(1)	—	—	—
Common (per share–$.48)	—	—	—	(639)	—	—	—
Balance December 31, 1991	—	422	640	7,239	(115)	(5)	(3,942)
Sales of stock to employees exercising stock options	—	2	129	—	—	—	(34)
Tax benefit from employees' stock option and restricted stock plans	—	—	93	—	—	—	—
Translation adjustments	—	—	—	—	—	(266)	—
Stock issued under restricted stock plans, less amortization of $25	—	—	9	—	15	—	—
Purchases of common stock for treasury	—	—	—	—	—	—	(1,225)
Net income	—	—	—	1,664	—	—	—
Common dividends (per share–$.56)	—	—	—	(738)	—	—	—
Balance December 31, 1992	—	424	871	8,165	(100)	(271)	(5,201)
Sales of stock to employees exercising stock options	—	2	143	—	—	—	(94)
Tax benefit from employees' stock option and restricted stock plans	—	—	66	—	—	—	—
Translation adjustments	—	—	—	—	—	(149)	—
Stock issued under restricted stock plans, less amortization of $19	—	—	6	—	15	—	—
Purchases of common stock for treasury	—	—	—	—	—	—	(586)
Net income	—	—	—	2,176	—	—	—
Common dividends (per share–$.68)	—	—	—	(883)	—	—	—
Balance December 31, 1993	$ —	$ 426	$ 1,086	$ 9,458	$ (85)	$ (420)	$ (5,881)

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies

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

Consolidation

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

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

Net Income per Common Share

Net income per common share is computed by dividing net income less dividends on preferred stock by the weighted average number of common shares outstanding.

Cash Equivalents

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

Inventories

Inventories are valued at the lower of cost or market. In general, cost is determined on the basis of average cost or first-in, first-out methods. However, for certain inventories, cost is determined on the last-in, first-out (LIFO) method. The excess of current costs over LIFO stated values amounted to approximately $9 million and $24 million at December 31, 1993 and 1992, respectively.

Property, Plant and Equipment

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

Goodwill and Other Intangible Assets

Goodwill and other intangible assets are stated on the basis of cost and are being amortized, principally on a straight-line basis, over the estimated future periods to be benefited (not exceeding 40 years). Accumulated amortization was approximately $50 million and $26 million at December 31, 1993 and 1992, respectively.

Changes in Accounting Principles

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

In 1993, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS 115). SFAS 115 requires that the carrying value of certain investments be adjusted to their fair value. The Company's required adoption date is January 1, 1994. The Company expects to record an increase to share-owners' equity of approximately $65 million in 1994 from the adoption of SFAS 115.

2. Inventories

Inventories consist of the following (in millions):

December 31,	**1993**	1992
Raw materials and supplies	**$ 689**	$ 620
Work in process	**4**	23
Finished goods	**356**	376
	$1,049	$1,019

3. Bottling Investments

The Company invests in bottling companies to ensure the strongest and most efficient production, distribution and marketing systems possible.

Coca-Cola Enterprises Inc.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31,	**1993**	1992
Current assets	**$ 746**	$ 701
Noncurrent assets	**7,936**	7,384
Total assets	**$8,682**	$8,085
Current liabilities	**$1,007**	$1,304
Noncurrent liabilities	**6,415**	5,527
Total liabilities	**$7,422**	$6,831
Share-owners' equity	**$1,260**	$1,254
Company equity investment	**$ 498**	$ 518

Year Ended December 31,	**1993**	1992	1991
Net operating revenues	**$5,465**	$ 5,127	$3,915
Cost of goods sold	**3,372**	3,219	2,420
Gross profit	**$2,093**	$ 1,908	$1,495
Operating income	**$ 385**	$ 306	$ 120
Operating cash flow[1]	**$ 804**	$ 695	$ 538
Loss before changes in accounting principles	**$ (15)**	$ (15)	$ (83)
Net loss available to common share owners	**$ (15)**	$ (186)	$ (92)
Company equity loss	**$ (6)**	$ (6)	$ (40)

[1]*Excludes nonrecurring charges.*

The above 1992 net loss of Coca-Cola Enterprises includes $171 million of noncash, after-tax charges resulting from the adoption of Statement of Financial Accounting Standards No. 106, Employers' Accounting for Post-retirement Benefits Other Than Pensions (SFAS 106) and Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS 109) as of January 1, 1992. The Company's financial statements reflect the adoption of SFAS 109 by Coca-Cola Enterprises as if it occurred on January 1, 1989.

The 1991 results of Coca-Cola Enterprises include pretax restructuring charges of $152 million and a pretax charge of $15 million to increase insurance reserves.

In a 1991 merger, Coca-Cola Enterprises acquired Johnston Coca-Cola Bottling Group, Inc. (Johnston) for approximately $196 million in cash and 13 million shares of Coca-Cola Enterprises common stock. The Company exchanged its 22 percent ownership interest in Johnston for approximately $81 million in cash and approximately 50,000 shares of Coca-Cola Enterprises common stock, resulting in a pretax gain of $27 million to the Company. The Company's ownership interest in Coca-Cola Enterprises was reduced from 49 percent to approximately 44 percent as a result of this transaction.

If the Johnston acquisition had been completed on January 1, 1991, Coca-Cola Enterprises' 1991 pro forma net loss available to common share owners would have been approximately $137 million. Summarized financial information and net concentrate/syrup sales related to Johnston prior to its acquisition by Coca-Cola Enterprises have been combined with other equity investments below.

Net concentrate/syrup sales to Coca-Cola Enterprises were $961 million in 1993, $889 million in 1992 and $626 million in 1991. Coca-Cola Enterprises purchases sweeteners through the Company under a pass-through arrangement, and, accordingly, related collections from Coca-Cola Enterprises and payments to suppliers are not included in the Company's consolidated statements of income. These transactions amounted to $211 million in 1993, $225 million in 1992 and $185 million in 1991. The Company also provides certain administrative and other services to Coca-Cola Enterprises under negotiated fee arrangements.

The Company engages in a wide range of marketing programs, media advertising and other similar arrangements to promote the sale of Company products in territories in which Coca-Cola Enterprises operates. The Company's direct support for certain Coca-Cola Enterprises' marketing activities and participation with Coca-Cola Enterprises in cooperative advertising and other marketing programs amounted to approximately $256 million in 1993, $253 million in 1992 and $199 million in 1991.

In April 1993, the Company purchased majority ownership interests in two bottling companies in Tennessee along with the rights to purchase the remaining minority interests. Such ownership interests and a bottling operation in the Netherlands were sold to Coca-Cola Enterprises in June 1993. The Company received approximately $260 million in cash plus the assumption of indebtedness and carrying costs resulting in an after-tax gain of $11 million or approximately $.01 per share.

In 1992, the Company sold 100 percent of the common stock of the Erie, Pennsylvania, Coca-Cola bottler to Coca-Cola Enterprises for approximately $11 million, which approximated the Company's original investment plus carrying costs. In January 1994, the Company sold common stock representing a 9 percent voting interest in The Coca-Cola Bottling Company of New York, Inc. (CCNY) to Coca-Cola Enterprises for approximately $6 million, which approximated the Company's investment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

If valued at the December 31, 1993, quoted closing price of the publicly traded Coca-Cola Enterprises shares, the calculated value of the Company's investment in Coca-Cola Enterprises would have exceeded its carrying value by approximately $361 million.

Other Equity Investments

The Company owns approximately 51 percent of Coca-Cola Amatil, an Australian-based bottler of Company products. In the fourth quarter of 1993, Coca-Cola Amatil issued approximately 8 million shares of stock to acquire the Company's franchise bottler in Jakarta, Indonesia. This transaction resulted in a pretax gain of approximately $12 million and diluted the Company's ownership interest to the present level. The Company intends to reduce its ownership interest in Coca-Cola Amatil to below 50 percent. Accordingly, the investment has been accounted for by the equity method of accounting.

At December 31, 1993, the excess of the Company's investment over its equity in the underlying net assets of Coca-Cola Amatil was approximately $191 million, which is being amortized over 40 years. The Company recorded equity income from Coca-Cola Amatil of $40 million, $28 million and $15 million in 1993, 1992 and 1991, respectively. These amounts are net of the amortization charges discussed above.

In January 1993, Coca-Cola Amatil sold its snack-food segment for approximately $299 million, and recognized a gain of $169 million. The Company's ownership interest in the sale proceeds received by Coca-Cola Amatil approximated the carrying value of the Company's investment in the snack-food segment.

In 1993, the Company acquired a 30 percent equity interest in Coca-Cola FEMSA, S.A. de C.V., which operates bottling facilities in the Valley of Mexico and Mexico's southeastern region, for $195 million. At December 31, 1993, the excess of the Company's investment over its equity in the underlying net assets of Coca-Cola FEMSA was approximately $130 million, which is being amortized over 40 years.

Also in 1993, the Company entered into a joint venture with Coca-Cola Bottling Co. Consolidated (Consolidated), establishing the Piedmont Coca-Cola Bottling Partnership (Piedmont), which will operate certain bottling territories in the United States acquired from each company. The Company has made a cash contribution of $70 million to the partnership for a 50 percent ownership interest. Consolidated has contributed bottling assets valued at approximately $48 million and approximately $22 million in cash for the remaining 50 percent interest. Piedmont has purchased assets and stock of certain bottling companies from the Company for approximately $163 million, which approximated the Company's carrying cost, and certain bottling assets from Consolidated for approximately $130 million. The Company beneficially owns a 30 percent economic interest and a 23 percent voting interest in Consolidated.

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

December 31,	**1993**	1992
Current assets	**$ 2,294**	$ 1,945
Noncurrent assets	**4,780**	4,172
Total assets	**$ 7,074**	$ 6,117
Current liabilities	**$ 1,926**	$ 2,219
Noncurrent liabilities	**2,366**	1,720
Total liabilities	**$ 4,292**	$ 3,939
Share-owners' equity	**$ 2,782**	$ 2,178
Company equity investments	**$ 1,629**	$ 1,387

Year Ended December 31,	**1993**	1992	1991
Net operating revenues	**$ 8,168**	$ 7,027	$ 7,877
Cost of goods sold	**5,385**	4,740	5,244
Gross profit	**$ 2,783**	$ 2,287	$ 2,633
Operating income	**$ 673**	$ 364	$ 560
Operating cash flow	**$ 984**	$ 923	$ 979
Income before changes in accounting principles	**$ 258**	$ 199	$ 214
Net income	**$ 258**	$ 74	$ 214
Company equity income	**$ 97**	$ 71	$ 80

Equity investments include certain non-bottling investees.

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

Net sales to equity investees, other than Coca-Cola Enterprises, were $1.2 billion in 1993 and $1.3 billion in 1992 and 1991. The Company participates in various marketing, promotional and other activities with these investees, the majority of which are located outside the United States.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

If valued at the December 31, 1993, quoted closing prices of shares actively traded on stock markets, the net calculated value of the Company's equity investments in publicly traded bottlers, other than Coca-Cola Enterprises, would have exceeded the Company's carrying value by approximately $966 million.

The consolidated balance sheet caption Other, principally bottling companies, also includes various investments that are accounted for by the cost method.

4. Finance Subsidiary

Coca-Cola Financial Corporation (CCFC) provides loans and other forms of financing to Coca-Cola bottlers and customers for the acquisition of sales-related equipment and for other business purposes. The approximate contractual maturities of finance receivables for the five years succeeding December 31, 1993, are as follows (in millions):

1994	1995	1996	1997	1998
$33	$32	$31	$16	$118

These amounts do not reflect possible prepayments or renewals.

In 1993, CCFC provided a $100 million subordinated loan to CCNY and issued a $50 million letter of credit on CCNY's behalf, of which $18 million was outstanding at December 31, 1993.

In connection with the 1991 acquisition of Sunbelt Coca-Cola Bottling Company, Inc. by Consolidated, CCFC purchased 25,000 shares of Consolidated preferred stock for $50 million, provided to Consolidated a $153 million bridge loan and issued a $77 million letter of credit on Consolidated's behalf. Consolidated redeemed the 25,000 shares of preferred stock for $50 million plus accrued dividends in 1992. Consolidated also repaid all amounts due under the bridge loan in 1992. In 1993, the letter of credit was withdrawn.

5. Accounts Payable and Accrued Expenses

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

December 31,	**1993**	1992
Accrued marketing	**$ 371**	$ 374
Container deposits	**122**	117
Accrued compensation	**119**	99
Accounts payable and other accrued expenses	**1,605**	1,663
	$ 2,217	$ 2,253

6. Short-Term Borrowings and Credit Arrangements

Loans and notes payable consist primarily of commercial paper issued in the United States. At December 31, 1993, the Company had $1.4 billion in lines of credit and other short-term credit facilities contractually available, under which $150 million was outstanding. Included were $1.0 billion in lines designated to support commercial paper and other borrowings, under which no amounts were outstanding at December 31, 1993. These facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which are presently significant to the Company.

7. Accrued Taxes

Accrued taxes consist of the following (in millions):

December 31,	**1993**	1992
Income taxes	**$ 1,106**	$ 820
Sales, payroll and other taxes	**176**	143
	$ 1,282	$ 963

8. Long-Term Debt

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

December 31,	**1993**	1992
7¾% U.S. dollar notes due 1996	**$ 250**	$ 250
5¾% Japanese yen notes due 1996	**270**	241
5¾% German mark notes due 1998[1]	**147**	156
7⅞% U.S. dollar notes due 1998	**249**	249
6⅝% U.S. dollar notes due 2002	**149**	149
6% U.S. dollar notes due 2003	**150**	—
7⅜% U.S. dollar notes due 2093	**148**	—
Other, due 1994 to 2013[2]	**84**	90
	1,447	1,135
Less current portion	**19**	15
	$ 1,428	$ 1,120

[1]Portions of these notes have been swapped for liabilities denominated in other currencies.
[2]The weighted average interest rate is approximately 7.8 percent.

Maturities of long-term debt for the five years succeeding December 31, 1993, are as follows (in millions):

1994	1995	1996	1997	1998
$19	$43	$527	$5	$400

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

Interest paid was approximately $158 million, $174 million and $160 million in 1993, 1992 and 1991, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Financial Instruments

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

December 31,	Carrying Value	Fair Value
1993		
Current marketable securities	**$ 80**	**$ 102**
Investments[1]	**88**	**259**
Finance subsidiary receivables	**259**	**265**
Marketable securities and other assets	**868**	**865**
Long-term debt	**(1,447)**	**(1,531)**
Hedging instruments	**31**	**(142)**
1992		
Current marketable securities	$ 107	$ 125
Investments[1]	258	300
Finance subsidiary receivables	126	135
Marketable securities and other assets	637	636
Long-term debt	(1,135)	(1,156)
Hedging instruments	102	99

[1]The consolidated balance sheet caption, Other, principally bottling companies, also includes equity investments of $1.0 billion and $839 million at December 31, 1993 and 1992, respectively.

Hedging transactions

The Company has entered into hedging transactions to reduce its exposure to adverse fluctuations in interest and foreign exchange rates. While the hedging instruments are subject to the risk of loss from changes in exchange rates, these losses would generally be offset by gains on the exposures being hedged. Realized and unrealized gains and losses on hedging instruments that are designated and effective as hedges of firmly committed foreign currency transactions are recognized in income in the same period as the hedged transaction. Approximately $9 million of losses realized on settled contracts entered into as hedges of firmly committed transactions in 1994, 1995 and 1996, were deferred at December 31, 1993.

From time to time, the Company purchases foreign currency option contracts to hedge anticipated transactions over the succeeding three years. Net unrealized gains/losses from hedging anticipated transactions were not material at December 31, 1993 or 1992.

At December 31, 1993 and 1992, the Company had forward exchange contracts, swaps, options and other financial market instruments, principally to exchange foreign currencies for U.S. dollars, of $4.6 billion and $4.9 billion, respectively. These amounts are representative of amounts maintained throughout 1993. Maturities of financial market instruments held at December 31, 1993, are as follows (in millions):

1994	1995	1996	1997 through 2003
$2,266	$753	$666	$961

Although pretax losses recognized on hedging transactions in 1993 amounted to $29 million, such losses were fully offset by income recognized on the exposures being hedged.

Guarantees

At December 31, 1993, the Company was contingently liable for guarantees of indebtedness owed by third parties of $140 million, of which $39 million is related to independent bottling licensees. In the opinion of management, it is not probable that the Company will be required to satisfy these guarantees. The fair value of these contingent liabilities is immaterial to the Company's consolidated financial statements.

10. Preferred Stock

The Company canceled the 3,000 issued shares of its $1 par value Cumulative Money Market Preferred Stock (MMP) in 1993 and returned the shares to the status of authorized but unissued shares. None of the MMP had been outstanding since 1991, when the final 750 shares of the 3,000 shares originally issued were redeemed.

11. Common Stock

Common shares outstanding and related changes for the three years ended December 31, 1993, are as follows (in millions):

	1993	1992	1991
Outstanding at January 1,	**1,307**	1,329	1,336
Issued to employees exercising stock options	**7**	9	4
Issued under restricted stock plans	**—**	—	3
Purchased for treasury			
Share repurchase programs	**(14)**	(30)	(14)
Stock option plan activity	**(3)**	(1)	—
Outstanding at December 31,	**1,297**	1,307	1,329

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Restricted Stock, Stock Options and Other Stock Plans

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

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

At December 31, 1993, 17 million shares were available for grant under the Restricted Stock Plans. The participant is entitled to vote and receive dividends on the shares, and, under the 1983 Restricted Stock Award Plan, the participant is reimbursed by the Company for income taxes imposed on the award, but not for taxes generated by the reimbursement payment. The shares are subject to certain transfer restrictions and may be forfeited if the participant leaves the Company for reasons other than retirement, disability or death, absent a change in control of the Company. On July 18, 1991, the Restricted Stock Plans were amended to specify age 62 as the minimum retirement age. The 1983 Restricted Stock Award Plan was further amended to conform to the terms of the 1989 Restricted Stock Award Plan by requiring a minimum of five years of service between the date of the award and retirement. The amendments affect shares granted after July 18, 1991.

Under the Company's 1991 Stock Option Plan (the Option Plan), a maximum of 60 million shares of the Company's common stock may be issued or transferred to certain officers and employees pursuant to stock options and stock appreciation rights granted under the Option Plan. The stock appreciation rights permit the holder, upon surrendering all or part of the related stock option, to receive cash, common stock or a combination thereof, in an amount up to 100 percent of the difference between the market price and the option price. No stock appreciation rights have been granted since 1990, and the Company presently does not intend to grant additional stock appreciation rights in the future. Options outstanding at December 31, 1993, also include various options granted under previous plans. Further information relating to options is as follows (in millions, except per share amounts):

	1993	1992	1991
Outstanding at January 1,	**31**	36	33
Granted	**6**	4	8
Exercised	**(7)**	(9)	(4)
Canceled	**—**	—	(1)
Outstanding at December 31,	**30**	31	36
Exercisable at December 31,	**22**	23	24
Shares available at December 31, for options that may be granted	**45**	51	55
Prices per share			
Exercised	**\$4-\$41**	\$4-\$28	\$3-\$28
Unexercised at December 31,	**\$5-\$44**	\$4-\$41	\$4-\$30

In 1988, the Company entered into Incentive Unit Agreements, whereby, subject to certain conditions, certain officers were given the right to receive cash awards based on the market value of 1.2 million shares of the Company's common stock at the measurement dates. Under the Incentive Unit Agreements, the employee is reimbursed by the Company for income taxes imposed when the value of the units is paid, but not for taxes generated by the reimbursement payment. As of December 31, 1993, 400,000 units have been paid and 800,000 units were outstanding.

In 1985, the Company entered into Performance Unit Agreements, whereby certain officers were given the right to receive cash awards based on the difference in the market value of approximately 2.2 million shares of the Company's common stock at the measurement dates and the base price of \$5.16, the market value as of January 2, 1985. As of December 31, 1993, 780,000 units have been paid and approximately 1.4 million units were outstanding.

13. Pension Benefits

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Total pension expense for all benefit plans, including defined benefit plans, amounted to approximately $57 million in 1993, $49 million in 1992 and $42 million in 1991. Net periodic pension cost for the Company's defined benefit plans consists of the following (in millions):

	U.S. Plans			International Plans		
Year Ended December 31,	**1993**	1992	1991	**1993**	1992	1991
Service cost-benefits earned during the period	**$ 17**	$ 15	$ 13	**$ 17**	$ 18	$ 16
Interest cost on projected benefit obligation	**53**	50	46	**22**	20	18
Actual return on plan assets	**(77)**	(36)	(113)	**(27)**	(19)	(18)
Net amortization and deferral	**31**	(9)	71	**13**	3	1
Net periodic pension cost	**$ 24**	$ 20	$ 17	**$ 25**	$ 22	$ 17

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

	U.S. Plans				International Plans			
	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets		Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets	
December 31,	**1993**	1992	**1993**	1992	**1993**	1992	**1993**	1992
Actuarial present value of benefit obligations								
Vested benefit obligation	**$ 481**	$ 401	**$ 109**	$ 82	**$ 139**	$ 119	**$ 110**	$ 90
Accumulated benefit obligation	**$ 523**	$ 431	**$ 111**	$ 89	**$ 151**	$ 127	**$ 126**	$ 100
Projected benefit obligation	**$ 598**	$ 520	**$ 133**	$ 101	**$ 196**	$ 167	**$ 177**	$ 148
Plan assets at fair value[1]	**631**	587	**2**	1	**200**	188	**94**	73
Plan assets in excess of (less than) projected benefit obligation	**33**	67	**(131)[2]**	(100)[2]	**4**	21	**(83)**	(75)
Unrecognized net (asset) liability at transition	**(34)**	(37)	**17**	19	**(16)**	(6)	**34**	33
Unrecognized prior service cost	**8**	23	**15**	3	**—**	—	**9**	8
Unrecognized net (gain) loss	**(24)**	(61)	**36**	24	**28**	2	**(3)**	(3)
Adjustment required to recognize minimum liability	**—**	—	**(46)**	(33)	**—**	—	**(7)**	(3)
Accrued pension asset (liability) included in the consolidated balance sheet	**$ (17)**	$ (8)	**$(109)**	$ (87)	**$ 16**	$ 17	**$ (50)**	$ (40)

[1] *Primarily listed stocks, bonds and government securities.*
[2] *Substantially all of this amount relates to nonqualified, unfunded defined benefit plans.*

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

	U.S. Plans			International Plans (weighted average rates)		
Year Ended December 31,	**1993**	1992	1991	**1993**	1992	1991
Discount rates	**7¼%**	8½%	9%	**6½%**	7%	7½%
Rates of increase in compensation levels	**4¾%**	6%	6%	**5%**	5½%	6%
Expected long-term rates of return on assets	**9½%**	9½%	9½%	**7%**	7%	7½%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Other Postretirement Benefits

The Company has plans providing postretirement health care and life insurance benefits to substantially all U.S. employees and certain employees in international locations who retire with a minimum of five years of service. The Company adopted SFAS 106 for all U.S. and international plans as of January 1, 1992. In 1992, the Company recorded an accumulated obligation for consolidated operations of $146 million, which is net of $92 million in deferred tax benefits. The Company also recorded an additional charge of $73 million, net of $13 million of deferred tax benefits, representing the Company's proportionate share of accumulated postretirement benefit obligations recognized by bottling investees accounted for by the equity method.

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

Year Ended December 31,	**1993**	1992
Service cost	**$10**	$ 9
Interest cost	**21**	20
Other	**(1)**	—
	$30	$29

The Company contributes to a Voluntary Employees' Beneficiary Association trust that will be used to partially fund health care benefits for future retirees. The Company is funding benefits to the extent contributions are tax-deductible, which under current legislation is limited. In general, retiree health benefits are paid as covered expenses are incurred. The funded status for the Company's postretirement health care and life insurance plans is as follows (in millions):

December 31,	**1993**	1992
Accumulated postretirement benefit obligations:		
Retirees	**$ 132**	$ 111
Fully eligible active plan participants	**35**	34
Other active plan participants	**131**	113
Total benefit obligation	**298**	258
Plan assets at fair value[1]	**42**	24
Plan assets less than benefit obligation	**(256)**	(234)
Unrecognized net loss	**23**	—
Accrued postretirement benefit liability included in the consolidated balance sheet	**$(233)**	$(234)

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

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

Year Ended December 31,	**1993**	1992
Discount Rate	**7¼%**	8½%
Rate of increase in compensation levels	**4¾%**	6%

The rate of increase in the per capita costs of covered health care benefits is assumed to be 11 percent in 1994, decreasing gradually to 5½ percent by the year 2005. Increasing the assumed health care cost trend rate by 1 percentage point would increase the accumulated postretirement benefit obligation as of December 31, 1993, by approximately $35 million and increase net periodic postretirement benefit cost by approximately $4 million in 1993.

15. Income Taxes

Income before income taxes and changes in accounting principles consists of the following (in millions):

Year Ended December 31,	**1993**	1992	1991
United States	**$ 1,035**	$ 762	$ 648
International	**2,150**	1,984	1,735
	$ 3,185	$2,746	$2,383

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

Year Ended December 31,	United States	State & Local	International	Total
1993				
Current	**$ 356**	**$ 34**	**$ 669**	**$ 1,059**
Deferred[1]	**(64)**	**5**	**(3)**	**(62)**
1992				
Current	$ 278	$ 36	$ 576	$ 890
Deferred[1]	(60)	(1)	34	(27)
1991				
Current	$ 233	$ 31	$ 595	$ 859
Deferred	(89)	(5)	—	(94)

[1] Additional deferred tax benefits of $8 million in 1993 and $105 million in 1992 have been included in the SFAS 112 and SFAS 106 transition effect charges, respectively.

The Company made income tax payments of approximately $650 million, $856 million and $672 million in 1993, 1992 and 1991, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Year Ended December 31,	1993	1992	1991
Statutory U.S. federal rate	**35.0%**	34.0%	34.0%
State income taxes-net of federal benefit	**1.0**	1.0	1.0
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	**(5.1)**	(3.8)	(3.1)
Equity income	**(1.7)**	(1.0)	(.6)
Other–net	**2.1**	1.2	.8
	31.3%	31.4%	32.1%

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

December 31,	1993	1992
Deferred tax assets:		
Benefit plans	**$ 298**	$ 297
Liabilities and reserves	**177**	119
Net operating loss carryforwards	**141**	101
Other	**120**	84
Gross deferred tax assets	**736**	601
Valuation allowance	**(75)**	(63)
Total	**$ 661**	$ 538
Deferred tax liabilities:		
Property, plant and equipment	**$ 342**	$ 312
Equity investments	**180**	197
Intangible assets	**52**	68
Other	**61**	43
Total	**$ 635**	$ 620
Net deferred tax asset (liability)[1]	**$ 26**	$ (82)

[1]Deferred tax assets of $139 million have been included in the consolidated balance sheet caption marketable securities and other assets at December 31, 1993.

At December 31, 1993, the Company had $403 million of operating loss carryforwards available to reduce future taxable income of certain international subsidiaries. Loss carryforwards of $293 million must be utilized within the next five years, and $110 million can be utilized over an indefinite period. A valuation allowance has been provided for a portion of the deferred tax assets related to these loss carryforwards.

As the result of changes in U.S. tax law, the Company was required to record charges for additional taxes and tax-related expenses that reduced net income by approximately $51 million in 1993. The Company's effective tax rate reflects the favorable U.S. tax treatment from manufacturing facilities in Puerto Rico that operate under a negotiated exemption grant that expires December 31, 2009, as well as the tax benefit derived from significant operations outside the United States, which are taxed at rates lower than the U.S. statutory rate of 35 percent. Changes to U.S. tax law enacted in 1993 will limit the utilization of the favorable tax treatment from operations in Puerto Rico beginning in 1994, and will exert upward pressure on the Company's effective tax rate.

Appropriate U.S. and international taxes have been provided for earnings of subsidiary companies that are expected to be remitted to the parent company. The cumulative amount of unremitted earnings of international subsidiaries that are expected to be indefinitely reinvested, exclusive of amounts that, if remitted, would result in little or no tax, is approximately $426 million at December 31, 1993. The taxes that would be paid upon remittance of these earnings are approximately $149 million.

16. Net Change in Operating Assets and Liabilities

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

Year Ended December 31,	1993	1992	1991
Increase in trade accounts receivable	**$ (151)**	$ (147)	$ (32)
Increase in inventories	**(41)**	(138)	(3)
Increase in prepaid expenses and other assets	**(76)**	(112)	(326)
Increase (decrease) in accounts payable and accrued expenses	**(44)**	405	267
Increase in accrued taxes	**355**	57	244
Increase (decrease) in other liabilities	**11**	(108)	101
	$ 54	$ (43)	$ 251

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Acquisitions and Investments

During 1993, the Company's acquisition and investment activity, which includes investments in bottling operations in Mexico, Belgium and the United States, totaled $816 million. During 1992 and 1991, the Company's acquisition and investment activity totaled $717 million and $399 million, respectively. None of the acquisitions in 1992 or 1991 were individually significant.

As discussed in Note 3, the Company purchased bottling operations in Tennessee that were subsequently sold to Coca-Cola Enterprises along with a bottling operation in the Netherlands. Note 3 also includes a discussion of the Company's 1993 investments in bottling operations in Mexico and in the United States.

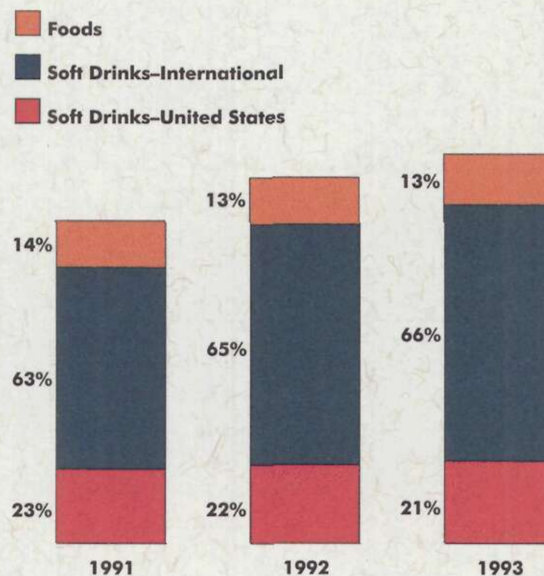
The acquisitions have been accounted for by the purchase method of accounting, and, accordingly, their results have been included in the consolidated financial statements from their respective dates of acquisition. Had the results of these businesses been included in operations commencing with 1991, the reported results would not have been materially affected.

18. Nonrecurring Items

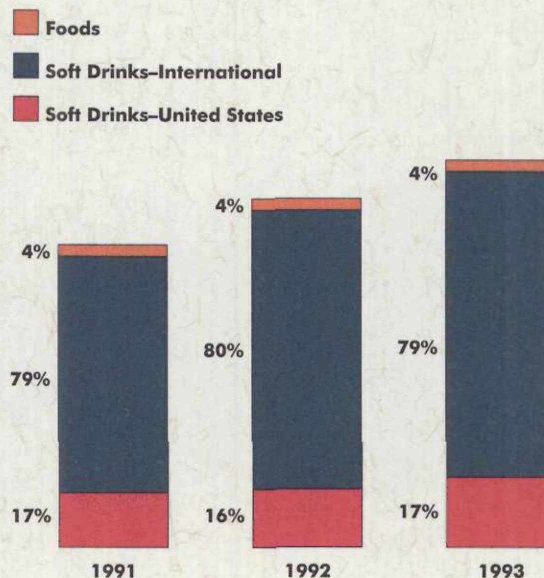
Upon a favorable court decision in 1993, the Company reversed the previously recorded reserves for bottler litigation, resulting in a $13 million reduction to selling, administrative and general expenses and a $10 million reduction to interest expense. Selling, administrative and general expenses for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

Other income (deductions)-net in 1991 includes a $69 million pretax gain on the sale of property no longer required as a result of consolidating manufacturing operations in Japan and a $27 million pretax gain on the sale of the Company's 22 percent ownership interest in Johnston to Coca-Cola Enterprises. Selling, administrative and general expenses and interest expense in 1991 include the original charges of $13 million and $8 million, respectively, for bottler litigation reversed in 1993. In addition, 1991 equity income has been reduced by $44 million related to restructuring charges recorded by Coca-Cola Enterprises.

Net Operating Revenues by Line of Business



Operating Income by Line of Business



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19. Lines of Business

The Company operates in two major lines of business: soft drinks and foods (principally juice and juice-drink products). Information concerning operations in these businesses is as follows (in millions):

	Soft Drinks				
	United States	International	Foods	Corporate	Consolidated
1993					
Net operating revenues	$ 2,966	$ 9,205	$ 1,766	$ 20	$13,957
Operating income	618[1]	2,753[1]	127	(396)[1]	3,102
Identifiable operating assets	1,956	5,809	761	1,280[3]	9,806
Equity income				91[1]	91
Investments (principally bottling companies)				2,215	2,215
Capital expenditures	136	557	30	77	800
Depreciation and amortization	91	172	38	59	360
1992					
Net operating revenues	$ 2,813	$ 8,551	$ 1,675	$ 35	$13,074
Operating income	510	2,521	112	(373)	2,770
Identifiable operating assets	1,812	5,251	791	1,035[3]	8,889
Equity income				65	65
Investments (principally bottling companies)				2,163	2,163
Capital expenditures	169	736	38	140	1,083
Depreciation and amortization	87	157	35	43	322
1991					
Net operating revenues	$ 2,645	$ 7,245	$ 1,636	$ 46	$11,572
Operating income	469	2,141	104	(395)	2,319
Identifiable operating assets	1,447	4,742	755	1,124[3]	8,068
Equity income				40[2]	40
Investments (principally bottling companies)				2,121	2,121
Capital expenditures	131	547	57	57	792
Depreciation and amortization	82	112	30	37	261

Intercompany transfers between sectors are not material.

[1]Operating income for soft drink operations in the United States, International operations and Corporate were reduced by $13 million, $33 million and $17 million, respectively, for provisions to increase efficiencies. Equity income was reduced by $42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd.

[2]Reduced by $44 million related to restructuring charges recorded by Coca-Cola Enterprises.

[3]Corporate identifiable operating assets are composed principally of marketable securities and fixed assets.

Compound Growth Rates	Soft Drinks			
Ending 1993	United States	International	Foods	Consolidated
Net operating revenues				
5 years	8%	15%	3%	12%
10 years	7%	14%	5%	11%
Operating income				
5 years	12%	16%	7%	14%
10 years	10%	17%	1%	14%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20. Operations in Geographic Areas

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

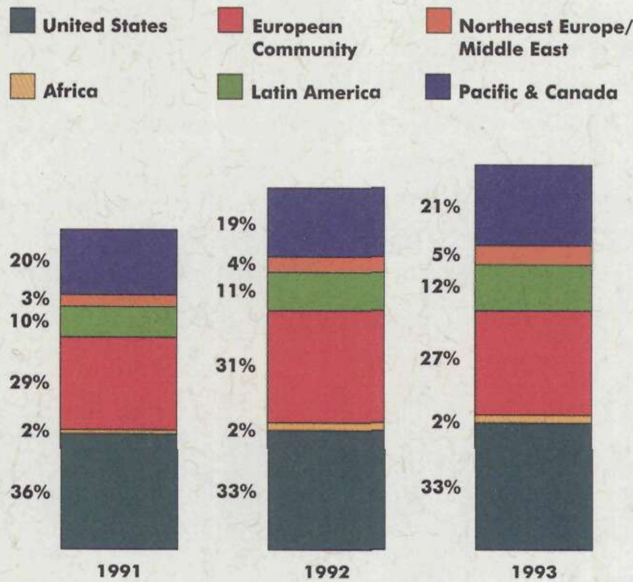
	United States	Africa	European Community	Latin America	Northeast Europe/ Middle East	Pacific & Canada	Corporate	Consolidated
1993								
Net operating revenues	$ 4,586	$ 255	$ 3,834	$ 1,683	$ 677	$ 2,902	$ 20	$ 13,957
Operating income	730[1]	152	872[1]	582	152	1,010	(396)[1]	3,102
Identifiable operating assets	2,682	153	2,777	1,220	604	1,090	1,280[3]	9,806
Equity income							91[1]	91
Investments (principally bottling companies)							2,215	2,215
Capital expenditures	165	6	239	141	129	43	77	800
Depreciation and amortization	127	3	99	33	22	17	59	360
1992[4]								
Net operating revenues	$ 4,339	$ 242	$ 3,984	$ 1,383	$ 546	$ 2,545	$ 35	$ 13,074
Operating income	608	129	889	502	108	907	(373)	2,770
Identifiable operating assets	2,563	139	2,587	1,185	435	945	1,035[3]	8,889
Equity income							65	65
Investments (principally bottling companies)							2,163	2,163
Capital expenditures	204	12	386	188	120	33	140	1,083
Depreciation and amortization	121	3	99	27	14	15	43	322
1991[4]								
Net operating revenues	$ 4,125	$ 206	$ 3,338	$ 1,103	$ 408	$ 2,346	$ 46	$ 11,572
Operating income	560	105	768	405	99	777	(395)	2,319
Identifiable operating assets	2,161	126	2,558	815	297	987	1,124[3]	8,068
Equity income							40[2]	40
Investments (principally bottling companies)							2,121	2,121
Capital expenditures	185	6	331	106	55	52	57	792
Depreciation and amortization	111	2	66	23	7	15	37	261

Intercompany transfers between geographic areas are not material.
Identifiable liabilities of operations outside the United States amounted to approximately $1.9 billion at December 31, 1993 and 1992, and $1.8 billion at December 31, 1991.

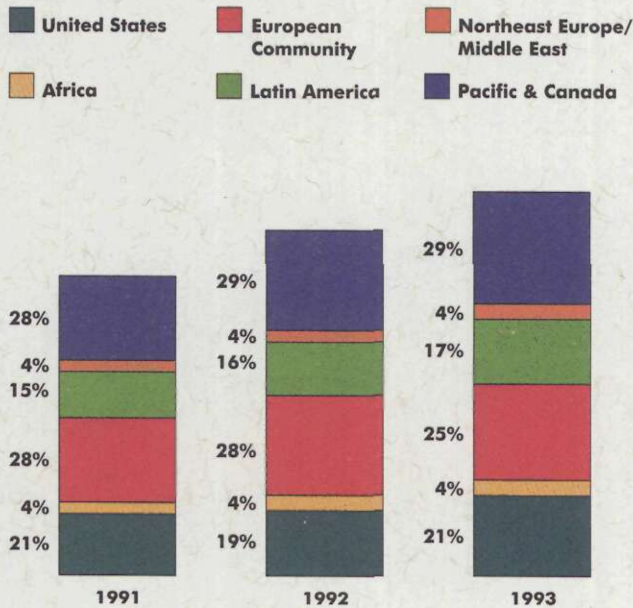
[1]Operating income for the United States, European Community and Corporate were reduced by $13 million, $33 million and $17 million, respectively, for provisions to increase efficiencies. Equity income was reduced by $42 million related to restructuring charges recorded by Coca-Cola Beverages Ltd.
[2]Reduced by $44 million related to restructuring charges recorded by Coca-Cola Enterprises.
[3]Corporate identifiable operating assets are composed principally of marketable securities and fixed assets.
[4]In 1993, the Company divided its Northeast Europe/Africa group into the Northeast Europe/Middle East and Africa groups. Accordingly, previous years' results have been reclassified to reflect this change.

Compound Growth Rates Ending 1993	United States	Africa	European Community	Latin America	Northeast Europe/ Middle East	Pacific & Canada	Consolidated
Net operating revenues							
5 years	6%	11 %	19%	24%	24%	7%	12%
10 years	6%	(4)%	18%	15%	21%	13%	11%
Operating income							
5 years	11%	20 %	13%	27%	17%	12%	14%
10 years	8%	2 %	19%	24%	22%	18%	14%

Net Operating Revenues by Geographic Area



Operating Income by Geographic Area



REPORT OF INDEPENDENT AUDITORS

Board of Directors and Share Owners
The Coca-Cola Company

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, share-owners' equity and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, in 1993 the Company changed its method of accounting for postemployment benefits. As discussed in Note 14 to the consolidated financial statements, in 1992 the Company changed its method of accounting for postretirement benefits other than pensions.

Ernst & Young

Atlanta, Georgia
January 25, 1994

REPORT OF MANAGEMENT

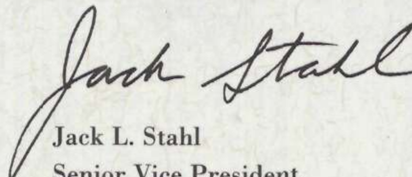
Management is responsible for the preparation and integrity of the consolidated financial statements appearing in this Annual Report. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include some amounts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

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

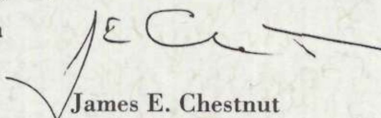
The Audit Committee of the Board of Directors, composed solely of Directors who are not officers of the Company, meets with the independent auditors, management and internal auditors periodically to discuss internal accounting controls and auditing and financial reporting matters. The Committee reviews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

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

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



Jack L. Stahl
Senior Vice President
and Chief Financial Officer



James E. Chestnut
Vice President
and Controller

January 25, 1994

QUARTERLY DATA (UNAUDITED)

For the years ended December 31, 1993 and 1992
(In millions except per share data)

1993	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net operating revenues	$ 3,056	$ 3,899	$ 3,629	$ 3,373	$13,957
Gross profit	1,963	2,435	2,286	2,113	8,797
Income before change in accounting principle	454	678	590	466	2,188
Net income	442	678	590	466	2,176
Income per share before change in accounting principle	.35	.52	.45	.36	1.68
Net income per share	.34	.52	.45	.36	1.67

1992	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net operating revenues	$ 2,772	$ 3,550	$ 3,508	$ 3,244	$13,074
Gross profit	1,740	2,177	2,122	1,980	8,019
Income before change in accounting principle	386	565	540	392	1,883
Net income	167	565	540	392	1,664
Income per share before change in accounting principle	.29	.43	.41	.30	1.43
Net income per share	.13	.43	.41	.30	1.26

The Company filed a Form 8-K with the Securities and Exchange Commission in January 1994 restating the 1993 quarterly reports for the adoption of a change in accounting for postemployment benefits. The after-tax transition charge related to the restatement reduced first quarter net income by $12 million ($.01 per share).

The third quarter of 1993 includes an after-tax impact of $47 million due to changes in U.S. tax law which reduced full year after-tax income by $51 million ($.04 per share) and the reversal of previously recorded reserves for bottler litigation of $23 million ($.01 per share after income taxes).

The fourth quarter of 1993 includes provisions to increase efficiencies of $63 million ($.03 per share after income taxes), a reduction of $42 million ($.02 per share after income taxes) related to restructuring charges by an equity investee, a gain from the sale of real estate in Japan ($34 million, or $.02 per share after income taxes), a gain from the sale of citrus groves in the United States ($50 million, or $.02 per share after income taxes) and a gain recognized on the issuance of stock by an equity investee of $12 million ($.01 per share after income taxes).

The first quarter of 1992 includes the after-tax transition charge of $219 million related to the change in accounting for postretirement benefits other than pensions. This charge decreased net income per share by $.16 for the quarter and $.17 for the year. The sum of net income per share for the four quarters was $.01 higher than the reported full year amount due to rounding.

Stock Prices

Below are the New York Stock Exchange high, low and closing prices of The Coca-Cola Company stock for each quarter of 1993 and 1992.

1993	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 44.13	$ 43.63	$ 44.75	$ 45.13
Low	40.00	37.50	41.75	40.00
Close	42.63	43.00	42.25	44.63

1992	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
High	$ 41.69	$ 45.13	$ 45.38	$ 44.50
Low	35.56	38.88	39.75	36.50
Close	40.88	40.00	40.50	41.88

MANAGEMENT

CORPORATE OFFICERS

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

Executive Vice Presidents

John Hunter [1]
Principal Operating Officer/International

M. Douglas Ivester [1]
Principal Operating Officer/North America

Senior Vice Presidents

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

Vice Presidents

Carolyn H. Baldwin
William R. Buehler
Robert L. Callahan, Jr.
Philip J. Carswell, Jr.
James E. Chestnut [1]
Lawrence R. Cowart
Carlton L. Curtis
William J. Davis
Charles B. Fruit
C. Patrick Garner
Robert D. Guy
Timothy J. Haas [1]
Gary P. Hite
Juan D. Johnson
Ingrid S. Jones
W. Glenn Kernel
William R. Newton
Janmarie C. Prutting
Connell Stafford, Jr.
Hugh K. Switzer
David M. Taggart
Michael W. Walters

Jack L. Stahl
Chief Financial Officer

Joseph R. Gladden, Jr.
General Counsel

David M. Taggart
Treasurer

James E. Chestnut
Controller

Susan E. Shaw
Secretary

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

OPERATING OFFICERS

North America Business Sector
M. Douglas Ivester
President

Coca-Cola USA
M. Douglas Ivester
President

Coca-Cola Foods
Timothy J. Haas
President

International Business Sector
John Hunter
President

Pacific Group
Douglas N. Daft
President

European Community Group
Ralph H. Cooper
President

Northeast Europe/ Middle East Group
E. Neville Isdell
President

Latin America Group
Weldon H. Johnson
President

Africa Group
Carl Ware
President

INTERNATIONAL DIVISION PRESIDENTS

A.R.C. Allan
Middle East Division

Andrew P. Angle
Southeast and West Asia Division

Luis J. Arzeno
River Plate Division

P. Michael Bascle
South Pacific Division

Tore Kr. Bu
Nordic and Northern Eurasia Division

Alvaro Canal
Brazil Division

Gavin J. Darby
Northwest European Division

Anthony G. Eames
Coca-Cola Ltd., Canada

John M. Farrell
China Division

Jorge Giganti
North Latin America Division

Michael W. Hall
North Pacific Division

Peter J. Herd
Philippines Division

Heinz H. Huebner
Central America and Caribbean Division

Penny Hughes
Great Britain and Ireland Division

Muhtar A. Kent
East Central European Division

Victor K. Lobley
West Africa Division

José J. Nuñez-Cervera
Iberian Division

Patrick C. Smyth
German Division

Carlo Stucchi
Central Mediterranean Division

John K. Walter
Andean Division

Heinz Wiezorek
Chairman
Coca-Cola G.m.b.H.

COCA-COLA USA

Charles S. Frenette
Executive Vice President and General Manager, Coca-Cola Operations

David L. Kennedy
Senior Vice President and General Manager, Coca-Cola Fountain

BOARD OF DIRECTORS

Seated, clockwise from left: Warren E. Buffett, Susan B. King, Herbert A. Allen, William B. Turner, Roberto C. Goizueta. *Standing, left to right:* James D. Robinson, III, Paul F. Oreffice, Charles W. Duncan, Jr., Ronald W. Allen, Peter V. Ueberroth, Donald F. McHenry, Cathleen P. Black, James B. Williams.

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

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

Cathleen P. Black [6]
President and
Chief Executive Officer
Newspaper Association
of America

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

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

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

Susan B. King [4, 6]
Senior Vice President–
Corporate Affairs
Corning Incorporated

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

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

James D. Robinson, III [5, 6]
President
J.D. Robinson, Inc.
A financial service and
investment company

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

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

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

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

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

Carbonated Soft Drink: Nonalcoholic beverage containing carbon dioxide. Most often containing flavorings and sweeteners.

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

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

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

Consumer: Person who consumes Company products.

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

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

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

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

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

Free Cash Flow: Cash provided by operating activities less cash used in investing activities.

Gallon Shipment: Unit of measurement for concentrates and syrups sold by the Company to its bottling partners or customers.

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

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

International Business Sector: Refers to Company's operations outside the United States and Canada.

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

Net Debt and Net Capital: Net of cash, cash equivalents and marketable securities in excess of operating requirements and temporary bottling investments. The net-debt-to-net-capital ratio excludes debt and excess cash of the Company's finance subsidiary.

North America Business Sector: Refers to Company's operations in the United States and Canada.

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

Per Capita Consumption: Average number of soft drinks consumed per person, per year in a specific market. Computed by dividing the number of 8-ounce soft drink servings sold annually in that market by the total population.

PET (Polyethylene Terephthalate): Plastic used to make soft drink bottles.

Post-Mix or Fountain: Dispensing system in a retail outlet where soft drinks are created by mixing syrup and carbonated water together at the time a consumer purchases a soft drink.

Return On Capital: Calculated by dividing income from continuing operations before changes in accounting principles less tax-adjusted interest expense by average total capital.

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

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

Share Of Sales: Company's unit case volume as a percentage of the total unit case volume of the flavored carbonated soft drink industry within a specific market.

Shelf Stable: Juice and juice-drink products of Coca-Cola Foods that do not require refrigeration.

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

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

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

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

Equal Opportunity Policy

The Coca-Cola Company employs nearly 34,000 people worldwide and maintains a long-standing commitment to equal opportunity, affirmative action and valuing the diversity of its employees, share owners, customers and consumers. The Company strives to create a working environment free of discrimination and harassment with respect to race, sex, color, national origin, religion, age, disability or being a veteran of the Vietnam era, as well as to make reasonable accommodations in the employment of qualified individuals with disabilities. The Company continued to increase minority and female representation in 1993. In addition, the Company provides fair marketing opportunities to all suppliers and maintains programs to increase transactions with firms that are owned and operated by minorities and women.

Environmental Statement

The Coca-Cola Company touches the lives of billions of people around the world, and our responsibility to them includes conducting our business in ways that protect and preserve the environment in which we all live. This is not something new for us. It is part of our heritage, something we have pursued for decades and will continue to pursue in the decades to come.

In 1993, the Company received special recognition for its worldwide system of comprehensive environmental management with awards from the United Nations Environment Programme and the U.S. Environmental Protection Agency.

The pillars of that comprehensive management system are *environmental policies* that guide the Company's efforts, *good environmental practices* that make those policies operational, *environmental training* that provides associates with the knowledge to implement the policies and *environmental audits and corrective action planning* that ensure ultimate implementation.

The Coca-Cola Company is dedicated to continuous improvement and setting standards in environmental excellence, because we believe the best possible environment for our business is the best possible environment.

Common Stock

Ticker symbol: KO

The Coca-Cola Company is one of 30 companies in the Dow Jones Industrial Average.

Common stock of The Coca-Cola Company is listed and traded on the New York Stock Exchange, which is the principal market for the common stock, and also is traded on the Boston, Cincinnati, Midwest, Pacific and Philadelphia stock exchanges. Outside the United States, the Company's common stock is listed and traded on the German exchange in Frankfurt and on Swiss exchanges in Zurich, Geneva, Bern, Basel and Lausanne.

Share owners of record at year-end: 179,165

Shares outstanding at year-end: 1.3 billion

Dividends

At its February 1994 meeting, the Company's Board of Directors increased the quarterly dividend to 19.5 cents per share, equivalent to an annual dividend of 78 cents per share. The Company has increased dividends each of the last 32 years.

The Coca-Cola Company normally pays dividends four times a year, usually on April 1, July 1, October 1 and December 15. The Company has paid 291 consecutive quarterly dividends, beginning in 1920.

Dividend and Cash Investment Plan

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

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

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

At year-end, 48 percent of share owners of record were participants in the Plan. In 1993, share owners invested $21.6 million in dividends and $27.5 million in cash in the Plan.

Annual Meeting of Share Owners

April 20, 1994, at 9 a.m. local time
Hotel du Pont
11th and Market Streets
Wilmington, Delaware

Publications

The Company's annual report on Form 10-K and quarterly report on Form 10-Q are available free of charge from the Office of the Secretary, The Coca-Cola Company, P.O. Drawer 1734, Atlanta, Georgia 30301.

A *Notice of Annual Meeting of Share Owners and Proxy Statement* are furnished to share owners in advance of the annual meeting. *Progress Reports*, containing financial results and other information, are distributed quarterly to share owners.

Also available from the Office of the Secretary are *Coca-Cola, A Business System Toward 2000: Our Mission in the 1990s* and *The Chronicle of Coca-Cola Since 1886.*

Corporate Offices

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

Mailing Address

The Coca-Cola Company
P.O. Drawer 1734
Atlanta, Georgia 30301

Share-Owner Account Assistance

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

Registrar and Transfer Agent
First Chicago Trust Company of New York
P.O. Box 2500
Jersey City, NJ 07303-2500
(800) 446-2617
or
(201) 324-0498
or
Office of the Secretary
The Coca-Cola Company
(404) 676-2777

Institutional Investor Inquiries

(404) 676-5766

Annual Report Requests

(800) 438-2653

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