Your Guide to S&P Capital IQ™ Stock Reports
Confidence. Objectivity. Experience.
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For over 80 years, advisors and investors have looked to S&P Capital IQ’s Stock Reports for investment confidence, objectivity and unique research. Our research gives clients confidence by helping them make their investment decisions based on research from a leading provider of independent equity research.

The investment community respects the objectivity of our opinions. Our knowledge is exemplified by our unique research methodology. Stock Reports combine the strengths of S&P Capital IQ’s robust database of publicly traded corporations and its highly regarded team of equity analysts. With their broad array of fundamental, quantitative and technical data, Stock Reports are an essential resource for identifying potential investment opportunities.

A History of Objective Analysis and Opinion
Using our proprietary STARS® [Stock Appreciation Ranking System] methodology, our equity analysts cover over 1,500* global stocks. They carry on a strong tradition of objective analysis and opinion dating back over 80 years, using a highly refined, rigorous and globally-consistent process.

Timely, Consistent Analysis
With the help of innovative tools and analytics from Global Markets Intelligence, our equity analysts deliver insights rapidly, responding to news and market trends with market updates. And our global analytical team ensures consistency of coverage through equity analyst transitions and market cycles, delivering consistency that clients can expect.

Robust Reports
Each Stock Report combines the equity analyst’s evaluations and sub-industry outlook with the stock’s performance history, financials, key developments and relevant peers.
Using the Equity Evaluations: A Quick Reference Guide

Qualitative

S&P CAPITAL IQ STARS

S&P Capital IQ’s fundamental analysis, which currently covers over 1,100* U.S. and over 400* non-U.S. stocks, is expressed in STARS, first introduced in 1987. There are five categories:

idotdotdotdiagram 5-STARS.

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 absolute basis.

idotdotdotdiagram 4-STARS.

Total return is expected to outperform the total return a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

idotdotdotdiagram 3-STARS.

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.

idotdotdotdiagram 2-STARS.

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price is not anticipated to show a gain.

idotdotdotdiagram 1-STARS.

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 North America 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.

*As of June 30, 2014

Quantitative

S&P CAPITAL IQ FAIR VALUE RANKINGS

Using S&P Capital IQ’s exclusive proprietary quantitativemodel, stocks are ranked in one of five groups, ranging from Group 5, the most undervalued stocks, to Group 1, the most overvalued stocks, relative to the Fair Value universe. Group 5 stocks are expected to generally outperform all others. A positive [+] or a 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. The opposite is true for a stock with a negative [-] Timing Index.

Relative to the Fair Value universe, the rankings imply:

1 Significantly Overvalued
2 Modestly Overvalued
3 Fairly Valued
4 Modestly Undervalued
5 Significantly Undervalued
DATE OF REPORT
Stock Report data is updated at least once a week so you know the information is current.

S&P CAPITAL IQ RECOMMENDATION
S&P Capital IQ employs a five-level recommendation system, ranging from Strong Sell to Strong Buy. These recommendations are the result of detailed analysis by the equity analysts on each company covered.

SECTOR BREAKDOWN
Categorizes the company by sector and sub-industry using the Global Industry Classification Standard [GICS®] developed by S&P Dow Jones Indices and Morgan Stanley Capital International.

KEY STOCK STATISTICS
Highlights important statistics, including the S&P Capital IQ equity analyst's earnings estimates on the company for up to two years. Also includes the value of a hypothetical $10,000 investment in the stock made five years ago, which assumes year-end reinvestment of dividends.

PRICE CHART
Provides more than four years of price information in a logarithmic format. It includes the history of the S&P Capital IQ recommendation.

HIGHLIGHTS & INVESTMENT RATIONALE/RISK
The equity analyst’s concise evaluation of the company’s financial prospects and forecasted future stock performance.
S&P CAPITAL IQ 12-MONTH TARGET PRICE
The equity analyst’s projection of the stock’s market price 12 months forward. The target price is based on a combination of intrinsic, relative and private market valuation metrics.

QUALITY RANKING
A ranking of the growth and stability of the company’s earnings and dividends over the past 10 fiscal years.

QUALITATIVE RISK ASSESSMENT
The S&P Capital IQ 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 Capital IQ U.S. STARS universe and reflects risk factors related to a company’s operations, as opposed to risk and volatility measures associated with share prices.

DIVIDEND DATA
Brings you a recent history of dividends paid, as well as declaration dates, ex-dividend date, stock of record and payment.

S&P Capital IQ EQUITY RESEARCH
YOUR GUIDE TO S&P CAPITAL IQ STOCK REPORTS

SUMMARY
The world’s largest soft drink company, KO also has a sizable fruit juice business.

Analyst’s Risk Assessment

Revenue/EBIT data

Earnings Per Share (U.S.$)

Investment Rationale/Risk
We expect KO to continue to make progress on the refashioning of its U.S. bottling system in 2014. Although we believe these transactions will reduce operating income by 1% in 2014, we expect these moves to improve operating margins in the longer term as the bottling business has significantly lower operating margins than the concentrate business. We see KO having an attractive relative international footprint, particularly in faster-growing emerging markets, and capability to generate strong free cash flow, which we believe will be returned to shareholders through dividends and stock repurchases.

Risks to our recommendation and target price include adverse foreign currency movements.

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BUSINESS SUMMARY
Gives you a detailed summary of the company’s business, with practical information about such topics as its industry, key products and services, subsidiaries, sources of revenue, joint ventures, acquisitions and more.

EXPANDED RATIO ANALYSIS
Further sharpens your understanding of the company’s financial performance with ratios such as price to revenue and EBITDA.

FAIR VALUE RANK
A stock ranking system using S&P Capital IQ’s proprietary quantitative model. The model also generates the Fair Value Calculation, which indicates the theoretical price at which the stock should trade.

VOLATILITY
Ranks the stock’s price volatility over the past year.

PER SHARE DATA
A measure of investment desirability. Provides a detailed historical perspective on some of the most important per share data. This includes the Payout Ratio, which can aid your evaluation of dividend policy on a historical basis, and S&P Capital IQ’s Core Earnings.

INCOME STATEMENT ANALYSIS
Facilitates year-to-year comparisons of revenues, depreciation, net income and more.

BALANCE SHEET DATA
Gives you an easy-to-follow view of the company’s financial condition, including its capital expenditures, current assets, current liabilities, long term debt and cash flow.

PRIMARY RATIO ANALYSIS
Provides up to 30 years of historical data on key ratios, such as return on assets and return on equity.

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## Sub-Industry Outlook

Our fundamental outlook for the soft drinks sub-industry is neutral. For 2014, we expect earnings and cash flow to grow, driven by pricing gains and new product introductions. We expect the sub-industry to perform in line with the broader market over the next 12 months, reflecting steady volume trends as companies increase marketing spending behind core brands, as well as new product introductions.

### Industry Performance

<table>
<thead>
<tr>
<th>S&amp;P 1500</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td>Sub-Industry</td>
</tr>
<tr>
<td>Coke</td>
<td>Soft Drinks</td>
</tr>
</tbody>
</table>

> “Our outlook for U.S. bitters is neutral. We think bitters had difficulties in a changing North American market as high-margin single-serve sales were hurt by greater consumer caution, but we saw margin expansion as 2013 progressed on reducing commodity costs. However, in 2011, higher commodity prices appear to have weighed on margins. Margins saw some improvement in the second half of 2012, a trend we saw carry over into 2013. Overall, 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 product mix trends.”

— Joseph Agnese

### Peer Group Analysis

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>Stock Symbol</th>
<th>Recent Price</th>
<th>Price Change</th>
<th>Value of Outstanding Shares</th>
<th>Price to Earnings Ratio</th>
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<td>Coke</td>
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### Conclusion

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 regions.

> “For the Coca-Cola Company, the strong industry growth in emerging markets and the company’s robust market share in those markets, coupled with its strong brand portfolio and the potential for new product introductions, make the company a strong long-term investment opportunity.”

— Daniel J. O’Keefe, S&P Capital IQ

### Sample

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Glossary
Quick and easy explanations of key terminology in S&P Capital IQ’s Stock Reports, including STARS, Fair Value Rankings, Relative Strength Rank and much more.

Consensus Recommendations & Earnings Estimates
Shows other companies providing coverage of the stock and their recent recommendations. Consensus earnings forecasts are charted out as well.
Definitions

REGULAR TECHNICAL TERMS AND ACRONYMS THAT CAN APPEAR IN THE STOCK REPORT

ACCRETIVE/DILUTIVE - Contributing favorably/unfavorably to earnings.

BALANCE SHEET - Financial statement that summarizes a company’s assets, liabilities and shareholder equity at a point in time.

BETA - The beta of a share is a number describing the relation of its returns with that of the financial market as a whole. A stock that is perfectly correlated with the market would have a beta of 1. A beta of less than 1 means the security is less volatile than the market. Conversely, a beta of more than 1 means the security is more volatile than the market.

CAGR - Compound annual growth rate: CAGR is a business and investing-specific term for the year-over-year growth rate of an investment over a given time period. CAGR is not an accounting term, but remains widely used, particularly in growth industries or to compare the growth rates of two investments because CAGR dampens the effect of volatility of periodic returns that can render arithmetic means irrelevant. CAGR is often used to describe the growth over a period of time of some element of the business, for example revenue, units delivered, registered users, etc.

CAPEX - Capital expenditures: CAPEX are expenditures intended to create future benefits. A capital expenditure is incurred when a business spends money either to buy fixed assets or to add to the value of an existing fixed asset. CAPEX are used by a company to acquire or upgrade physical assets such as equipment, property, or industrial buildings.

COMMON STOCK - A security that represents part ownership in a corporation. Holders of common stock are entitled to a share of the corporation’s profits and a share of the voting power in shareholder elections. Common stockholders, however, have the lowest priority on a firm’s ownership structure and in the event of liquidation have rights to a company’s assets only after bondholders, preferred shareholders and other debtholders have been paid in full. In the United Kingdom, Common Stock is referred to as ordinary shares.

CONVERTIBLE SECURITY - A corporate security, typically a bond or preferred stock, that can be exchanged for another form of security, typically common stock. In most cases, the holder of a convertible security determines if and when the exchange occurs, but a corporation can retain the right to control the exchange.

CURRENT RATIO - A measure of liquidity, calculated as Current Assets / Current Liabilities. A company with a high current ratio is generally in a better position to pay its current obligations than a company with a lower current ratio.

CY - Calendar Year: Period extending from January 1st to December 31st. This period also corresponds to the Fiscal Year for most companies.
**DCF** - Discounted Cash Flow: DCF analysis is a method of valuing a company using the concepts of the time value of money. All future cash flows are estimated and discounted to give their present values (PVs) – the sum of all future cash flows, both incoming and outgoing, is the net present value (NPV), which is taken as the value or price of the cash flows in question.

**DEPRECIATION/AMORTIZATION** - A method of allocating the cost of an asset over a specific period of time. Depreciation is used to allocate the cost of a tangible asset such as machinery over its useful life, while amortization is used for intangible assets, such as patents or trademarks.

**DIVIDEND RATE/SYARE** - It is the amount paid out by a company to its shareholders.

**EBIT** - Earnings Before Interest and Taxes: EBIT is a measure of a firm’s profitability that excludes interest and income tax expenses. Operating income and operating profit are also sometimes used as synonyms for EBIT. This is particularly appropriate if the firm has no non-operating income. To calculate EBIT, expenses [e.g., the cost of goods sold, selling, general and administrative expenses] are subtracted from revenues.

**EBITDA** - Earnings Before Interest, Taxes, Depreciation, and Amortization. EBITDA is measured exactly as stated. All interest, tax, depreciation and amortization entries in the income statement are reversed out from the bottom-line net income.

**EPS** - Earnings Per Share: EPS is calculated by dividing the total earnings of a company during a fiscal year by the weighted average number of common shares over that year.

**EV** - Enterprise value: EV is an economic measure reflecting the total value of a whole business. Enterprise value may be calculated by adding the market value of the company’s stock, the balance sheet values of the company’s debt, preferred stock and minority equity interests, and then subtracting the amount of cash equivalents that a company has.

**FCF** - Although definitions may vary, FCF is intended to represent the amount of discretionary cash generated by a company after meeting specific obligations. Free cash flow might be used, for example, to fund acquisitions, or for repurchase of company stock.

**FUNDS FROM OPERATIONS** - A figure used by real estate investment trusts (REITs) to define the cash flow from their operations. It is calculated by adding depreciation and amortization expenses to earnings.

**FY** - Fiscal Year: Period of usually 12 months, for which a company is reporting its financial results.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)** - The common set of accounting principles, standards and procedures that US-based public companies use to compile their financial statements.

**GOODWILL** - The difference between the purchase price of an acquisition and the book value of the assets acquired.

**GROSS PROFIT** - A company’s revenue minus its cost of production [e.g. ingredient and manufacturing costs].
LIQUIDITY - Access to cash and ability to pay financial obligations.

MARGIN, GROSS OR OPERATING - A profitability metric. Gross margin is calculated as gross profit divided by revenue. Operation margin is calculated as operating income divided by revenue.

MARK TO MARKET - The accounting act of recording the price or value of a security, portfolio or account to reflect its current market value rather than its book value.

NET OPERATING INCOME - After-tax income before net realized investment gains or losses. Analysts most commonly use this measure of insurer profitability when modeling future earnings of an insurer.

ORGANIC GROWTH - This reflects growth of a company’s sales or profits has increased or decreased by, excluding the impact of external and one-time factors such as exchange rate movements, acquisitions and disposals of businesses.

OUTSOURCING - Practice used by companies to reduce costs and expenses by allocating work to third-party partners.

P/E - Price/Earnings: The P/E ratio [price-to-earnings ratio] of a stock [also called its “P/E”, or simply “multiple”] is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation: a higher P/E ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with a lower P/E ratio.

PEG RATIO - Price/Earnings To Growth ratio: PEG ratio is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share [EPS], and the company’s expected earnings growth. In general, the P/E ratio is higher for a company with a higher growth rate. Thus using just the P/E ratio would make high-growth companies appear overvalued relative to others. It is assumed that by dividing the P/E ratio by the expected earnings growth rate, the resulting ratio is better for comparing companies with different growth rates.

PREFERRED STOCK - A class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred stock generally has a dividend that must be paid out before dividends to common stockholders and the shares usually do not have voting rights.

PRICE/Sales - A measure of the price paid for a share relative to its annual revenue per share.

PV - Present value: PV is the value on a given date of a future payment or series of future payments, discounted to reflect the time value of money and other factors such as investment risk.

R&D - Research and Development

ROA - Return On Assets: ROA percentage shows how efficient a company’s assets are in generating income. ROA may be calculated by dividing net income into average assets in a given period.
ROE - Return on equity: ROE measures the rate of return on the ownership interest (shareholders’ equity) of the common stock owners. It measures a firm’s efficiency at generating profits from every unit of shareholders’ equity [also known as net assets or assets minus liabilities]. ROE is equal to a fiscal year’s net income [after preferred stock dividends but before common stock dividends] divided by total equity [excluding preferred stock], expressed as a percentage. As with many financial ratios, ROE is best used to compare companies in the same industry.

ROI - Return on Investment: ROI is the ratio of money gained or lost [whether realized or unrealized] on an investment relative to the amount of money invested. The amount of money gained or lost may be referred to as interest, profit/loss, gain/loss, or net income/loss. The money invested may be referred to as the asset, capital, principal, or the cost basis of the investment. ROI is usually expressed as a percentage rather than a fraction.

ROIC - Return on invested capital: ROIC is a financial measure that quantifies how well a company generates cash flow relative to the capital it has invested in its business. It is defined as net income less dividends divided by total capital and is usually expressed as a percentage. In this calculation, capital invested includes all monetary capital invested: long-term debt, common and preferred equity. When the return on capital is greater than the cost of capital [usually measured as the weighted average cost of capital], the company is creating value; when it is less than the cost of capital, value is destroyed.

SG&A - Selling General and Administrative expenses: SG&A consist of the combined costs of operating the company, which breaks down to:
- **SELLING:** Includes salaries, advertising expenses, rent, and all expenses and taxes directly related to selling product
- **GENERAL:** General operating expenses and taxes that are directly related to the general operation of the company, but don’t relate to the other two categories
- **ADMINISTRATION:** Executive salaries and general support and all associated taxes related to the overall administration of the company.

SHARES OUTSTANDING, DILUTED SHARES OUTSTANDING - Stock currently held by investors, including restricted shares owned by the company’s officers and insiders, as well as those held by the public. Shares that have been repurchased by the company are not considered outstanding stock. Diluted Shares Outstanding refers to the number of shares that could be outstanding, including the assumed exercise of all possible stock options and the conversion of all possible convertible securities.

STOCK BUYBACK OR STOCK REPURCHASE - A program by which a company buys back its own shares from the marketplace, reducing the number of outstanding shares. Share repurchase could be an indication that the company’s management thinks the shares are undervalued.

STOCK OPTIONS OR STOCK-BASED COMPENSATION - Type of equity compensation sometimes provided to corporate executives to incent and/or reward performance. Stock options can decrease a company’s share price by increasing the number of shares outstanding.

SUM-OF-THE-PARTS - A valuation methodology that aggregates the separate worth of a company’s divisions.
TANGIBLE BOOK VALUE [NET ASSET VALUE] PER SHARE - The accounting value of a share of common stock, determined by dividing total shareholders’ equity [total assets minus intangible assets and liabilities] by the total number of diluted shares outstanding at the end of a given period.

WACC - Weighted Average Cost of Capital: Companies raise money from a number of sources, generally debt and equity. WACC typically represents a blended average of a company’s cost of debt financing with a required return on equity capital. WACC is the discount rate used in discounted cash flow calculations by S&P Capital IQ analysts.

WORKING CAPITAL - Current assets less current liabilities, used to evaluate the financial health of a company in terms of its ability to repay short-term obligations.

YIELD [%]- Also referred to as Dividend Yield, a financial ratio that shows how much a company pays out in dividends per share each year relative to its share price.
Required Disclosures

S&P Capital IQ ranks stocks in accordance with the following ranking methodologies:

STARS Stock Reports: S&P Capital IQ’s qualitative STARS recommendations are determined and assigned by S&P Capital IQ equity analysts. For reports containing STARS recommendations refer to the Glossary section of this report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports: S&P Capital IQ’s quantitative evaluations are derived from S&P Capital IQ’s proprietary Fair Value quantitative ranking model. The Fair Value Ranking methodology is a relative ranking methodology. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity.

Some Quantitative Stock Reports contain Buy, Hold and Sell recommendations. Reports that do not contain a recommendation may or may not contain ranking information. For reports containing a recommendation or ranking information refer to the Glossary Section of this report for more information, including a detailed description of the methodology and definition of S&P Quality Ranking and S&P Fair Value Rank.

STARS Stock Reports and Quantitative Stock Reports:
The methodologies used in STARS Stock Reports and Quantitative Stock Reports (collectively, the “Research Reports”) reflect different criteria, assumptions and analytical methods and may have differing recommendations.

S&P Capital IQ believes that the methodologies and data used to generate the different types of Research Reports are reasonable and appropriate. Generally, S&P Capital IQ does not generate reports with different ranking methodologies for the same issuer. However, in the event that different methodologies or data are used on the analysis of an issuer, the methodologies may lead to different views or recommendations on the issuer, which may at times result in contradicting assessments of an issuer. S&P Capital IQ reserves the right to alter, replace or vary models, methodologies or assumptions from time to time and without notice to clients.

STARS Stock Reports are prepared by the equity research analysts of Standard & Poor’s Investment Advisory Services LLC (“SPIAS”), a division of S&P Capital IQ. All of the views expressed in STARS Stock Reports accurately reflect the research analyst’s personal views regarding any and all of the subject securities or issuers. Analysts generally update stock reports at least four times each year.

Quantitative Stock Reports:
The Fair Value ranking distribution is a fixed distribution based on relative weightings as described in the Glossary section of this report under S&P Capital IQ Fair Value Rank. Certain reports with Fair Value Rank do not have a Buy/Hold/Sell recommendation, for ranking definition please refer to the Glossary section of the respective report. The Fair Value Ranking distribution includes all the stocks that have S&P Fair Value Ranking. Quantitative Stock Reports are prepared by the equity research group of SPIAS. All of the views expressed in these reports reflect S&P Capital IQ’s research models output regarding any and all of the subject securities or issuers. Quantitative Stock Reports are updated daily. Quantitative Stock Reports rely on the availability of data and therefore SPIAS do not provide a report when sufficient data is not available.

STARS Stock Reports and Quantitative Stock Reports:
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