

Coca-Cola Co (The)

S&P Recommendation **BUY** ★★★★★

Price
\$57.47 (as of Sep 28, 2007)

12-Mo. Target Price
\$58.00

Investment Style
Large-Cap Growth

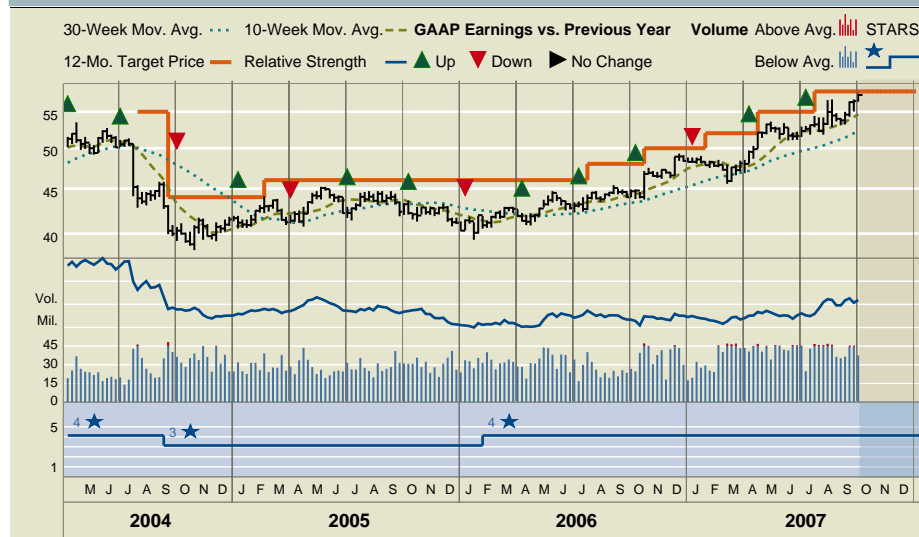
GICS Sector Consumer Staples
Sub-Industry Soft Drinks

Summary The world's largest soft drink company, KO also has a sizable fruit juice business. Its bottling interests include a 36% stake in NYSE-listed Coca-Cola Enterprises (CCE).

Key Stock Statistics (Source S&P, Vickers, company reports)

| | | | | | | | |
|--------------------------|----------------------|---------------------|-------------|-----------------------------|------------------|---------------------|---------------|
| 52-Wk Range | \$57.78-43.72 | S&P Oper. EPS 2007E | 2.55 | P/E on S&P Oper. EPS 2007E | 22.5 | Dividend Rate/Share | \$1.36 |
| Trailing 12-Month EPS | \$2.25 | S&P Oper. EPS 2008E | NA | Common Shares Outstg. (M) | 2,311.0 | Yield (%) | 2.37 |
| Trailing 12-Month P/E | 25.5 | S&P Core EPS 2007E | 2.55 | Market Capitalization(B) | \$132.813 | Beta | 0.58 |
| \$10K Invested 5 Yrs Ago | \$13,516 | S&P Core EPS 2008E | NA | Institutional Ownership (%) | 65 | S&P Credit Rating | A+ |

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by **Raymond Mathis** on July 18, 2007, when the stock traded at **\$53.43**.

Highlights

- KO recently acquired Energy Brands (known as glaceau), maker of Vitamin Water, for \$4.1 billion. We expect the deal to be slightly dilutive to EPS in 2007, but become accretive in 2008 and beyond. KO's longer-term financial objectives include 3% to 4% annual volume growth, 6% to 8% operating income growth, and EPS growth in the high single digits.
- We see net sales up about 6% in 2007, reflecting 4% to 5% higher worldwide volumes and increased net prices, in addition to acquisitions, and the benefit from the introduction of Coke Zero in international markets. We expect operating profits to advance at a mid-single digit rate, as a more favorable product mix and improved leverage are partially offset by higher commodity costs, particularly for orange juice and high fructose corn syrup, and increased marketing spending. We believe equity income will rise moderately, reflecting operating improvements at CCE and other bottlers.
- Based on our expectation for a 1% to 2% reduction in KO's shares outstanding, we expect EPS of \$2.55 in 2007, up 7.6% from operating EPS of \$2.37 for 2006. Longer term, we expect annual EPS growth of 8%-9%.

Investment Rationale/Risk

- Our buy recommendation reflects what we see as improving volume trends for the company's businesses and our expectation that the company can generate sustainable volume and earnings growth longer term. We view KO's long-term growth targets as reasonable, and expect the company to attain those targets in 2007. We also view positively KO's strong free cash flow generation and long-term growth potential.
- Risks to our recommendation and target price include a rise in competitive pressures for KO's beverage businesses, an inability to meet growth targets, and unfavorable weather conditions in the company's markets. With regard to corporate governance, we would favor the separation of the chairman and CEO roles.
- Our DCF model, which assumes 9% weighted average cost of capital and 4% terminal growth, calculates intrinsic value at \$58. Our relative valuation model is derived from an analysis of comparative peer P/E and EV/EBITDA multiples and indicates a value of \$58. Blending these valuations, our 12-month target price is \$58.

Qualitative Risk Assessment

| | | |
|------------|---------------|-------------|
| LOW | MEDIUM | HIGH |
|------------|---------------|-------------|

Our risk assessment for the Coca-Cola Company reflects the relatively stable nature of the company's end markets, its dominant market share positions around the world, and our view of its strong balance sheet and cash flow.

Quantitative Evaluations

S&P Quality Ranking **A-**

| | | | | | | | |
|---|---|----|---|----|-----------|---|----|
| D | C | B- | B | B+ | A- | A | A+ |
|---|---|----|---|----|-----------|---|----|

Relative Strength Rank **STRONG**

| | |
|------------|--------------|
| 78 | |
| LOWEST = 1 | HIGHEST = 99 |

Revenue/Earnings Data

Revenue (Million \$)

| | 1Q | 2Q | 3Q | 4Q | Year |
|------|-------|-------|-------|-------|--------|
| 2007 | 6,103 | 7,733 | -- | -- | -- |
| 2006 | 5,226 | 6,476 | 6,454 | 5,932 | 24,088 |
| 2005 | 5,206 | 6,310 | 6,037 | 5,551 | 23,104 |
| 2004 | 5,078 | 5,965 | 5,662 | 5,257 | 21,962 |
| 2003 | 4,502 | 5,695 | 5,671 | 5,176 | 21,044 |
| 2002 | 4,079 | 5,368 | 5,322 | 4,795 | 19,564 |

Earnings Per Share (\$)

| | 1Q | 2Q | 3Q | 4Q | Year |
|------|------|------|--------------|--------------|--------------|
| 2007 | 0.54 | 0.80 | E0.67 | E0.48 | E2.55 |
| 2006 | 0.47 | 0.78 | 0.62 | 0.29 | 2.16 |
| 2005 | 0.42 | 0.72 | 0.54 | 0.36 | 2.04 |
| 2004 | 0.46 | 0.65 | 0.39 | 0.50 | 2.00 |
| 2003 | 0.34 | 0.55 | 0.50 | 0.38 | 1.77 |
| 2002 | 0.29 | 0.49 | 0.44 | 0.38 | 1.60 |

Fiscal year ended Dec. 31. Next earnings report expected: Mid October. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

| Amount (\$) | Date Decl. | Ex-Div. Date | Stk. of Record | Payment Date |
|-------------|------------|--------------|----------------|--------------|
| 0.310 | 10/19 | 11/29 | 12/01 | 12/15/06 |
| 0.340 | 02/15 | 03/13 | 03/15 | 04/01/07 |
| 0.340 | 04/19 | 06/13 | 06/15 | 07/01/07 |
| 0.340 | 07/19 | 09/12 | 09/15 | 10/01/07 |

Dividends have been paid since 1893. Source: Company reports.

Coca-Cola Co (The)**Business Summary July 18, 2007**

The Coca-Cola Company is the world's largest producer of soft drink concentrates and syrups, as well as the world's biggest producer of juice and juice-related products. Finished soft drink products bearing the company's trademarks have been sold in the U.S. since 1886, and are now sold in more than 200 countries. Sales and operating profits in 2006 by geographic region were derived as follows: North America (29% of revenues, 27% of segment operating profits); European Union (15%, 36%); North Asia, Eurasia and Middle East (17%, 25%); Latin America (10%, 23%); East and South Asia and Pacific Rim (3.3%, 5.7%); and Africa (4.6%, 6.7%). Intercompany sales and corporate overhead accounted for the remaining 16% of revenue and -22% of operating profit.

The company's business, which is extremely focused, in our view, encompasses the production and sale of soft drink and non-carbonated beverage concentrates and syrups. These products are sold to the company's authorized independent and company-owned bottling/canning operations, and fountain wholesalers. These customers then either combine the syrup with carbonated water, or combine the concentrate with sweetener, water and carbonated water to produce finished soft drinks. The finished soft drinks are packaged in containers bearing the company's well-known trademarks, which include Coca-Cola Classic (the best-selling soft drink in the world), caffeine free Coca-Cola, diet Coke (sold as Coke light in many markets outside the U.S.), Cherry Coke, Vanilla Coke, Coke Zero, Fanta, Full Throttle, Sprite, diet Sprite/Sprite Zero, Barq's, Surge, Mr. PiBB, Mello Yello, TAB, Fresca, Hi-C, Fruitopia, and other products developed for specific markets. The company also markets the Schweppes and Canada Dry mixer (such as tonic water, club soda and ginger ale), Crush and Dr. Pepper brands in more than 160 countries outside of the U.S. In 2006, concentrates and syrups for beverages bearing the trademark "Coca-Cola" or including the trademark "Coke" accounted for approximately 55% of the company's total gallon sales.

In 2006, gallon sales in the U.S. represented approximately 26% of KO's worldwide sales. About 54% of gallon sales were beverage concentrates and syrups to 76 authorized bottlers in 393 licensed territories, 24% were fountain syrups sold to fountain retailers and 507 wholesalers, and the remaining 12% were sales by the company of finished products.

KO has equity positions in approximately 52 unconsolidated bottling, canning and distribution operations for its products worldwide, including bottlers that accounted for approximately 58% of the company's worldwide unit case volume in 2006. Coca-Cola Enterprises (CCE) is the world's largest bottler of KO's products, accounting for \$5.4 billion of KO's 2006 sales. KO holds a 35% equity interest in CCE.

KO's strategy is to utilize its brands, distribution system and financial strength to achieve long-term sustainable growth. In recent years, the industry has seen more rapid growth in still beverages than in carbonated soft drinks (CSDs). KO is the exclusive distributor of Evian bottled water and Rockstar energy drinks in the U.S., in addition to selling its own Dasani brand water, Minute Maid juices, and Powerade sports drinks. In May 2007, KO acquired Glaceau, the manufacturer of Vitamin Water, for \$4.1 billion.

The nonalcohol beverage industry is highly competitive. KO estimates its products accounted for approximately 10% of worldwide market share in 2006. Primary competitors include PepsiCo (PEP: buy, \$67), Nestle (NSRGY, \$99), Cadbury Schweppes (CSG: hold, \$53), Groupe Danone (GDNNY, \$16), and Kraft Foods (KFT: hold, \$35).

Principal raw materials used by KO include high fructose corn syrup, aspartame, acesulfame potassium, saccharin cyclamate, sucralose, and orange juice concentrate. We believe weather conditions and competing uses of base materials (such as ethanol) could have a material impact on market prices for these raw materials.

KO typically enters into forward exchange contracts, and purchases currency options (principally on European currencies and Japanese yen) to reduce the risk that its eventual dollar net cash inflows resulting from sales outside the U.S. will be adversely affected by changes in exchange rates. Foreign currency exposures are managed on a consolidated basis, which allows the company to net certain exposures and to take advantage of natural offsets.

Corporate Information**Investor Contact**

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Telephone

404-676-2121.

Website<http://www.coca-cola.com>**Officers****Chrmn & CEO**

E.N. Isdell

SVP & General**Counsel**

G.J. Kelly

Pres & COO

M. Kent

EVP & CFO

G.P. Fayard

Board of Directors

H. A. Allen

R. W. Allen

C. P. Black

B. Diller

E. N. Isdell

D. R. Keough

D. F. McHenry

S. Nunn

J. D. Robinson, III

P. V. Ueberroth

J. B. Williams

Domicile

Delaware

Founded

1886

Employees

71,000

Stockholders

315,505

Coca-Cola Co (The)

Quantitative Evaluations

| | | | | | | |
|--------------------------------|-----------|----------|----------|----------|----------|----------|
| S&P Fair Value Rank | 3+ | 1 | 2 | 3 | 4 | 5 |
| | | LOWEST | | | | HIGHEST |

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

| | | |
|-------------------------------|----------------|---|
| Fair Value Calculation | \$53.30 | Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that KO is slightly overvalued by \$4.17 or 7.3%. |
|-------------------------------|----------------|---|

| | |
|--|--------------------------|
| Investability Quotient Percentile | 99 |
| | LOWEST = 1 HIGHEST = 100 |

KO scored higher than 99% of all companies for which an S&P Report is available.

| | | | |
|-------------------|------------|----------------|-------------|
| Volatility | LOW | AVERAGE | HIGH |
|-------------------|------------|----------------|-------------|

KO has had Low price volatility over the past year.

| | | |
|-----------------------------|----------------|---|
| Technical Evaluation | BULLISH | Since September, 2007, the technical indicators for KO have been BULLISH. |
|-----------------------------|----------------|---|

| | | | | |
|-------------------------|-----------|--------------------|----------------|------------------|
| Insider Activity | NA | UNFAVORABLE | NEUTRAL | FAVORABLE |
|-------------------------|-----------|--------------------|----------------|------------------|

Expanded Ratio Analysis

| | 2006 | 2005 | 2004 | 2003 |
|--------------------------------|-------------|-------------|-------------|-------------|
| Price/Revenue | 4.71 | 4.18 | 4.61 | 5.94 |
| Price/EBITDA | 15.65 | 13.75 | 15.35 | 20.58 |
| Price/Pretax Income | 17.24 | 14.42 | 16.26 | 22.74 |
| Price/Net Income | 22.32 | 19.80 | 20.87 | 28.74 |
| Avg. Diluted Shares Outstg (M) | 2,350.0 | 2,393.0 | 2,429.0 | 2,462.0 |

Figures based on calendar year-end price

Key Growth Rates and Averages

| Past Growth Rate (%) | 1 Year | 3 Years | 5 Years | 9 Years |
|-----------------------------|---------------|----------------|----------------|----------------|
| Sales | 4.26 | 4.67 | 4.23 | 2.59 |
| Net Income | 4.27 | 4.84 | 5.70 | 6.02 |

| Ratio Analysis (Annual Avg.) | 2006 | 2005 | 2004 | 2003 |
|-------------------------------------|-------------|-------------|-------------|-------------|
| Net Margin (%) | 21.09 | 21.42 | 21.05 | 18.53 |
| LTD of Capitalization (%) | 6.97 | 6.68 | 10.60 | 9.49 |
| Return on Equity (%) | 30.53 | 31.00 | 32.18 | 32.73 |

Company Financials

| Per Share Data (\$) Year Ended Dec. 31 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Tangible Book Value | 5.08 | 5.29 | 5.02 | 4.14 | 3.34 | 3.53 | 2.98 | 3.06 | 3.19 | 2.67 |
| Cash Flow | 2.56 | 2.43 | 2.36 | 2.11 | 1.93 | 1.92 | 1.19 | 1.30 | 1.67 | 1.89 |
| Earnings | 2.16 | 2.04 | 2.00 | 1.77 | 1.60 | 1.60 | 0.88 | 0.98 | 1.42 | 1.64 |
| S&P Core Earnings | 2.04 | 2.03 | 2.08 | 1.77 | 1.62 | 1.46 | NA | NA | NA | NA |
| Dividends | 1.24 | 1.12 | 1.00 | 0.88 | 0.80 | 0.72 | 0.68 | 0.64 | 0.60 | 0.56 |
| Payout Ratio | 57% | 55% | 50% | 50% | 50% | 45% | 77% | 65% | 42% | 34% |
| Prices:High | 49.35 | 45.26 | 53.50 | 50.90 | 57.91 | 62.19 | 66.88 | 70.88 | 88.94 | 72.63 |
| Prices:Low | 39.36 | 40.31 | 38.30 | 37.01 | 42.90 | 42.37 | 42.88 | 47.31 | 53.63 | 51.13 |
| P/E Ratio:High | 23 | 22 | 27 | 29 | 36 | 39 | 76 | 72 | 63 | 44 |
| P/E Ratio:Low | 18 | 20 | 19 | 21 | 27 | 26 | 49 | 48 | 38 | 31 |

Income Statement Analysis (Million \$)

| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 24,088 | 23,104 | 21,962 | 21,044 | 19,564 | 20,092 | 20,458 | 19,805 | 18,813 | 18,868 |
| Operating Income | 7,246 | 7,017 | 6,591 | 6,071 | 6,264 | 6,155 | 4,464 | 4,774 | 5,612 | 5,627 |
| Depreciation | 938 | 932 | 893 | 850 | 806 | 803 | 773 | 792 | 645 | 626 |
| Interest Expense | 220 | 240 | 196 | 178 | 199 | 289 | 447 | 337 | 277 | 258 |
| Pretax Income | 6,578 | 6,690 | 6,222 | 5,495 | 5,499 | 5,670 | 3,399 | 3,819 | 5,198 | 6,055 |
| Effective Tax Rate | 22.8% | 27.2% | 22.1% | 20.9% | 27.7% | 29.8% | 36.0% | 36.3% | 32.0% | 31.8% |
| Net Income | 5,080 | 4,872 | 4,847 | 4,347 | 3,976 | 3,979 | 2,177 | 2,431 | 3,533 | 4,129 |
| S&P Core Earnings | 4,797 | 4,854 | 5,063 | 4,350 | 4,021 | 3,654 | NA | NA | NA | NA |

Balance Sheet & Other Financial Data (Million \$)

| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash | 2,590 | 4,767 | 6,768 | 3,482 | 2,345 | 1,934 | 1,892 | 1,812 | 1,807 | 1,737 |
| Current Assets | 8,441 | 10,250 | 12,094 | 8,396 | 7,352 | 7,171 | 6,620 | 6,480 | 6,380 | 5,969 |
| Total Assets | 29,963 | 29,427 | 31,327 | 27,342 | 24,501 | 22,417 | 20,834 | 21,623 | 19,145 | 16,940 |
| Current Liabilities | 8,890 | 9,836 | 10,971 | 7,886 | 7,341 | 8,429 | 9,321 | 9,856 | 8,640 | 7,379 |
| Long Term Debt | 1,314 | 1,154 | 1,157 | 2,517 | 2,701 | 1,219 | 835 | 854 | 687 | 801 |
| Common Equity | 16,920 | 16,355 | 15,935 | 14,090 | 11,800 | 11,366 | 9,316 | 9,513 | 8,403 | 7,311 |
| Total Capital | 18,842 | 17,861 | 17,542 | 16,944 | 14,900 | 13,027 | 10,509 | 10,865 | 9,514 | 8,560 |
| Capital Expenditures | 1,407 | 899 | 755 | 812 | 851 | 769 | 733 | 1,069 | 863 | 1,093 |
| Cash Flow | 6,018 | 5,804 | 5,740 | 5,197 | 4,782 | 4,782 | 2,950 | 3,223 | 4,178 | 4,755 |
| Current Ratio | 0.9 | 1.0 | 1.1 | 1.1 | 1.0 | 0.9 | 0.7 | 0.7 | 0.7 | 0.8 |
| % Long Term Debt of Capitalization | 7.0 | 6.5 | 6.6 | 14.9 | 18.1 | 9.4 | 7.9 | 7.9 | 7.2 | 9.4 |
| % Net Income of Revenue | 21.1 | 21.1 | 22.1 | 20.7 | 20.3 | 19.8 | 10.6 | 12.3 | 18.8 | 21.9 |
| % Return on Assets | 17.1 | 16.0 | 16.5 | 16.8 | 16.9 | 18.4 | 10.3 | 11.9 | 19.6 | 24.9 |
| % Return on Equity | 30.5 | 30.2 | 32.3 | 33.6 | 34.3 | 38.5 | 23.1 | 27.1 | 45.0 | 61.3 |

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Coca-Cola Co (The)

Sub-Industry Outlook

Our fundamental outlook for the soft drinks sub-industry is positive. For 2008, we think earnings and cash flow for the major beverage companies will show solid growth, as most companies should see benefits from pricing gains and new product contributions, which should outweigh rising input costs. We expect energy and raw material costs to remain a significant concern, especially for the bottlers, which are heavy users of aluminum and PET resins in packaging. Also, price spikes in high fructose corn syrup and citrus juices could materialize. However, we expect the sub-industry to outperform the broader market over the next 12 months, reflecting improvement in volume trends as companies increase marketing spending behind core brands, as well as new product introductions.

Results should benefit from higher retail pricing in the U.S., but volume growth for carbonated soft drinks may be restrained by higher pricing. We think domestic unit sales volume growth should improve, reflecting increased advertising and promotional spending. For the longer term, we believe volume trends will benefit from increased penetration into non-traditional distribution channels and growing consumer demand for non-alcoholic products (soft drinks, ready-to-drink teas, juices, bottled water and sports drinks), which should continue to raise non-alcoholic beverage per-capita consumption levels.

While we think near-term results will be affected by sluggishness in Europe, we believe long-term prospects remain bright for U.S. beverage companies in foreign markets, where we see significant opportunities for consumption growth in developing and emerging markets.

Our outlook for U.S. bottlers is neutral. However, we think longer-term prospects are good, given our

view of improving profit margins stemming from productivity enhancements, higher price realizations for products, and favorable packaging and product mix trends.

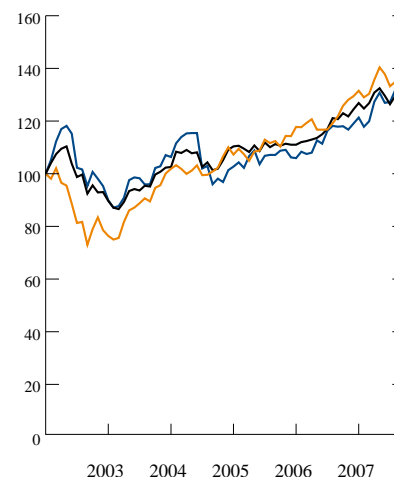
Year to date through September 21, the S&P Soft Drinks Index rose 16.4%, versus an increase of 7.7% for the S&P 1500 Index. The sub-industry index gained 12.1% in 2006, versus a 13.3% advance for the S&P 1500.

--Raymond Mathis

Stock Performance

GICS Sector: Consumer Staples
Sub-Industry: Soft Drinks

Based on S&P 1500 Indexes
Month-end Price Performance as of 09/28/07



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Soft Drinks Peer Group*: Soft Drinks

| Peer Group | Stock Symbol | Stk.Mkt. Cap. (Mil. \$) | Recent Stock Price | P/E Ratio | 12-Mo. Trailing EPS | 30-Day Price Chg(%) | 1 Year Price Chg(%) | Beta | Yield (%) | Quality Ranking | Ret. on Equity (%) | Pretax Margin (%) | LTD to Cap (%) |
|--------------------------------|--------------|-------------------------|--------------------|-----------|---------------------|---------------------|---------------------|-------------|------------|-----------------|--------------------|-------------------|----------------|
| Coca-Cola | KO | 132,813 | 57.47 | 26 | 2.25 | 7% | 28% | 0.58 | 2.4 | A- | 30.5 | 27.3 | 7.0 |
| Coca-Cola Bottling Co. Consol. | COKE | 401 | 60.30 | 18 | 3.28 | 2% | -3% | 0.43 | 1.7 | B+ | 27.5 | 2.4 | 68.9 |
| Coca-Cola Enterprises | CCE | 11,702 | 24.22 | NM | -2.56 | 2% | 16% | 0.43 | 1.0 | B | NM | NM | 51.8 |
| Coca-Cola FEMSA ADS | KOF | 1,163 | 42.92 | 18 | 2.44 | 8% | 38% | 1.47 | 0.9 | NR | 13.3 | 13.3 | 27.3 |
| Coca-Cola Hellenic ADS | CCH | 14,161 | 58.50 | 34 | 1.71 | 24% | 72% | 0.83 | 0.7 | NR | 10.9 | 9.1 | 30.7 |
| Cott Corp. | COT | 572 | 7.97 | NM | -0.18 | -29% | -54% | 1.15 | Nil | B | NM | NM | 32.6 |
| Embotelladora Andina ADS | AKO.A | 1,090 | 17.20 | 64 | 0.27 | 0% | 33% | 1.58 | 3.5 | NR | 19.7 | 13.5 | 46.5 |
| Embotelladora Andina B ADS | AKO.B | 1,180 | 18.63 | 62 | 0.30 | 0% | 31% | 1.24 | 3.5 | NR | 26.9 | 16.1 | 21.7 |
| Fomento Economico Mexicano | FMX | 59,432 | 37.40 | NM | 0.29 | 8% | 16% | 1.10 | 1.1 | NR | 19.2 | 12.0 | 29.7 |
| Hansen Natural | HANS | 5,158 | 56.68 | 52 | 1.08 | 27% | 64% | 0.32 | Nil | B | 55.9 | 26.8 | Nil |
| Jones Soda | JSDA | 315 | 12.06 | NM | 0.09 | 8% | 29% | 0.83 | Nil | B- | 18.8 | 13.8 | Nil |
| National Beverage | FIZZ | 387 | 8.48 | 17 | 0.49 | -18% | -15% | 0.76 | Nil | B+ | 17.1 | 7.1 | Nil |
| Pepsi Bottling Group | PBG | 8,400 | 37.17 | 17 | 2.23 | 7% | 4% | 1.30 | 1.5 | NR | 25.3 | 5.8 | 54.8 |
| PepsiAmericas | PAS | 4,177 | 32.44 | 23 | 1.39 | 11% | 51% | 0.56 | 1.6 | B | 10.0 | 6.3 | 44.6 |
| PepsiCo | PEP | 118,754 | 73.26 | 21 | 3.56 | 7% | 12% | 0.58 | 2.0 | A+ | 38.2 | 19.9 | 13.8 |

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Coca-Cola Co (The)**S&P Analyst Research Notes and other Company News****July 30, 2007**

Coca-Cola Co. announced the appointment of Joseph V. Tripodi to the position of chief marketing and commercial officer, reporting to President and Chief Operating Officer Muhtar Kent. Most recently, Mr. Tripodi was the senior vice president and chief marketing officer for Allstate Insurance Co., where he was responsible for the structure, strategy and execution of all of their marketing efforts. In his role, Mr. Tripodi will lead a new function consisting of the combination of the Company's global marketing and commercial organizations. In addition to overseeing all aspects of marketing, he will be responsible for coordinating and leading the Company's strategic direction in Commercial Leadership.

July 20, 2007

The Board of Directors of The Coca-Cola Co. declared a regular quarterly dividend of 34 cents per common share. The dividend is payable October 1, 2007, to shareowners of record as of September 15, 2007. The Board elected Robert P. Leechman as vice president of the Company. Mr. Leechman is chief customer and commercial officer. In this role, he is responsible for leading the Company's global system in building collaborative customer relationships across all key business channels, with a focus on best-in-class innovation, execution, shopper marketing and revenue growth management. Mr. Leechman has more than 18 years' experience with the Coca-Cola system. After a nine-year career with Mars Inc. in sales management, he joined Coca-Cola & Schweppes Beverages in England in 1988, as general sales manager.

July 17, 2007

05:00 pm EDT... S&P REITERATES BUY OPINION ON SHARES OF COCA-COLA (KO 53.17****): Q2 operating EPS, excluding items, of \$0.85 vs. \$0.78 tops our estimate by a penny on better-than-expected carbonated beverage volumes and international growth. While we look for introduction of Coke Zero to continue reviving carbonated soft drink volumes, we still see '07 EPS of \$2.55, believing that benefits will be offset by dilution from the recent Glaceau acquisition. Nonetheless, incorporating our expectations for continued volume growth and accretion from the Glaceau purchase starting in '08, we are raising our 12-month target price \$3 to \$58 based on DCF analysis. /R.Mathis

July 17, 2007

Posts \$0.80 vs. \$0.78 Q2 EPS on 19% sales rise... Notes Q2 '07 EPS incl. net charge of \$0.05 primarily related to restructuring charges, non-cash impairment charge at equity investee.

July 5, 2007

KO approached several private-equity firms involved in bidding for CADBURY SCHWEPES US drinks biz about buying CADBURY's Snapple and Mott's brands, according to people familiar with situation: WSJ.

May 25, 2007

To acquire Energy Brands, Inc., known as Glaceau, its full range of enhanced water brands for \$4.1B cash... Expects acquisition to be accretive to EPS in first full year following completion.

May 25, 2007

02:24 pm EDT... S&P REITERATES BUY OPINION ON SHARES OF COCA-COLA CO. (KO 51.84****): KO agrees to acquire Glaceau, a New York based beverage company best know for its VitaminWater products, for \$4.1 billion. The proposed deal, pending necessary approvals, includes an option to buy Tata Tea's 30% stake in Glaceau in Q4 '07. With little financial information provided, we are left wondering if KO is overpaying. The company believes the transaction will be dilutive to EPS by \$0.01-\$0.02 in '07, but accretive starting in '08. We see the planned deal as providing KO with a solid growth brand in the non-carbonated drink category, where it has lagged peers. /R.Mathis

April 17, 2007

UP 0.91 to 51.18... Posts \$0.54 vs. \$0.47 Q1 EPS on 17% revenue rise... S&P reiterates buy... Goldman raises estimates, target, reiterates buy... 5.

April 17, 2007

03:08 pm EDT... COCA-COLA CO (KO 51.7) UP 1.43, POSTS \$0.54 Q1 EPS. GOLDMAN RAISES ESTIMATES, TARGET, REITERATES BUY... Analyst Judy Hong

tells salesforce Q1 EPS of \$0.56 (after considering items impacting comparability) \$0.02 ahead of consensus, driven by 8%-9% organic revenue growth, 11% underlying EBIT growth... Notes mgmt optimistic about sustainability of strong gains even with ongoing US challenges... Says stock appropriately trading higher intra-day to reflect likely upward estimate revisions, increased confidence in the company's long-term growth prospects... Raises \$2.57 '07 EPS estimate to \$2.60, \$2.80 '08 to \$2.84, \$3.05 '09 to \$3.09... Ups \$56 target to \$57. /BBrodie

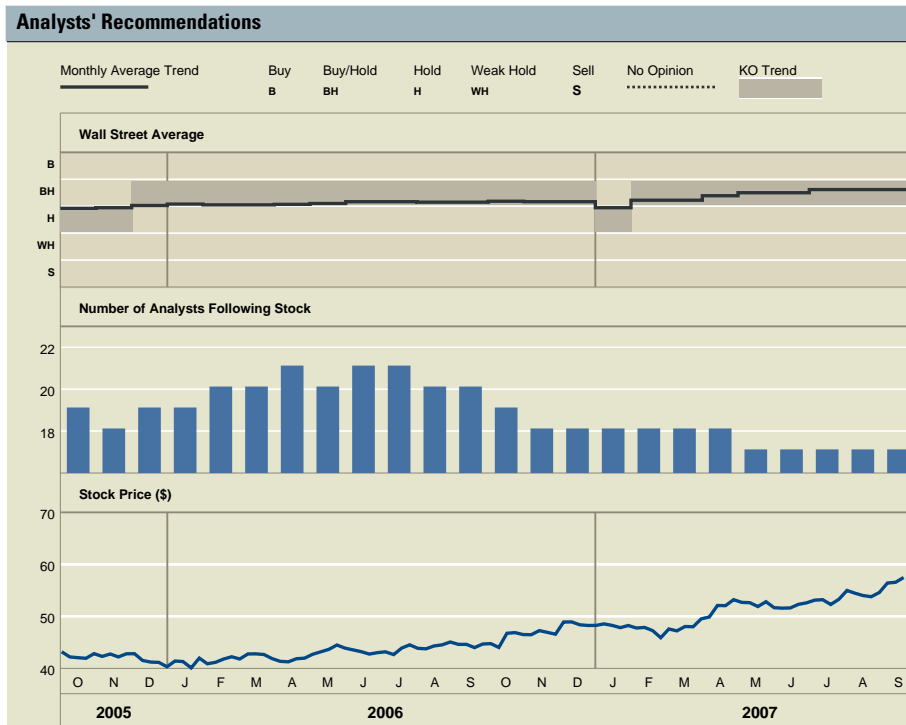
April 17, 2007

10:16 am EDT... S&P REITERATES BUY OPINION ON SHARES OF COCA-COLA CO. (KO 51.25****): KO reports Q1 EPS of \$0.54 vs. \$0.47, a penny better than our estimate. Excluding special items, EPS would have been \$0.56 vs \$0.49. Top-line growth was driven by a 9% rise in international volume, more than offsetting declining volume in North America. We see these trends continuing through 2007 as new product launches in developing markets, coupled with a modest currency benefit, offset rising costs and sluggish domestic carbonated beverage sales. We are raising our 12-month target price to \$55, from \$52, based on our revised DCF and P/E analyses. /R.Mathis

April 17, 2007

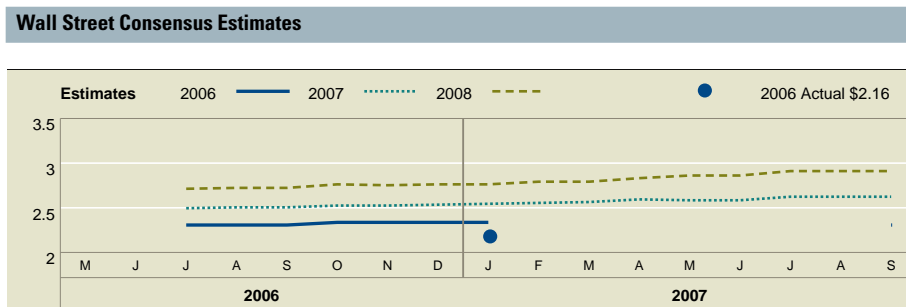
NEW YORK (Standard & Poor's)--Apr 17, 2007, Coca-Cola Company (The), announced 1Q EPS \$0.54 vs. \$0.47.

Coca-Cola Co (The)



Of the total 19 companies following KO, 17 analysts currently publish recommendations.

| | No. of Ratings | % of Total | 1 Mo. Prior | 3 Mos. Prior |
|--------------|----------------|------------|-------------|--------------|
| Buy | 5 | 29 | 5 | 4 |
| Buy/Hold | 9 | 53 | 9 | 9 |
| Hold | 3 | 18 | 3 | 4 |
| Weak Hold | 0 | 0 | 0 | 0 |
| Sell | 0 | 0 | 0 | 0 |
| No Opinion | 0 | 0 | 0 | 0 |
| Total | 17 | 100 | 17 | 17 |



| Fiscal Years | Avg Est. | High Est. | Low Est. | # of Est. | Est. P/E |
|------------------------|--------------|--------------|--------------|---------------|---------------|
| 2008 | 2.92 | 2.99 | 2.83 | 15 | 19.7 |
| 2007 | 2.63 | 2.66 | 2.55 | 17 | 21.9 |
| 2008 vs. 2007 | ▲ 11% | ▲ 12% | ▲ 11% | ▼ -12% | ▼ -10% |
| Q3'08 | 0.75 | 0.77 | 0.74 | 3 | 76.6 |
| Q3'07 | 0.68 | 0.69 | 0.67 | 13 | 84.5 |
| Q3'08 vs. Q3'07 | ▲ 10% | ▲ 12% | ▲ 10% | ▼ -77% | ▼ -9% |

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- AG Edwards & Sons
- Argus Research Corp.
- Banc of America Securities Llc.
- Davenport & Co Of Virginia
- Deutsche Bank
- First Global Stockbroking Ltd.
- Goldman Sachs & Co.
- Griffin Securities, Inc.
- HSBC
- JP Morgan Securities
- Jackson Securities
- Jyske Bank
- Lehman Brothers, Inc.
- Merrill Lynch Research
- Morgan Stanley & Company
- Sanford C Bernstein & Co., Inc.
- Smith Barney
- Stifel Nicolaus & Co.
- UBS Warburg

Wall Street Consensus vs. Performance

For fiscal year 2007, analysts estimate that KO will earn \$2.63. For the 2nd quarter of fiscal year 2007, KO announced earnings per share of \$0.80, representing 30% of the total annual estimate. For fiscal year 2008, analysts estimate that KO's earnings per share will grow by 11% to \$2.92.

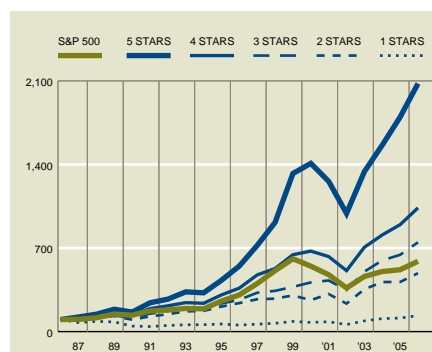
Coca-Cola Co (The)

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective.

STARS Average Annual Performance



S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capitalize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

| | | | |
|----|---------------|----|-------------------|
| A+ | Highest | B | Below Average |
| A | High | B- | Lower |
| A- | Above Average | C | Lowest |
| B+ | Average | D | In Reorganization |
| NR | Not Ranked | | |

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:

| Coca-Cola Co | Raw Score | Max Value |
|-------------------------------|------------|------------|
| Proprietary S&P Measures | 75 | 115 |
| Technical Indicators | 32 | 40 |
| Liquidity/Volatility Measures | 15 | 20 |
| Quantitative Measures | 65 | 75 |
| IQ Total | 187 | 250 |

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and

trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

S&P Core Earnings

Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

S&P Equity Research Services

Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes Standard & Poor's LLC-London and Standard & Poor's AB (Sweden); Standard & Poor's Equity Research Services Asia includes Standard & Poor's LLC's offices in Hong Kong, Singapore and Tokyo, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Coca-Cola Co (The)

Required Disclosures

S&P Global STARS Distribution

In the U.S.: As of June 30, 2007, research analysts at Standard & Poor's Equity Research Services U.S. have recommended 30.8% of issuers with buy recommendations, 56.8% with hold recommendations and 12.4% with sell recommendations.

In Europe: As of June 30, 2007, research analysts at Standard & Poor's Equity Research Services Europe have recommended 39.2% of issuers with buy recommendations, 35.5% with hold recommendations and 25.3% with sell recommendations.

In Asia: As of June 30, 2007, research analysts at Standard & Poor's Equity Research Services Asia have recommended 35.7% of issuers with buy recommendations, 51.0% with hold recommendations and 13.3% with sell recommendations.

Globally: As of June 30, 2007, research analysts at Standard & Poor's Equity Research Services globally have recommended 32.3% of issuers with buy recommendations, 53.5% with hold recommendations and 14.2% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):** Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In the U.S. the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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Additional information is available upon request.

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For residents of Malaysia, all queries in relation to this report should be referred to Alexander Chia, Desmond Ch'ng, or Ching Wah Tam.

This investment analysis was prepared from the following sources: S&P MarketScope, S&P Compustat, S&P Industry Reports, I/B/E/S International, Inc.; Standard & Poor's, 55 Water St., New York, NY 10041.