

nine still beverage production facilities and four bottled water facilities, lease one bottled water facility, and own a facility that manufactures juice concentrates for foodservice use, all of which are included in the North America operating segment.

We own or hold a majority interest in or otherwise consolidate under applicable accounting rules bottling operations that own 118 principal beverage bottling and canning plants located throughout the world. These plants are included in the Bottling Investments operating segment.

We own a facility in Brussels, Belgium, which consists of approximately 315,000 square feet of office and technical space. This facility is included in the Europe operating segment. We also own or lease real estate, office space and other facilities throughout the world which are used for administrative facilities, warehouses and retail operations. In addition, as of December 31, 2008, our Company owned and operated 29 principal beverage concentrate and/or syrup manufacturing plants located throughout the world. These properties are generally included in the geographic operating segment in which they are located.

Management believes that our Company's facilities for the production of our 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 seasonal demand for our products. However, management believes that additional production can be obtained at the existing facilities by adding personnel and capital equipment and, at some facilities, by adding shifts of personnel or expanding the 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**

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

#### *Carpenters*

On October 27, 2000, a class action lawsuit (*Carpenters 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 were 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. The motion was denied by the Court on April 15, 2003.

On June 2, 2003, the plaintiffs filed an Amended Consolidated Complaint. The defendants moved to dismiss the Amended Complaint on June 30, 2003. On March 31, 2004, the Court granted in part and denied in part the defendants' Motion to Dismiss the Amended Complaint. In its order, the Court dismissed a number of the plaintiffs' allegations, including the claim that the Company made knowingly false statements to financial analysts. The Court permitted the remainder of the allegations to proceed to discovery. The Court denied the plaintiffs' request for leave to further amend and replead their complaint. The fact discovery closed on March 23, 2007, pursuant to the Court's order. However, there remained certain unresolved issues relating to discovery pending before the Court.

In August 2007, the Court heard oral argument on plaintiffs' motion to certify the class and the Company's opposition thereto. In October 2007, the Company filed various motions for summary judgment and related relief.

On May 23, 2008, the parties reached an agreement in principle to settle this matter for approximately \$138 million, with full releases and no admission of wrongdoing by the Company or the individual parties to the litigation. On May 26, 2008, the final settlement agreement was signed by the parties and the agreement was filed with the Court for approval on July 3, 2008. On October 20, 2008, the Court entered its final order approving the settlement. The settlement amount was covered by insurance and, therefore, the settlement had no impact on the Company's consolidated financial statements. This matter is now considered closed.

#### *Aqua-Chem Litigation*

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., now known as Cleaver-Brooks, Inc. ("Aqua-Chem"), 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 but 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 sought a declaratory judgment that the Company is responsible for all liabilities and expenses not covered by insurance 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 costs incurred by Aqua-Chem to date in connection with such claims. The Wisconsin Case initially was stayed, pending final resolution of the Georgia Case, and later was voluntarily dismissed without prejudice by Aqua-Chem.

The Company owned Aqua-Chem from 1970 to 1981. During that time, the Company purchased over \$400 million of insurance coverage, of which approximately \$350 million is still available to cover Aqua-Chem's costs for certain product liability and other claims. The Company sold Aqua-Chem to Lyonnaise American Holding, Inc. in 1981 under the terms of a stock sale agreement. The 1981 agreement, and a subsequent 1983 settlement agreement, outlined the parties' rights and obligations concerning past and future claims and lawsuits involving Aqua-Chem. Cleaver-Brooks, a division of Aqua-Chem, manufactured boilers, some of which contained asbestos gaskets. Aqua-Chem was first named as a defendant in asbestos lawsuits in or around 1985 and currently has more than 100,000 claims pending against it.

The parties agreed in 2004 to stay the Georgia Case pending the outcome of insurance coverage litigation filed by certain Aqua-Chem insurers on March 26, 2004. In the coverage action, five plaintiff insurance

companies filed suit (*Century Indemnity Company, et al. v. Aqua-Chem, Inc., The Coca-Cola Company, et al., Case No. 04CV002852*) in the Circuit Court, Civil Division of Milwaukee County, Wisconsin, against the Company, Aqua-Chem and 16 insurance companies. Several of the policies that were the subject of the coverage action had been issued to the Company during the period (1970 to 1981) when the Company owned Aqua-Chem. The complaint sought a determination of the respective rights and obligations under the insurance policies issued with regard to asbestos-related claims against Aqua-Chem. The action also sought a monetary judgment reimbursing any amounts paid by the plaintiffs in excess of their obligations. Two of the insurers, one with a \$15 million policy limit and one with a \$25 million policy limit, asserted cross-claims against the Company, alleging that the Company and/or its insurers are responsible for Aqua-Chem's asbestos liabilities before any obligation is triggered on the part of the cross-claimant insurers to pay for such costs under their policies.

Aqua-Chem and the Company filed and obtained a partial summary judgment determination in the coverage action that the insurers for Aqua-Chem and the Company were jointly and severally liable for coverage amounts, but reserving judgment on other defenses that might apply. During the course of the Wisconsin coverage litigation, Aqua-Chem and the Company reached settlements with several of the insurers, including plaintiffs, who have paid or will pay funds into an escrow account for payment of costs arising from the asbestos claims against Aqua-Chem. On July 24, 2007, the Wisconsin trial court entered a final declaratory judgment regarding the rights and obligations of the parties under the insurance policies issued by the remaining defendant insurers, which judgment was not appealed. The judgment directs, among other things, that each insurer whose policy is triggered is jointly and severally liable for 100 percent of Aqua-Chem's losses up to policy limits.

The court's judgment concluded the Wisconsin insurance coverage litigation. The Georgia Case remains subject to the stay agreed to in 2004.

#### *European Union Parallel Trade Matter*

The Company has had discussions with the Competition Directorate of the European Commission (the "European Commission") about issues relating to parallel trade within the European Union arising out of comments received by the European Commission from third parties. The Company has fully cooperated with the European Commission and has provided information on these issues and the measures taken and to be taken to address them.

The Company is unable to predict at this time with any reasonable degree of certainty what action, if any, the European Commission will take with respect to these issues.

#### *Chapman*

On June 30, 2005, Maryann Chapman filed a purported shareholder derivative action (*Chapman v. Isdell, et al.*) in the Superior Court of Fulton County, Georgia, alleging violations of state law by certain individual current and former members of the Board of Directors of the Company and senior management, including breaches of fiduciary duties, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment, between January 2003 and the date of filing of the complaint that have caused substantial losses to the Company and other damages, such as to its reputation and goodwill. The defendants named in the lawsuit include Neville Isdell, Douglas Daft, Gary Fayard, Ronald Allen, Cathleen Black, Warren Buffett, Herbert Allen, Barry Diller, Donald McHenry, Sam Nunn, James Robinson, Peter Ueberroth, James Williams, Donald Keough, Maria Lagomasino, Pedro Reinhard, Robert Nardelli and Susan Bennett King. The Company is also named a nominal defendant. The complaint further alleges that the September 2004 earnings warning issued by the Company resulted from factors known by the individual defendants as early as January 2003 that were not adequately disclosed to the investing public until the earnings warning. The factors cited in the complaint include (i) a flawed business strategy and a business model that was not working; (ii) a workforce so depleted by layoffs that it was unable to properly react to changing market conditions; (iii) impaired relationships with key bottlers; and

(iv) the fact that the foregoing conditions would lead to diminished earnings. The plaintiff, purportedly on behalf of the Company, seeks damages in an unspecified amount, extraordinary equitable and/or injunctive relief, restitution and disgorgement of profits, reimbursement for costs and disbursements of the action, and such other and further relief as the Court deems just and proper. The Company's motion to dismiss the complaint and the plaintiff's response were filed and fully briefed. The Court heard oral argument on the Company's motion to dismiss on June 6, 2006. Following the hearing, the Court took the matter under advisement and the parties are awaiting a ruling. There were no material developments in this case during 2008.

The Company intends to vigorously defend its interests in this matter.

#### *CCE Shareholders Litigation*

In February 2006, the International Brotherhood of Teamsters, a purported shareholder of CCE, filed a derivative suit (*International Brotherhood of Teamsters v. The Coca-Cola Company, et al.*) in the Delaware Court of Chancery for New Castle County naming the Company and current and former CCE board members, including certain current and former Company officers who serve or served on CCE's board, as defendants. The plaintiff alleged that the Company breached fiduciary duties owed to CCE shareholders based upon alleged control of CCE by the Company. The complaint also alleged that the Company had actual control over CCE and that the Company abused its control by maximizing its own financial condition at the expense of CCE's financial condition. Subsequently, two lawsuits virtually identical to *Teamsters* were filed in the same court: *Lang v. The Coca-Cola Company, et al.*, filed March 30, 2006, and *Gordon v. The Coca-Cola Company, et al.*, filed April 10, 2006. On April 6, 2006, the Company moved to dismiss *Teamsters* or, in the alternative, for a stay of discovery. On May 19, 2006, the Chancery Court entered an order consolidating *Teamsters*, *Lang* and *Gordon* under the caption *In re Coca-Cola Enterprises, Inc. Shareholders Litigation* and requiring the plaintiffs to file an amended consolidated complaint in the consolidated action as soon as practicable.

On September 29, 2006, plaintiffs filed their Consolidated Amended Shareholders' Derivative Complaint (the "Amended Complaint"). The Amended Complaint omits certain former Company officers from the group of individual defendants and defines the "relevant time period" for purposes of the claims as October 15, 2003, through the date of the filing. The original complaint did not identify any specific dates. The Amended Complaint also includes additional allegations about the conduct of the Company and certain of its executive officers, including new allegations about the Company's purported control over CCE and allegations of improper conduct in connection with the establishment of a warehouse delivery system to supply Powerade to a major customer. On December 7, 2006, the Company filed its motion to dismiss the Amended Complaint and accompanying brief. The plaintiffs' reply brief was filed on January 22, 2007. On October 17, 2007, the Chancery Court dismissed plaintiffs' Amended Complaint. The plaintiffs appealed the Chancery Court's decision to the Delaware Supreme Court. On June 20, 2008, the Delaware Supreme Court affirmed the Chancery Court's decision, thereby concluding the case.

#### *American Canyon Matter*

The Company received notices of violations from local environmental authorities alleging that certain violations of the United States Clean Water Act (the "CWA") and applicable local law occurred at the Company's production plant in American Canyon, California. That plant treats and discharges wastewater under permit authority issued under the CWA and local law. The alleged violations related to handling of wastewater discharge and required regulatory reporting. The Company cooperated with the local environmental authorities and reached a negotiated settlement under which it did not admit to any wrongdoing or fault but agreed to pay restitution and civil penalties. The settlement amount was not material to the Company's business or financial condition.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

#### ITEM X. EXECUTIVE OFFICERS OF THE COMPANY

The following are the executive officers of our Company as of February 26, 2009:

*Ahmet C. Bozer*, 48, is President of the Eurasia and Africa Group. Mr. Bozer joined the Company in 1990 as a Financial Control Manager for Coca-Cola USA and held a number of other roles in the finance organization. In 1994, he joined Coca-Cola Bottlers of Turkey (now Coca-Cola Icecek A.S.), a joint venture among the Company, The Anadolu Group and Özgörkey Companies, as Chief Financial Officer and was later named Managing Director in 1998. In 2000, Mr. Bozer was named President of the Eurasia Division of the Company. At the end of 2002, that division was reorganized to include the Middle East Division and was renamed the Eurasia and Middle East Division. During the period between 2000 until 2006, the Eurasia and Middle East Division was expanded to include 34 countries and, in 2006, Mr. Bozer assumed the additional leadership responsibility for the Russia, Ukraine and Belarus Division. Mr. Bozer was appointed President of the Company's former Eurasia Group effective January 1, 2007, and became President of the Eurasia and Africa Group when it was formed effective July 1, 2008, by combining the former Eurasia Group (other than the Adriatic and Balkans business unit) with the former Africa Group.

*Alexander B. Cummings, Jr.*, 52, is Executive Vice President and Chief Administrative Officer of the Company. Mr. Cummings began his career in 1982 with The Pillsbury Company and held various positions within Pillsbury, the last position being Vice President of Finance and Chief Financial Officer for all of Pillsbury's international businesses. Mr. Cummings joined the Company in 1997 as Deputy Region Manager, Nigeria, based in Lagos, Nigeria. In 1998, Mr. Cummings was named Managing Director/Region Manager, Nigeria, and in 2000, he became President of the North West Africa Division based in Morocco. In March 2001, Mr. Cummings became President of the Africa Group overseeing the Company's business in the entire African continent, and served in this capacity until June 2008. Mr. Cummings was appointed Chief Administrative Officer of the Company effective July 1, 2008, and was elected Executive Vice President of the Company effective October 15, 2008.

*J. Alexander M. Douglas, Jr.*, 47, is Senior Vice President and President of the North America Group. Mr. Douglas joined the Company in January 1988 as a District Sales Manager for the Foodservice Division of Coca-Cola USA. In May 1994, he was named Vice President of Coca-Cola USA, initially assuming leadership of the CCE Sales and Marketing Group and eventually assuming leadership of the entire North American Field Sales and Marketing Groups. In January 2000, Mr. Douglas was appointed President of the North American Division within the North America Group. He served as Senior Vice President and Chief Customer Officer of the Company from February 2003 until August 2006. Mr. Douglas was appointed President of the North America Group in August 2006.

*Gary P. Fayard*, 56, is Executive Vice President and Chief Financial Officer of the Company. Mr. Fayard joined the Company in April 1994. In July 1994, he was elected Vice President and Controller. In December 1999, he was elected Senior Vice President and Chief Financial Officer. Mr. Fayard was elected Executive Vice President of the Company in February 2003.

*Irial Finan*, 51, is Executive Vice President of the Company and President, Bottling Investments and Supply Chain. Mr. Finan joined the Coca-Cola system in 1981 with Coca-Cola Bottlers Ireland, Ltd., where for several years he held a variety of accounting positions. From 1987 until 1990, Mr. Finan served as Finance Director of Coca-Cola Bottlers Ireland, Ltd. From 1991 to 1993, he served as Managing Director of Coca-Cola Bottlers Ulster, Ltd. He was Managing Director of Coca-Cola Bottlers in Romania and Bulgaria until late 1994. From 1995 to 1999, he served as Managing Director of Molino Beverages, with responsibility for expanding markets, including the Republic of Ireland, Northern Ireland, Romania, Moldova, Russia and Nigeria. Mr. Finan served