

ITEM 2. PROPERTIES

Our worldwide headquarters is located on a 35-acre office complex in Atlanta, Georgia. The complex includes the approximately 621,000 square foot headquarters building, the approximately 870,000 square foot Coca-Cola North America building and the approximately 264,000 square foot Coca-Cola Plaza building. The complex also includes several other buildings, including the technical and engineering facilities, learning center and reception center. Our Company leases approximately 250,000 square feet of office space at 10 Glenlake Parkway, Atlanta, Georgia, which we currently sublease to third parties. In addition, we lease approximately 174,000 square feet of office space at Northridge Business Park, Dunwoody, Georgia. The North America operating segment owns and occupies an office building located in Houston, Texas, that contains approximately 330,000 square feet. The Company has facilities for administrative operations, manufacturing, processing, packaging, packing, storage and warehousing throughout the United States.

As of December 31, 2003, our Company owned and operated 30 principal beverage concentrate and/or syrup manufacturing plants located throughout the world. In addition, we own or hold a majority interest in 36 operations with 92 principal beverage bottling and canning plants located outside the United States. Fourteen of these plants are leased by us to one of our equity investees. CCDA owns four production facilities and leases one production facility. All five of these facilities are located in the United States.

The North America segment operates ten noncarbonated beverage production facilities located throughout the United States and Canada. It also utilizes a system of contract packers to produce and/or distribute certain products where appropriate. The Company also owns a facility that manufactures juice concentrates for food service use.

Our Company owns or leases additional real estate, including a Company-owned office and retail building at 711 Fifth Avenue in New York, New York and approximately 315,000 square feet of Company-owned office and technical space in Brussels, Belgium. Additional owned or leased real estate located throughout the world is used by the Company as office space, for bottling, warehouse or retail operations or, in the case of some owned property, is leased to others.

Management believes that the Company's facilities for the production of its products are suitable and adequate, that they are being appropriately utilized in line with past experience and that they have sufficient production capacity for their present intended purposes. The extent of utilization of such facilities varies based upon the seasonal demand for product. It is not possible to measure with any degree of certainty or uniformity the productive capacity and extent of utilization of these facilities. However, management believes that additional production can be obtained at the existing facilities by the addition of personnel and capital equipment and, in some facilities, the addition of shifts of personnel or expansion of such facilities. We continuously review our anticipated requirements for facilities and, on the basis of that review, may from time to time acquire additional facilities and/or dispose of existing facilities.

ITEM 3. LEGAL PROCEEDINGS

On October 27, 2000, a class action lawsuit (*Carpenter's Health & Welfare Fund of Philadelphia & Vicinity v. The Coca-Cola Company, et al.*) was filed in the United States District Court for the Northern District of Georgia alleging that the Company, M. Douglas Ivester, Jack L. Stahl and James E. Chestnut violated antifraud provisions of the federal securities laws by making misrepresentations or material omissions relating to the Company's financial condition and prospects in late 1999 and early 2000. A second, largely identical lawsuit (*Gaetan LaValla v. The Coca-Cola Company, et al.*) was filed in the same court on November 9, 2000. The Complaints allege that the Company and the individual named officers: (1) forced certain Coca-Cola system bottlers to accept "excessive, unwanted and unneeded" sales of concentrate during the third and fourth quarters of 1999, thus creating a misleading sense of improvement in our Company's performance in those quarters; (2) failed to write down the value of impaired assets in Russia, Japan and elsewhere on a timely basis, again resulting in the presentation of misleading interim financial results in the third and fourth quarters of 1999; and

(3) misrepresented the reasons for Mr. Ivester's departure from the Company and then misleadingly reassured the financial community that there would be no changes in the Company's core business strategy or financial outlook following that departure. Damages in an unspecified amount are sought in both Complaints.

On January 8, 2001, an order was entered by the United States District Court for the Northern District of Georgia consolidating the two cases for all purposes. The Court also ordered the plaintiffs to file a Consolidated Amended Complaint. On July 25, 2001, the plaintiffs filed a Consolidated Amended Complaint, which largely repeated the allegations made in the original Complaints and added Douglas N. Daft as an additional defendant.

On September 25, 2001, the defendants filed a Motion to Dismiss all counts of the Consolidated Amended Complaint. On August 20, 2002, the Court granted in part and denied in part the defendants' Motion to Dismiss. The Court also granted the plaintiffs' Motion for Leave to Amend the Complaint. On September 4, 2002, the defendants filed a Motion for Partial Reconsideration of the Court's August 20, 2002 ruling, which motion was denied by the Court on April 15, 2003. On June 2, 2003, the plaintiffs filed an Amended Consolidated Complaint. The Company moved to dismiss that Complaint on June 30, 2003. That motion is currently under consideration by the Court.

The Company believes it has substantial legal and factual defenses to the plaintiffs' claims.

On December 20, 2002, the Company filed a lawsuit (*The Coca-Cola Company v. Aqua-Chem, Inc.*, Civil Action No. 2002CV631-50) in the Superior Court, Fulton County, Georgia (the "Georgia Case") seeking a declaratory judgment that the Company has no obligation to its former subsidiary, Aqua-Chem, Inc., for any past, present or future liabilities or expenses in connection with any claims or lawsuits against Aqua-Chem. Subsequent to the Company's filing, on the same day Aqua-Chem filed a lawsuit (*Aqua-Chem, Inc. v. The Coca-Cola Company*, Civil Action No. 02CV012179) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin (the "Wisconsin Case"). In the Wisconsin Case, Aqua-Chem seeks a declaratory judgment that the Company is responsible for all liabilities and expenses in connection with certain of Aqua-Chem's general and product liability claims arising from occurrences prior to the Company's sale of Aqua-Chem in 1981, and a judgment for breach of contract in an amount exceeding \$9 million for defense costs, expenses and settlements incurred by Aqua-Chem to date in connection with such claims.

The Company owned Aqua-Chem from 1970 to 1981. During that time frame, the Company purchased over \$400 million of insurance coverage that is available to cover Aqua-Chem for certain product liability and other claims. Cleaver Brooks, an Aqua-Chem subsidiary, manufactured boilers, some of which contained asbestos gaskets. The Company sold Aqua-Chem to Lyonnaise American Holding, Inc. in 1981 under the terms of a stock sale agreement, and, following a lawsuit involving a tax dispute, entered into a settlement agreement in 1983 with Lyonnaise and Aqua-Chem. The 1981 and 1983 agreements, among other things, outlined the parties' rights and obligations concerning past and future claims and lawsuits involving Aqua-Chem.

Aqua-Chem was first named as a defendant in asbestos lawsuits in or around 1985 and, to date, has more than 100,000 claims pending against it. In October 2002, Aqua-Chem asserted that since 1985 it had incurred approximately \$10 million in expenses related to these claims that were not covered by insurance. Aqua-Chem demanded that the Company reimburse these expenses pursuant to its interpretation of the terms of the 1981 and 1983 agreements. It also demanded that the Company acknowledge its continuing obligations to Aqua-Chem under these agreements for any future liabilities and expenses that are excluded from coverage under the applicable insurance or for which there is no insurance. The Company disputes Aqua-Chem's interpretation of the agreements and believes it has no past, present or future obligation to Aqua-Chem in this regard. This led to the filing of the Georgia Case.

The Wisconsin Case initially was stayed, pending final resolution of the Georgia Case, and later was voluntarily dismissed without prejudice by Aqua-Chem. The parties have agreed to an extension of the discovery

period in the Georgia Case through April 15, 2004, and have submitted to the Court a consent order setting forth the agreed discovery schedule.

The Company believes it has substantial legal and factual defenses to Aqua-Chem's claims.

The Competition Directorate of the European Commission made unannounced visits to the offices of the Company and certain of our bottlers in Austria, Belgium, Denmark, Germany and Great Britain several years ago. This investigation, which is directed at various commercial and market practices, is continuing and the Company and bottlers are endeavoring to have a dialogue with the Commission in order to address their concerns. The Commission may, following its usual practice, issue one or more statements of objection, after which the Company and the bottlers would have formal rights to reply and to judicial appeal in the event of an adverse decision by the Commission. The Commission has authority to impose fines in connection with an adverse decision, however, the Company is not able to predict whether fines would be imposed or the amount of such fines.

The Spanish competition service made unannounced visits to our own offices and those of certain bottlers in Spain in 2000. In December 2003, the Spanish competition service suspended its investigation until the European Commission notifies the service of how the European Commission will proceed in its aforementioned investigation.

The French competition directorate has also initiated an inquiry into commercial practices related to the soft drinks sector in France. This inquiry has been conducted through visits to the offices of the Company; however, no conclusions have been communicated to the Company by the directorate.

By letter dated June 10, 2003, the Company was informed that the United States Securities and Exchange Commission (the "SEC") had commenced an informal, non-public inquiry into whether the Company or certain persons associated with the Company violated federal securities laws in connection with the allegations in two lawsuits filed by Matthew Whitley, a former employee, in May 2003. In his lawsuits, Mr. Whitley alleged, among other things, that he was terminated in retaliation for reporting to senior management certain accounting and other improprieties. Mr. Whitley's lawsuits alleged, among other things, the improper manipulation of a marketing test for Frozen Coke products conducted by one of the Company's customers, improper accounting treatment in connection with the purchase of certain fountain dispensing equipment and marketing allowances, and false or misleading statements or omissions in connection with the reporting of sales volume. Both Whitley lawsuits were settled. The Company is cooperating with the SEC inquiry, and has provided substantial documents and other information to the SEC in connection with the inquiry. On January 14, 2004, the Company received an order from the SEC, making its inquiry a formal investigation.

On July 11, 2003, the Company announced that the United States Attorney's Office for the Northern District of Georgia had also commenced a criminal investigation of the allegations raised by Mr. Whitley. In connection with that investigation, the Company has received Grand Jury subpoenas as well as a number of additional informal requests for documents and materials relating to the issues under investigation. The Company is cooperating with the investigation and has provided substantial documents and information to the United States Attorney's Office.

The investigations being conducted by the United States Attorney's Office and the SEC are ongoing. To the Company's knowledge, no criminal prosecutions or civil enforcement actions have been filed. While the Company cannot predict whether any such actions will be filed in the future, the Company will continue to cooperate fully with the governmental investigations.

The Company is involved in various other legal proceedings. Management of the Company believes that any liability to the Company which may arise as a result of these proceedings, including the proceedings specifically discussed above, will not have a material adverse effect on the financial condition of the Company and its subsidiaries taken as a whole.