



Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company COCA-COLA CO Date 01/20/06

Prepared by jah Data taken from NAIC Data

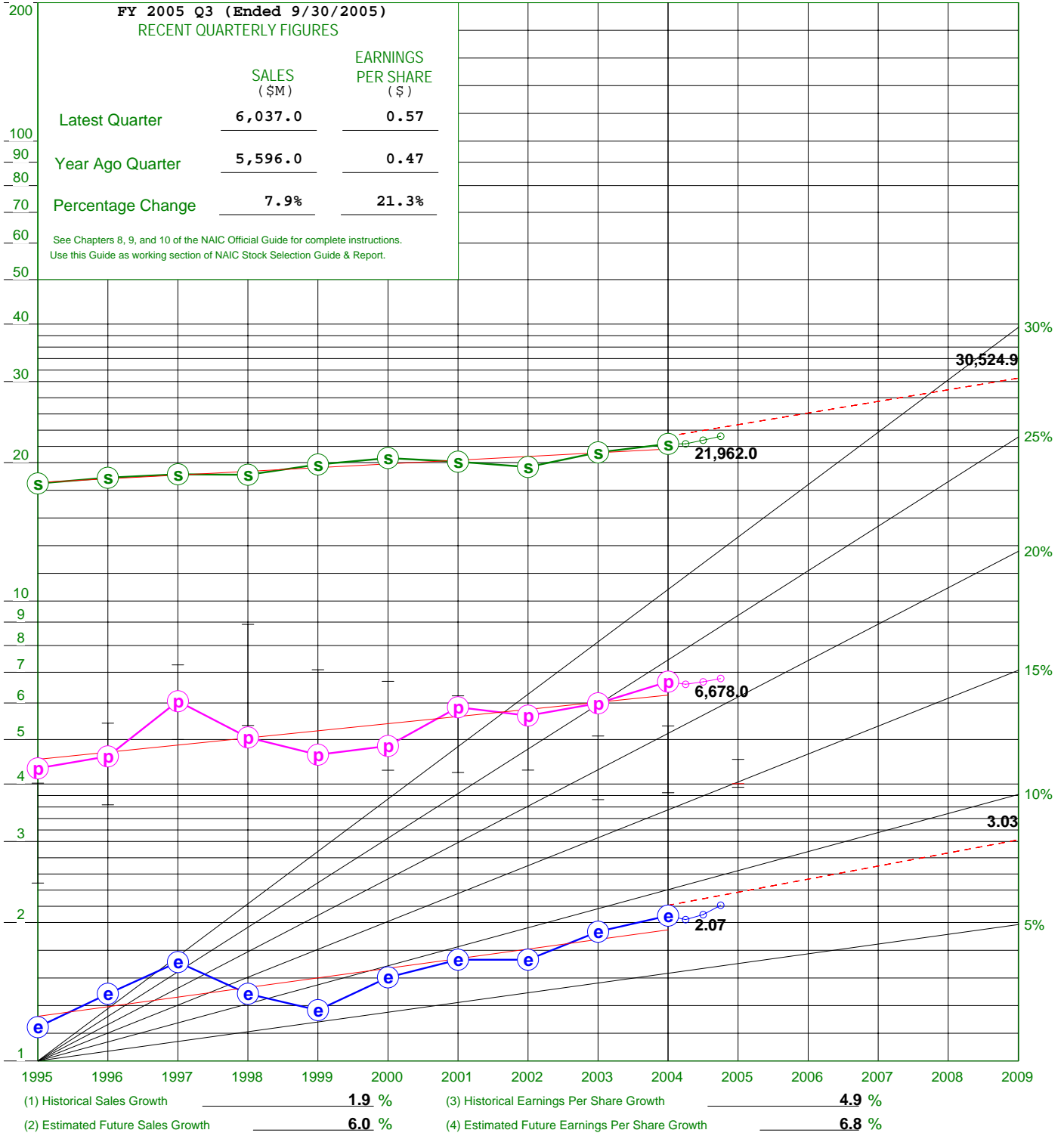
Where traded NYSE Major product/service Soft Drinks

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	2,377.5	0.0	0.0
Debt (\$M)	4,200.0	% to Tot.Cap.	21.1
		% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

KO



2 EVALUATING MANAGEMENT

Company COCA-COLA CO (KO)

01/20/06

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND	
													UP	DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	24.0	24.8	32.1	26.9	23.4	23.7	29.3	28.8	28.5	30.4	28.1		UP
B	% Earned on Equity (E/S ÷ Book Value)	55.0	56.4	55.4	41.1	33.5	40.5	36.3	34.8	33.1	31.3	35.2		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		40.090		HIGH THIS YEAR		45.260		LOW THIS YEAR		39.360		
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		E	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100				
		HIGH	LOW		A ÷ C	B ÷ C					UP	DOWN		
1	2000	66.9	42.9	1.52	44.0	28.2	0.680	44.7	1.6					
2	2001	62.2	42.4	1.66	37.5	25.5	0.720	43.4	1.7					
3	2002	57.9	42.9	1.66	34.9	25.8	0.800	48.2	1.9					
4	2003	50.9	37.0	1.91	26.6	19.4	0.880	46.1	2.4					
5	2004	53.5	38.3	2.07	25.8	18.5	1.000	48.3	2.6					
6	TOTAL		203.5		52.4	37.9		230.7						
7	AVERAGE		40.7		26.2	19.0		46.1						
8	AVERAGE PRICE EARNINGS RATIO				22.6		9		CURRENT PRICE EARNINGS RATIO				18.4	

4 EVALUATING RISK AND REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 26.2 X Estimate High Earnings/Share 3.03 = Forecast High Price \$ 79.4
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 19.0 X Estimated Low Earnings/Share 2.18 = \$ 41.4
(3E7 as adj.)
 (b) Avg. Low Price of Last 5 Years = 40.7
(3B7)
 (c) Recent Severe Market Low Price = 37.0

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{1.120}{0.026} = 42.9$
 Selected Estimate Low Price = 37.0
(4B1)

C ZONING

79.4 High Forecast Price Minus 37.0 Low Forecast Price Equals 42.4 Range. 1/3 of Range = 10.6
(4A1) (4B1) (C) (4CD)
 (4C2) Lower 1/3 = 37.0 to 47.6 (Buy) **Note: Ranges changed to 25%/50%/25%**
 (4C3) Middle 1/3 = 47.6 to 68.8 (Maybe)
 (4C4) Upper 1/3 = 68.8 to 79.4 (4A1) (Sell)

Present Market Price of 40.090 is in the Buy Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price 79.4 Minus Present Price 40.090
 Present Price 40.090 Minus Low Price 37.0 = $\frac{39.3}{3.1} = \frac{12.8}{1}$ To 1
(4A1) (4B1) (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price 79.4
 Present Market Price 40.090 = $(1.981) \times 100 = (198.1) - 100 = 98.1$ % Appreciation
(4A1) (4E)

Relative Value: 81.4% Proj. Relative Value: 76.2%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate: use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 1.120
 Present Price of Stock \$ 40.090 = $\frac{0.028}{1} \times 100 = \frac{2.8}{5A}$ Present Yield or % Returned on Purchase Price

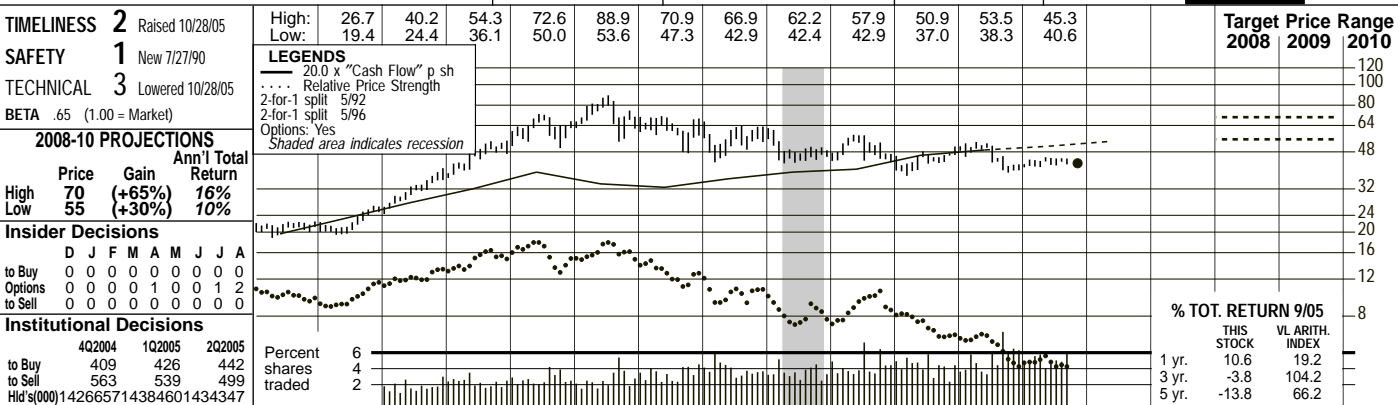
B AVERAGE YIELD OVER NEXT 5 YEARS
 Avg. Earnings Per Share Next 5 Years 2.65 X Avg. % Payout 46.1 = $\frac{122.2}{3.0}$ %
(3G7) (5B)
 Present Price \$ 40.090

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential <u>98.1</u>		P.A.R.	Tot. Ret.
	<u>5</u>	<u>19.6</u> %	Average Yield <u>2.0%</u>	<u>1.8%</u>
Average Yield <u>(5B)</u>		<u>3.0</u> %	Annual Appreciation <u>11.3%</u>	<u>14.6%</u>
Average Total Annual Return Over the Next 5 Years <u>(5C)</u>		<u>22.6</u> %	% Compd Ann Rate of Ret <u>13.3%</u>	<u>16.4%</u>

COCA-COLA NYSE-KO

RECENT PRICE **42.34** P/E RATIO **19.3** (Trailing: 19.4 Median: 33.0) RELATIVE P/E RATIO **1.09** DIV'D YLD **2.7%** VALUE LINE



Year	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Value Line Pub, Inc.	08-10
Price	3.33	3.83	4.35	5.00	5.38	6.34	7.19	7.48	7.64	7.63	8.01	8.23	7.06	7.92	8.62	9.12	9.70	10.25	Sales per sh	12.25
Gain	.50	.60	.71	.84	.98	1.16	1.37	1.60	1.92	1.69	1.63	1.79	1.92	1.99	2.31	2.45	2.55	2.70	"Cash Flow" per sh	3.30
Return	.42	.51	.61	.72	.84	.99	1.19	1.40	1.64	1.42	1.30	1.48	1.60	1.65	1.95	2.06	2.16	2.30	Earnings per sh A	2.85
Options	.17	.20	.24	.28	.34	.39	.44	.50	.56	.60	.64	.68	.72	.80	.88	1.00	1.12	1.20	Div's Decl'd per sh B	1.45
Cap'l Spending	.17	.22	.30	.41	.31	.34	.37	.40	.44	.35	.43	.30	.31	.34	.33	.31	.40	.40	Cap'l Spending per sh	.45
Book Value	1.18	1.41	1.67	1.49	1.77	2.05	2.15	2.48	2.96	3.41	3.85	3.75	4.57	4.78	5.77	6.61	6.95	7.40	Book Value per sh C	9.00
Common Shs	2696.1	2673.0	2657.9	2613.7	2594.9	2551.9	2504.6	2481.0	2470.6	2465.5	2471.6	2484.8	2486.2	2471.0	2441.5	2409.3	2390	2365	Common Shs Outst'g D	2290
P/E Ratio	17.8	20.4	24.4	28.7	25.1	22.5	26.8	32.8	38.1	51.3	47.5	37.5	30.5	30.2	22.6	22.6	22.6	22.6	Avg Ann'l P/E Ratio	22.0
Relative P/E	1.35	1.52	1.56	1.74	1.48	1.48	1.79	2.05	2.20	2.67	2.71	2.44	1.56	1.65	1.29	1.20	1.20	1.20	Relative P/E Ratio	1.45
Div Yield	2.3%	1.9%	1.6%	1.4%	1.6%	1.7%	1.4%	1.1%	.9%	.8%	1.0%	1.2%	1.5%	1.6%	2.0%	2.2%	2.2%	2.2%	Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 9/30/05
 Total Debt \$4200.0 mill.
 LT Debt \$1121.0 mill. LT Interest \$50.0 mill.
 (Total interest coverage: 35x)

(6% of Cap'l)

Pension Assets-12/04 \$2.40 bill. **Oblig.** \$2.80 bill.

Pfd Stock None

Common Stock 2,377,465,000 shs.

MARKET CAP: \$101 billion (Large Cap)

CURRENT POSITION 2003 2004 9/30/05 (\$MILL.)

Cash Assets	3482.0	6768.0	5062.0
Receivables	2091.0	2171.0	2217.0
Inventory (Avg Cst)	1252.0	1420.0	1431.0
Other	1571.0	1735.0	1810.0
Current Assets	8396.0	12094.0	10520.0
Accts Payable	4058.0	4283.0	5194.0
Debt Due	2906.0	6021.0	3079.0
Other	922.0	667.0	683.0
Current Liab.	7886.0	10971.0	8956.0

18018	18546	18868	18813	19805	20458	17545	19564	21044	21962	23200	24300	28000
25.2%	23.7%	29.8%	29.8%	28.2%	28.9%	35.1%	32.0%	31.6%	32.2%	31.5%	32.0%	32.5%
454.0	479.0	626.0	645.0	792.0	773.0	803.0	806.0	850.0	893.0	900	925	1025
2986.0	3492.0	4129.0	3533.0	3233.0	3669.0	3979.0	4100.0	4790.0	5014.0	5200	5450	6550
31.0%	24.0%	31.8%	32.0%	30.2%	27.1%	29.8%	27.0%	21.1%	24.5%	23.5%	24.5%	24.0%
16.6%	18.8%	21.9%	18.8%	16.3%	17.9%	22.7%	21.0%	22.8%	22.8%	22.5%	22.5%	23.5%
d1898	d1496	d1410	d2260	d3376	d2701	d1258	11.0	510.0	1123.0	1100	1300	2300
1141.0	1116.0	801.0	687.0	854.0	835.0	1219.0	2701.0	2517.0	1157.0	1050	1000	750
5392.0	6156.0	7311.0	8403.0	9513.0	9316.0	11366	11800	14090	15935	16650	17450	20600
46.5%	48.5%	51.2%	39.1%	31.5%	36.4%	31.9%	28.8%	29.2%	29.5%	30.0%	30.0%	31.0%
55.4%	56.7%	56.5%	42.0%	34.0%	39.4%	35.0%	34.7%	34.0%	31.5%	31.0%	31.5%	32.0%
34.8%	36.5%	37.5%	24.4%	17.4%	21.3%	19.3%	17.9%	18.6%	16.2%	15.0%	15.0%	16.0%
37%	36%	34%	42%	49%	46%	45%	48%	45%	48%	52%	52%	50%

SALES (\$MILL)

OPERATING MARGIN

DEPRECIATION (\$MILL)

NET PROFIT (\$MILL)

INCOME TAX RATE

NET PROFIT MARGIN

WORKING CAP' (\$MILL)

LONG-TERM DEBT (\$MILL)

SHR. EQUITY (\$MILL)

RETURN ON TOTAL CAP' I

RETURN ON SHR. EQUITY

RETAINED TO COM EQ

ALL DIV' DS TO NET PROF

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 to '08-'10

change (per sh)	4.5%	2.0%	6.0%
Sales	8.5%	5.0%	6.5%
"Cash Flow"	8.5%	5.5%	7.0%
Earnings	10.5%	8.5%	8.5%
Dividends	12.5%	11.0%	8.0%
Book Value			

BUSINESS: The Coca-Cola Company is the world's largest beverage company. Distributes major brands (Coca-Cola, diet Coke, Sprite, Barq's, Mr. PiBB, Fanta, Fresca, Dasani, Evian, Danone, Powerade, Minute Maid, and others) through bottlers around the world. Business outside North America accounted for 70% of net sales and 76% of operating profits in 2004. Coca-Cola

Enterprises, 36%-owned soft drink bottler. Advertising costs, 10% of sales. Has approximately 50,000 employees; 366,000 stockholders. Berkshire Hathaway owns 8.3% of stock (3/05 Proxy). Chairman and CEO: E. Neville Isdell, Inc.: Delaware. Address: One Coca-Cola Plaza, Atlanta, Georgia 30313. Tel.: 404-676-2121. Internet: www.coca-cola.com.

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	4079	5368	5322	4795	19564
2003	4498	5691	5662	5193	21044
2004	5078	5965	5662	5257	21962
2005	5266	6310	6037	5587	23200
2006	5525	6600	6325	5850	24300

Coca-Cola's business continued to improve in the third quarter, with sales up 8% from those of the previous year. The growth reflected a 5% increase in concentrate shipments, favorable pricing, and a positive currency benefit. Double-digit increases were achieved in many emerging markets, including China, Russia, South Africa, Turkey and the Middle East. Somewhat offsetting were volume declines in Germany, India, the Philippines, and northwest Europe. Carbonated soft drink volume was only up 2%, but non-carbonated beverage volume, excluding water, grew 13%. Unit case volume for water rose 21%. Selling, general, and administrative expenses increased 9% to support new marketing initiatives, and operating income was up only 6%. However, with higher equity income from bottlers, a lower tax rate, and fewer shares outstanding, share earnings rose 14%.

More earnings progress is likely in 2006. The Indian operations have been reorganized and should begin to turn around next year. In Germany, new bottle-deposit legislation should help Coke's competitive position by the middle of 2006. In most other markets, higher outlays for marketing and product innovation should begin to pay off in rising sales. Foreign currency shifts are likely to be negative, though.

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.34	.49	.44	.38	1.65
2003	.37	.57	.55	.46	1.95
2004	.46	.64	.50	.46	2.06
2005	.47	.67	.57	.45	2.16
2006	.50	.71	.61	.48	2.30

Coke will continue to face some challenges. Sales are likely to remain soft in both India and Germany until sometime in 2006. Higher marketing outlays will also put some pressure on earnings, and foreign currency swings are likely to be negative in the coming year. However . . .

Coke has revised its long-term forecasts, and the new ones are somewhat lower than the former ones. The annual volume target is now for growth of 3%-4% a year. Earnings per share are now forecast to rise 8%-10% a year. These new expectations seem reasonable to us. Timely Coke shares are likely to move in line with the market out to 2008-2010. The stock is no longer viewed as a premier growth issue, but we do look for sales and earnings growth to continue going forward. The company still has a very solid franchise, many untapped markets, and extremely strong finances.

Stephen Sanborn, CFA November 4, 2005

(A) Based on primary shs. through '96, diluted shs. thereafter. Next earnings report due mid Jan. Excludes nonrecurring losses: '92, (8c); '99, (32c); '00, (60c); '01, (2c); '02, (43c); '03, (18c); '04, (6c); '05, (4c). (B) Dividends historically paid about April 1, July 1, Oct. 1, Dec. 15. (C) Div'd reinvestment plan avail. (D) Incl. intangibles. In '04: \$3.8 bill., \$1.59/sh. (E) In mil- lions, adj. for a stock split. (F) Reflects reclassification of sales and expenses.	Company's Financial Strength A++
	Stock's Price Stability 90
	Price Growth Persistence 10
	Earnings Predictability 90

Trailing 4 quarters

PERT Worksheet-A Graph

Company COCA-COLA CO (KO)

