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FORM 10-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NO. 001-02217

THE COCA-COLA COMPANY

(Exact name of Registrant as specified in its charter)

DELAWARE	58-0628465
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
ONE COCA-COLA PLAZA ATLANTA, GEORGIA (Address of principal executive offices)	30313 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (404) 676-2121

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, $.25 PAR VALUE	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES [X] NO [ ]

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [ ]

THE AGGREGATE MARKET VALUE OF THE COMMON EQUITY HELD BY NON-AFFILIATES OF THE REGISTRANT (ASSUMING FOR THESE PURPOSES, BUT WITHOUT CONCEDING, THAT ALL EXECUTIVE OFFICERS AND DIRECTORS ARE "AFFILIATES" OF THE REGISTRANT) AS OF FEBRUARY 22, 1999, (BASED ON THE CLOSING SALE PRICE OF THE REGISTRANT'S COMMON STOCK AS REPORTED ON THE NEW YORK STOCK EXCHANGE ON SUCH DATE) WAS $138,062,055,742.

THE NUMBER OF SHARES OUTSTANDING OF THE REGISTRANT'S COMMON STOCK AS OF MARCH 15, 1999, WAS 2,467,005,172.

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE COMPANY'S ANNUAL REPORT TO SHARE OWNERS FOR THE YEAR ENDED DECEMBER 31, 1998, ARE INCORPORATED BY REFERENCE IN PARTS I, II and IV.

PORTIONS OF THE COMPANY'S PROXY STATEMENT FOR THE ANNUAL MEETING OF SHARE OWNERS TO BE HELD ON APRIL 21, 1999, ARE INCORPORATED BY REFERENCE IN PART III.

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PART I

ITEM 1. BUSINESS

The Coca-Cola Company (together with its subsidiaries, the "Company") was incorporated in September 1919 under the laws of the State of Delaware and succeeded to the business of a Georgia corporation with the same name that had been organized in 1892. The Company is the largest manufacturer, distributor and marketer

of soft drink concentrates and syrups in the world. Finished soft drink products bearing the Company's trademarks, sold in the United States since 1886, are now sold in nearly 200 countries and include the leading soft drink products in most of these countries. The Company also is the world's largest distributor and marketer of juice and juice-drink products.

The Company is one of numerous competitors in the commercial beverages market. Of the approximately 48 billion beverage servings of all types consumed worldwide every day, beverages bearing the Company's trademarks ("Company Trademark Beverages") account for more than one billion.

The business of the Company is nonalcoholic beverages -- principally soft drinks but also a variety of noncarbonated beverages. As used in this report, the term "soft drinks" refers to nonalcoholic carbonated beverages containing flavorings and sweeteners, excluding flavored waters and carbonated or noncarbonated teas, coffees and sports drinks.

The Company's operating structure includes the following operating segments: the North America Group (including The Minute Maid Company); the Africa Group; the Greater Europe Group; the Latin America Group; the Middle & Far East Group; and Corporate. The North America Group includes the United States and Canada. Except to the extent that differences between these operating segments are material to an understanding of the Company's business taken as a whole, the description of the Company's business in this report is presented on a consolidated basis.

Of the Company's consolidated net operating revenues and operating income for each of the past three years, the percentage represented by each operating segment (excluding Corporate) is as follows:

	North America	Africa	Greater Europe	Latin America	Middle & Far East
Net Operating Revenues					
1998	37%	3%	26%	12%	22%
1997	35%	3%	29%	11%	22%
1996	33%	3%	32%	11%	21%
Operating Income					
1998	27%	4%	27%	18%	24%
1997	25%	3%	28%	18%	26%
1996	22%	3%	29%	18%	28%

For additional financial information about the Company's operating segments and geographic areas, see Notes 1, 14 and 16 to the Consolidated Financial Statements, set forth on pages 45-46, 56-57 and 57-58, respectively, of the Company's Annual Report to Share Owners for the year ended December 31, 1998, incorporated herein by reference.

The Company manufactures and sells soft drink and noncarbonated beverage concentrates and syrups, including fountain syrups, some finished beverages, and certain juice and juice-drink products. Syrups are composed of sweetener, water and flavoring concentrate. The concentrates and syrups for bottled and canned beverages are sold by the Company to authorized bottling and canning operations. The bottlers or canners of soft drink products 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 authorized containers bearing the Company's trademarks -- cans, refillable and non-refillable glass and plastic bottles -- for sale to retailers or, in some cases, wholesalers. Fountain syrups are manufactured and sold by the Company, principally in

the United States, to authorized fountain wholesalers and some fountain retailers. (Outside the United States, fountain syrups typically are manufactured by authorized bottlers from concentrates sold to them by the Company.) Authorized fountain wholesalers (including certain authorized bottlers) sell fountain syrups to fountain retailers. The fountain retailers use dispensing equipment to mix the syrup with carbonated or still water and then sell finished soft drinks or noncarbonated beverages to consumers in cups and glasses. Finished beverages

manufactured by the Company are sold by it to authorized bottlers or distributors, who in turn sell these products to retailers or, in some cases, wholesalers. Both directly and through a network of business partners that includes certain Coca-Cola bottlers, juice and juice-drink products are sold by the Company to retailers and wholesalers in the United States and more than 75 other countries.

The Company's more than 160 beverage products, including bottled and canned beverages produced by independent and Company-owned bottling and canning operations, as well as concentrates and syrups, include Coca-Cola, Coca-Cola classic, caffeine free Coca-Cola, caffeine free Coca-Cola classic, diet Coke (sold under the trademark Coca-Cola light in many countries outside the United States), caffeine free diet Coke, Cherry Coke, diet Cherry Coke, Fanta brand soft drinks, Sprite, diet Sprite, Mr. PiBB, Mello Yello, TAB, Fresca, Barq's root beer and other flavors, Surge, Citra, POWERaDE, Fruitopia, Minute Maid flavors, Saryusaisai, Aquarius, Bonaqa, Lift, Thums Up, Hit and other products developed for specific countries, including Georgia brand ready-to-drink coffees, and numerous other brands. The Minute Maid Company, with operations primarily in the United States and Canada, produces, distributes and markets principally juice and juice-drink products, including Minute Maid brand products; Five Alive brand refreshment beverages; Bright & Early brand breakfast beverages; Bacardi brand tropical fruit mixers (manufactured and marketed under a license from Bacardi & Company Limited); and Hi-C brand ready-to-serve fruit drinks. Additionally, Coca-Cola Nestle Refreshments, the Company's joint venture with Nestle S.A., markets ready-to-drink teas and coffees in certain countries.

In 1998, concentrates and syrups for beverages bearing the trademark "Coca-Cola" or including the trademark "Coke" accounted for approximately 67% of the Company's total gallon sales{1} of beverage concentrates and syrups. (Physical units of concentrate have been converted to their equivalents in gallons of syrup in all cases in this report where reference is made to "gallons" or "gallon sales" of beverage concentrates and syrups.)

In 1998, gallon sales in the United States ("U.S. gallon sales") represented approximately 28% of the Company's worldwide gallon sales of beverage concentrates and syrups. In 1998, the Company's principal markets outside the United States, based on gallon sales, were Mexico, Brazil, Japan and Germany, which together accounted for approximately 26% of the Company's worldwide gallon sales.

Approximately 65% of the Company's U.S. gallon sales for 1998 was attributable to sales of beverage concentrates and syrups to approximately 104 authorized bottler ownership groups in approximately 397 licensed territories. Those bottlers prepare and sell finished beverages bearing the Company's trademarks for the food store and vending machine distribution channels and for other distribution channels supplying home and immediate consumption. The remaining 35% of 1998 U.S. gallon sales was attributable to fountain syrups sold to fountain retailers and to approximately 700 authorized fountain wholesalers, some of whom are authorized bottlers. These fountain wholesalers in turn sell the syrups or deliver them on the Company's behalf to restaurants and other fountain retailers. Coca-Cola Enterprises Inc. ("Coca-Cola Enterprises") and its bottling subsidiaries and divisions accounted for approximately 50% of the Company's U.S. gallon sales in 1998. At March 5, 1999 the Company held an ownership interest of approximately 40% in Coca-Cola Enterprises, which is the world's largest bottler of Company Trademark Beverages.

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{1} The Company measures sales volume in two ways: (1) gallon sales of concentrates and syrups and (2) unit cases of finished products. "Gallon sales" represents the primary business of the Company and measures the volume of concentrates and syrups sold by the Company to its bottling partners or customers. Most of the Company's revenues are based on this measure of "wholesale" activity. The Company also measures volume in unit cases. As used in this report, the term "unit case" means a unit of measurement equal to 192 U.S. fluid ounces of finished beverage (24 eight-ounce servings); and "unit case volume" of the Company, which refers to the number of unit cases sold by bottlers of Company Trademark Beverages to customers, includes Company products (excluding products distributed by The Minute Maid Company) reported as gallon sales, and certain other key products owned by such bottlers. The Company believes unit case volume more accurately measures the underlying strength of its business

system because it measures trends at the retail level. The Company includes fountain syrups sold directly to its customers in both measures.

In addition to conducting its own independent advertising and marketing activities, the Company may choose to provide promotional and marketing services and/or funds and consultation to its bottlers and to fountain and bottle/can retailers. Also on a discretionary basis, the Company may develop and introduce new products, packages and equipment to assist its bottlers, fountain syrup wholesalers and fountain beverage retailers.

The profitability of the Company's business outside the United States is subject to many factors, including governmental trade regulations and monetary policies, economic and political conditions in the countries in which such business is conducted and the risk of changes in currency exchange rates and regulations.

BOTTLER'S AGREEMENTS AND DISTRIBUTION AGREEMENTS

Separate contracts ("Bottler's Agreements") between the Company and each of its bottlers regarding the manufacture and sale of soft drinks, subject to specified terms and conditions and minor variations, generally authorize the bottler to prepare particular designated Company Trademark Beverages, to package the same in particular authorized containers, and to distribute and sell the same in (but generally only in) an identified territory. The bottler is obligated to purchase its entire requirement of concentrates or syrups for the designated Company Trademark Beverages from the Company or Company-authorized suppliers. The Company typically agrees to refrain from selling or distributing or from authorizing third parties to sell or distribute the designated Company Trademark Beverages throughout the identified territory in the particular authorized containers; however, the Company typically reserves for itself or its designee the right (i) to prepare and package such beverages in such containers in the territory for sale outside the territory and (ii) to prepare, package, distribute and sell such beverages in the territory in any other manner or form.

The Bottler's Agreements between the Company and its authorized bottlers in the United States differ in certain respects from those in the other countries in which Company Trademark Beverages are sold. As hereinafter discussed, the principal differences involve the duration of the agreements; the inclusion or exclusion of canned beverage production rights; the inclusion or exclusion of authorizations to manufacture and distribute fountain syrups; in some cases, the degree of flexibility on the part of the Company to determine the pricing of syrups and concentrates; and the extent, if any, of the Company's obligation to provide marketing support.

OUTSIDE THE UNITED STATES. The Bottler's Agreements between the Company and its authorized bottlers outside the United States generally are of stated duration, subject in some cases to possible extensions or renewals of the term of the contract. Generally, these contracts are subject to termination by the Company following the occurrence of certain designated events, including defined events of default and certain changes in ownership or control of the bottler.

In certain parts of the world outside the United States, the Company has not granted canned beverage production rights to the bottlers. In such instances, the Company or its designee typically sells canned Company Trademark Beverages to the bottlers for sale and distribution throughout the designated territory under can distribution agreements, often on a non-exclusive basis. A majority of the Bottler's Agreements in force between the Company and bottlers outside the United States authorize the bottler to manufacture and distribute fountain syrups, usually on a non-exclusive basis.

The Company generally has complete flexibility to determine the price and other terms of sale of concentrates and syrups to bottlers outside the United States and, although in its discretion it may determine to do so, the Company typically has no obligation under such Bottler's Agreements to provide marketing support to the bottlers.

WITHIN THE UNITED STATES. In the United States, with certain very limited exceptions, the Company's Bottler's

Agreements for Coca-Cola and other cola-flavored beverages have no stated expiration date and the contracts for other flavors are of stated duration, subject to bottler renewal rights. The Bottler's Agreements in the United States are subject to termination by the Company for nonperformance or upon the occurrence of certain defined events of default which may vary from contract to contract. The hereinafter described "1987 Contract" is terminable by the Company upon the occurrence of certain events including: (1) the bottler's insolvency, dissolution, receivership or the like; (2) any disposition by the bottler or any of its subsidiaries of any voting securities of any bottler subsidiary without the consent of the Company; (3) any material breach of any obligation of the bottler under the 1987 Contract; or (4) except in the case of certain bottlers, if a person or affiliated group acquires or obtains any right to

acquire beneficial ownership of more than 10% of any class or series of voting securities of the bottler without authorization by the Company.

Under the terms of the Bottler's Agreements, bottlers in the United States are authorized to manufacture and distribute Company Trademark Beverages in bottles and cans, but generally are not authorized to manufacture fountain syrups. Rather, the Company manufactures and sells fountain syrups to approximately 700 authorized fountain wholesalers (including certain authorized bottlers) and some fountain retailers. The wholesalers in turn sell the syrups or deliver them on the Company's behalf to restaurants and other retailers. The wholesaler typically acts as such pursuant to a non-exclusive letter of appointment which neither restricts the pricing of fountain syrups by the Company nor the territory in which the wholesaler may resell in the United States.

In the United States, the form of Bottler's Agreement for cola-flavored soft drinks that covers the largest amount of U.S. volume (the "1987 Contract") gives the Company complete flexibility to determine the price and other terms of sale of soft drink concentrates and syrups for cola-flavored Company Trademark Beverages ("Coca-Cola Trademark Beverages") and other Company Trademark Beverages. Bottlers operating under the 1987 Contract accounted for approximately 78% of the Company's total United States gallon sales for bottled and canned beverages ("U.S. bottle/can gallon sales") in 1998. Certain other forms of the U.S. Bottler's Agreement, entered into prior to 1987, provide for soft drink concentrates or syrups for certain Coca-Cola Trademark Beverages to be priced pursuant to a stated formula. The oldest such form of contract, applicable to bottlers accounting for approximately 1% of U.S. bottle/can gallon sales in 1998, provides for a fixed price for Coca-Cola syrup used in bottles and cans, subject to quarterly adjustments to reflect changes in the quoted price of sugar. Bottlers accounting for the remaining approximately 21% of U.S. bottle/can gallon sales in 1998 have contracts for certain Coca-Cola Trademark Beverages with pricing formulas generally providing for a baseline price that may be adjusted periodically by the Company, up to a maximum indexed ceiling price, and that is adjusted quarterly based upon changes in certain sugar or sweetener prices, as applicable.

Standard contracts with bottlers in the United States for the sale of concentrates and syrups for non-cola-flavored soft drinks in bottles and cans permit flexible pricing by the Company.

Under the 1987 Contract, the Company has no obligation to participate with bottlers in expenditures for advertising and marketing, but may, at its discretion, contribute toward such expenditures and undertake independent or cooperative advertising and marketing activities. Some U.S. Bottler's Agreements that pre-date the 1987 Contract impose certain marketing obligations on the Company with respect to certain Company Trademark Beverages.

SIGNIFICANT EQUITY INVESTMENTS AND COMPANY BOTTLING OPERATIONS

The Company has business relationships with three types of bottlers: (1) independently owned bottlers, in which the Company has no ownership interest; (2) bottlers in which the Company has invested and has a noncontrolling ownership interest; and (3) bottlers in which the Company has invested and has a controlling ownership interest. In 1998, independently owned bottling operations produced and distributed approximately 34% of the Company's worldwide unit case volume; cost or equity method

investee bottlers in which the Company owns a noncontrolling ownership interest produced and distributed approximately 55% of such worldwide unit case volume; and controlled and consolidated bottling and fountain operations produced and distributed approximately 11% of such worldwide unit case volume.

The Company makes equity investments in selected bottling operations with the intention of maximizing the strength and efficiency of the Coca-Cola business system's production, distribution and marketing systems around the world. These investments often result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased gallon sales for the Company's concentrate business. When this occurs, both the Company and the bottlers benefit from long-term growth in volume, improved cash flows and increased share-owner value.

The level of the Company's investment generally depends on the bottler's capital structure and its available resources at the time of the investment. In certain situations, it can further the Company's business interests to acquire a controlling interest in a bottling operation. Although not the Company's primary long-term business strategy, owning a controlling interest and providing resources may compensate for limited local resources, help

focus the bottler's sales and marketing programs, assist in the development of the bottler's business and information systems, and assist in the establishment of appropriate capital structures. In 1998, the Company purchased additional Russian bottling operations from Inchcape plc and affiliated companies. Also in 1998, as part of the Company's strategy to achieve an integrated bottling system in India, the Company purchased 16 independent Indian bottling operations, bringing the total number purchased since January 1997 to 18. By providing capital and marketing expertise to newly acquired bottlers, the Company seeks to strengthen their ability to deliver Company Trademark Beverages to customers and consumers.

In line with its long-term bottling strategy, the Company periodically considers options for reducing its ownership interest in a consolidated bottler. One such option is to combine the Company's bottling interests with the bottling interests of others to form strategic business alliances. Another option is to sell the Company's interest in a consolidated bottling operation to one of the Company's noncontrolled equity investee bottlers. In both of these situations, the Company continues participating in the previously consolidated bottler's earnings through its portion of the equity investee's income. In 1998, the Company contributed its wholly owned bottling interests in Norway and Finland to Coca-Cola Nordic Beverages ("CCNB"), an anchor bottler which also has bottling operations in Denmark and Sweden. The Company has an ownership interest in CCNB of 49%.

In cases where the Company's investments in bottlers represent noncontrolling interests, the Company's intention is to provide expertise and resources to strengthen those businesses. During 1998, the Company increased its interest in Thai Pure Drinks Limited, a bottler headquartered in Thailand, from approximately 44% to approximately 49%; increased its interest in Embotelladoras Coca-Cola Polar S.A., a bottler headquartered in Chile, from approximately 19% to approximately 29%; and acquired an initial ownership interest of 20% in Embotelladoras Argos, S.A., a bottler headquartered in Mexico.

Certain bottling operations in which the Company has a noncontrolling ownership interest are designated as "anchor bottlers" due to their level of responsibility and performance. Anchor bottlers are strongly committed to their own profitable growth which, in turn, helps the Company meet its strategic goals and furthers the interests of its worldwide production, distribution and marketing systems. Anchor bottlers tend to be large and geographically diverse with strong financial resources for long-term investment and strong management resources. In 1998, the Company's anchor bottlers produced and distributed approximately 43% of the Company's worldwide unit case volume. As of March 15, 1999, ten companies are designated as anchor bottlers, providing the Company with strong strategic business partners on every major continent.

Coca-Cola Beverages plc ("CCB"), a publicly traded company

on the London Stock Exchange, was designated as an anchor bottler in 1998. CCB was formed in 1998 via a spin-off by Coca-Cola Amatil Limited ("Coca-Cola Amatil") of its European operations. In June 1998, after the spin-off, the Company sold its bottling operations in northern and central Italy to CCB in exchange for consideration (including shares of CCB stock) valued at approximately U.S.$1 billion. At December 31, 1998, the Company had an ownership interest in CCB of approximately 50.5%. The Company's expectation is that its ownership position will reduce to less than 50% in 1999; therefore, the investment is accounted for by the equity method of accounting.

The Company has substantial equity positions in approximately 46 unconsolidated bottling, canning and distribution operations for its products worldwide, including bottlers representing approximately 56% of the Company's total U.S. unit case volume in 1998. Of these, significant investee bottlers accounted for by the equity method include the following:

COCA-COLA ENTERPRISES INC. The Company's ownership interest in Coca-Cola Enterprises was approximately 42% at December 31, 1998 and was approximately 40% as of March 5, 1999. Coca-Cola Enterprises is the world's largest bottler of the Company's beverage products. In 1998, net sales of concentrates and syrups by the Company to Coca-Cola Enterprises were approximately $3.1 billion, or approximately 16% of the Company's net operating revenues. Coca-Cola Enterprises also purchases high fructose corn syrup through the Company; however, related collections from Coca-Cola Enterprises and payments to suppliers are not included in the Company's consolidated statements of income. Coca-Cola Enterprises estimates that the territories in which it markets beverage products to retailers (which include portions of 46 states, the District of Columbia, the U.S. Virgin Islands, Canada, Great Britain, the Netherlands, France, Luxembourg and Belgium) contain approximately 69% of the United States population, 94% of the population of Canada, 98% of the population of Great Britain, 100% of the populations of the Netherlands, Luxembourg and Belgium and 92% of the population of France.

In 1998, approximately 63% of the unit case volume of Coca-Cola Enterprises (excluding products in post-mix (fountain) form) was Coca-Cola Trademark Beverages, approximately 25% of its unit case volume was other Company Trademark Beverages, and approximately 12% of its unit case volume was beverage products of other companies. Coca-Cola Enterprises' net sales of beverage products were approximately $13.4 billion in 1998.

COCA-COLA AMATIL LIMITED. In 1998, Coca-Cola Amatil completed a spin-off of its European operations into a new publicly traded European bottler, CCB. After the spin-off, the Company sold its bottling operations in South Korea to Coca-Cola Amatil in exchange for shares of Coca-Cola Amatil stock. At December 31, 1998, the Company's ownership interest in Coca-Cola Amatil was approximately 43%.

Coca-Cola Amatil is the largest bottler of the Company's beverage products in Australia and also has bottling and distribution rights, through direct ownership or joint ventures, in New Zealand, Fiji, Papua New Guinea, Indonesia, the Philippines and South Korea. Net concentrate sales by the Company to Coca-Cola Amatil were approximately U.S.$546 million in 1998. Coca-Cola Amatil estimates that the territories in which it markets beverage products contain approximately 99% of the population of Australia, 100% of the populations of New Zealand, Fiji, South Korea and the Philippines, 83% of the population of Papua New Guinea and 97% of the population of Indonesia.

In 1998, Coca-Cola Amatil's net sales of beverage products were approximately U.S.$2.7 billion. In 1998, approximately 66% of the unit case volume of Coca-Cola Amatil was Coca-Cola Trademark Beverages, approximately 25% of its unit case volume was other Company Trademark Beverages, approximately 4% of its unit case volume was beverage products of Coca-Cola Amatil and approximately 5% of its unit case volume was beverage products of other companies.

PANAMERICAN BEVERAGES, INC. ("PANAMCO"). At December 31, 1998, the Company owned an equity interest of approximately 24% in Panamco, a Panamanian holding company with bottling subsidiaries operating in a substantial part of central Mexico

(excluding Mexico City), greater Sao Paulo, Campinas, Santos and Matto Grosso do Sul, Brazil, central Guatemala, most of Colombia, and all of Costa Rica, Venezuela and Nicaragua. Panamco estimates that the territories in which it markets beverage products contain approximately 19% of the population of Mexico, 15% of the population of Brazil, 98% of the population of Colombia, 46% of the population of Guatemala and 100% of the populations of Costa Rica, Venezuela and Nicaragua.

In 1998, Panamco's net sales of beverage products were approximately U.S.$2.8 billion. In 1998, approximately 55% of the unit case volume of Panamco was Coca-Cola Trademark Beverages, approximately 23% of its unit case volume was other Company Trademark Beverages and approximately 22% of its unit case volume was beverage products of Panamco or other companies.

COCA-COLA FEMSA, S.A. DE C.V. ("COCA-COLA FEMSA"). At December 31, 1998, the Company owned a 30% equity interest in Coca-Cola FEMSA, a Mexican holding company with bottling subsidiaries in the Valley of Mexico, Mexico's southeastern region and Buenos Aires, Argentina. Coca-Cola FEMSA estimates that the territories in which it markets beverage products contain approximately 24% of the population of Mexico and 35% of the population of Argentina.

In 1998, Coca-Cola FEMSA's net sales of beverage products were approximately U.S.$1.3 billion. In 1998, approximately 77% of the unit case volume of Coca-Cola FEMSA was Coca-Cola Trademark Beverages, approximately 22% of its unit case volume was other Company Trademark Beverages, and approximately 1% of its unit case volume was beverage products of other companies.

OTHER INTERESTS. Under the terms of the Coca-Cola Nestle Refreshments ("CCNR") joint venture involving the Company, Nestle S.A. and certain subsidiaries of Nestle S.A., the Company manages CCNR's ready-to-drink tea business and Nestle S.A. manages CCNR's ready-to-drink coffee business. The joint venture has sales in the United States and approximately 33 other countries.

The Minute Maid Company and Groupe Danone are partners in a joint venture which produces, distributes and sells premium refrigerated ready-to-serve fruit juice products outside the United States and Canada, with an initial focus in Europe and Latin America. The Minute Maid Company has a 50% ownership interest in the joint venture.

The joint venture launched Minute Maid Premium juices in France, Spain, Portugal, Belgium and Luxembourg during 1997 and in Austria, the United Kingdom and Poland during 1998.

OTHER DEVELOPMENTS

In December 1997, the Company announced its intent to acquire from beverage company Pernod Ricard its Orangina brands, three bottling operations and one concentrate plant in France for approximately 5 billion French francs (approximately U.S.$890 million based on December 1998 exchange rates). This transaction is subject to approvals from regulatory authorities of the French government.

In December 1998, the Company signed an agreement with Cadbury Schweppes plc to purchase beverage brands in countries around the world (except in the United States, France and South Africa) and its concentrate plants in Ireland and Spain for approximately U.S.$1.85 billion. These brands include Schweppes and Canada Dry mixers, such as tonic water, club soda and ginger ale; Crush; Dr Pepper; and certain regional brands. These transactions are subject to certain conditions including approvals from regulatory authorities in various countries.

In January 1999, Kita Kyushu Coca-Cola Bottling Company, Ltd. and Sanyo Coca-Cola Bottling Company, Ltd. announced an agreement to merge. The merger will lead to the creation of Coca-Cola West Japan Company, Ltd., a publicly traded company in which the Company plans to hold approximately a 5% ownership interest. The Company intends to designate the new company as an "anchor bottler" of the Coca-Cola system. The transaction is subject to regulatory review and board and share owner approvals.

In February 1999, the Company announced that it plans to launch its first bottled water brand in North America during the first half of 1999. The new product, called Dasani, is a

purified, non-carbonated water enhanced with minerals. Internationally, the Company markets a bottled water brand, Bonaqa (in some countries, Bonaqua), in about 35 countries.

SEASONALITY

Soft drink and noncarbonated beverage sales are somewhat seasonal, with the second and third calendar quarters accounting for the highest sales volumes in the Northern Hemisphere. The volume of sales in the beverages business may be affected by weather conditions.

COMPETITION

The Company competes in the nonalcoholic beverages segment of the commercial beverages industry. That segment is highly competitive, consisting of numerous firms. These include firms that compete, like the Company, in multiple geographical areas as well as firms that are primarily local in operation. Competitive products include carbonates, packaged water, juices and nectars, fruit drinks and dilutables (including syrups and powdered drinks), sports and energy drinks, coffee and tea, still drinks and other beverages. Nonalcoholic beverages are sold to consumers in both ready-to-drink and not-ready-to-drink form.

Most of the Company's beverages business currently is in soft drinks, as that term is defined in this report. The soft drink business, which is part of the nonalcoholic beverages segment, is itself highly competitive. The Company is the leading seller of soft drink concentrates and syrups in the world. Numerous firms, however, compete in that business. These consist of a range of firms, from local to international, that compete against the Company in numerous geographical areas.

In many parts of the world in which the Company does business, demand for soft drinks is growing at the expense of other commercial beverages. Competitive factors with respect to the Company's business include pricing, advertising and sales promotion programs, product innovation, increased efficiency in production techniques, the introduction of new packaging, new vending and dispensing equipment and brand and trademark development and protection.

RAW MATERIALS

The principal raw material used by the Company's business in the United States is high fructose corn syrup, a form of sugar, which is available from numerous domestic sources and is historically subject to fluctuations in its market price. The principal raw material used by the Company's business outside the United States is sucrose. The Company has a specialized sweetener procurement staff and has not experienced any difficulties in obtaining its requirements. In the United States and certain other countries, the Company has authorized the use of high fructose corn syrup in syrup for Coca-Cola and other Company Trademark Beverages for use in both fountain syrup and finished beverages in bottles and cans.

Generally, raw materials utilized by the Company in its business are readily available from numerous sources. However, aspartame, which is usually used alone or in combination with either saccharin or acesulfame potassium in the Company's low-calorie soft drink products, is currently purchased by the Company primarily from The NutraSweet Kelco Company, a subsidiary of Monsanto Company, and from Holland Sweetener. Acesulfame potassium is currently purchased from Nutrinova Nutrition Specialties & Food Ingredients GmbH.

With regard to juice and juice-drink products, the citrus industry is subject to the variability of weather conditions, in particular the possibility of freezes in central Florida, which may result in higher prices and lower consumer demand for orange juice throughout the industry. Due to the Company's long-standing relationship with a supplier of high-quality Brazilian orange juice concentrate, the supply of juice available that meets the Company's standards is normally adequate to meet demand.

PATENTS, TRADE SECRETS, TRADEMARKS AND COPYRIGHTS

The Company is the owner of numerous patents, copyrights and trade secrets, as well as substantial know-how and technology (herein collectively referred to as "technology"), which relate

to its products and the processes for their production, the packages used for its products, the design and operation of various processes and equipment used in its business and certain quality assurance and financial software. Some of the technology is licensed to suppliers and other parties. The Company's soft drink and other beverage formulae are among the important trade secrets of the Company.

The Company owns numerous trademarks which are very important to its business. Depending upon the jurisdiction, trademarks are valid as long as they are in use and/or their registrations are properly maintained and they have not been found to have become generic. Registrations of trademarks can generally be renewed indefinitely as long as the trademarks are in use. The majority of the Company's trademark license agreements are included in the Company's bottler agreements. The Company has registered and licenses the right to use its trademarks in conjunction with certain merchandise other than soft drinks.

GOVERNMENTAL REGULATION

The production, distribution and sale in the United States of many of the Company's products are subject to the Federal Food, Drug and Cosmetic Act; the Occupational Safety and Health Act; the Lanham Act; various environmental statutes; and various other federal, state and local statutes regulating the production, transportation, sale, safety, advertising, labeling and ingredients of such products.

A California law requires that any person who exposes another to a carcinogen or a reproductive toxicant must provide a warning to that effect. Because the law does not broadly define quantitative thresholds below which a warning is not required, virtually all food and beverage manufacturers are confronted with the possibility of having to provide warnings on their food and beverage products due to the presence of trace amounts of defined substances. Regulations implementing the law exempt manufacturers from providing the required warning if it can be demonstrated that the defined substances occur naturally in the product or are present in municipal water used to manufacture the product. The Company has assessed the impact of the law and its implementing regulations on its products and has concluded that none currently requires a warning under the law. The Company cannot predict whether, or to what extent, food and beverage industry efforts to minimize the law's impact will succeed; nor can the Company predict what effect, either in terms of direct costs or diminished sales, imposition of the law will have.

Bottlers of the Company's beverage products presently offer non-refillable, recyclable containers in all areas of the United States and Canada. Some such bottlers also offer refillable containers, which are also recyclable, although overall U.S. sales in refillable containers are relatively limited. Measures have been enacted in various localities and states which require that a deposit be charged for certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Deposit proposals have been introduced in other states and localities and in Congress, and the Company anticipates that similar legislation may be introduced in the future at both the state and the federal level.

All of the Company's facilities in the United States are subject to federal, state and local environmental laws and regulations. Compliance with these provisions has not had, and the Company does not expect such compliance to have, any material adverse effect upon the Company's capital expenditures, net income or competitive position.

EMPLOYEES

As of December 31, 1998, the Company employed approximately 28,600 persons, down from approximately 29,500 in 1997 primarily due to sales of certain Company-owned bottling operations. Approximately 10,000 of these employees are located in the United States. The Company, through its divisions and subsidiaries, has entered into numerous collective bargaining agreements, and the Company has no reason to believe it will not be able to renegotiate any such agreements on satisfactory terms. The Company believes that its relations with its employees are generally satisfactory.

ITEM 2. PROPERTIES

The Company's 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 USA building and the approximately 264,000 square foot Coca-Cola Plaza building. Also located in the complex are several other buildings, including the technical and engineering facilities, learning center and the Company's Reception Center. The Company leases approximately 278,000 square feet of office space at Ten Peachtree Place, Atlanta, Georgia, owned by a joint venture of which an indirect subsidiary of the Company is a partner. The Company also leases approximately 219,000 square feet of office space at One Atlantic Center, Atlanta, Georgia. The Company has facilities for administrative operations, manufacturing, processing, packaging, packing, storage and warehousing throughout the United States.

The Company owns and operates 33 principal beverage concentrate and/or syrup manufacturing plants located throughout the world. The Company currently owns or holds a majority interest in 25 operations with 32 principal beverage bottling and canning plants located outside the United States.

The Minute Maid Company, whose business headquarters is located in Houston, Texas, occupies its own office building, which contains approximately 330,000 square feet. The Minute Maid Company operates seven production facilities throughout the United States and Canada and utilizes a system of contract packers to produce and distribute certain products in areas where The Minute Maid Company does not have its own manufacturing centers or during periods when it experiences shortfalls in manufacturing capacity.

The Company owns or leases additional real estate throughout the world, including a wholly owned office and retail building at 711 Fifth Avenue in New York, New York. This real estate is used by the Company as office space, bottling, warehouse or retail operations or, in the case of some owned property, is leased to others.

Management believes that the facilities for the production of its products are suitable and adequate for the business conducted therein, 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. While it is not possible to measure with any degree of certainty or uniformity the productive capacity and extent of utilization of these facilities, 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. The Company continuously reviews its 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 January 30, 1997, the Brazilian Federal Revenue Service issued Notices of Assessment to Recofarma Industrias do Amazonas Ltda. ("Recofarma"), an indirect wholly owned subsidiary of the Company, for the period from January 1, 1992 to February 28, 1994. The assessments allege that Recofarma should have paid a Brazilian excise tax on intra-company transfers of product manufactured at its Manaus plant to its warehouse in Rio de Janeiro. Assessments of tax, interest and penalties total approximately $530 million as of the assessment date and accrue interest from such date. The transfer of product from the plant to the warehouse, which was discontinued in February 1994, was the subject of a favorable advance ruling issued by the Federal Revenue Service on September 24, 1990. In the Company's opinion, the ruling has continuing effect and Recofarma's operations conformed with the ruling. On March 3, 1997, Recofarma filed appeals with the Brazilian Federal Revenue Service contesting the assessments.

On September 30, 1997, the Rio de Janeiro Branch of the Brazilian Federal Revenue Service dismissed the assessments against Recofarma. This determination is subject to an automatic ex officio appeal ("recurso ex-officio") on the Federal Revenue

Service's behalf to the Taxpayers Council in Brazilia. This appeal is currently pending.

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

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 the Company:

M. Douglas Ivester, 52, is Chief Executive Officer and Chairman of the Board of Directors of the Company. In January 1985, Mr. Ivester was elected Senior Vice President and Chief Financial Officer of the Company and served in that capacity until June 1989, when he was appointed President of the European Community Group of the International Business Sector. He was appointed President of Coca-Cola USA in August 1990, and was appointed President of the North America Business Sector in September 1991. He served in the latter capacity until April 1993 when he was elected Executive Vice President of the Company and Principal Operating Officer/North America. In July 1994, he was elected President and Chief Operating Officer and a Director of the Company. Mr. Ivester was elected to his current positions in October 1997.

James E. Chestnut, 48, is Senior Vice President and Chief Financial Officer of the Company. Mr. Chestnut joined the Company in 1972 in London. In 1984, he was named Finance Manager for the Philippine Region in Manila and, in 1987, Manager of International Treasury Services, Pacific Group, in Atlanta. He was named Finance Manager for the North Pacific Division of the International Business Sector in 1989 before being elected Vice President and Controller of the Company in 1993. He was elected to his current position in July 1994.

Jack L. Stahl, 46, is Senior Vice President of the Company and President of the North America Group. In March 1985, Mr. Stahl was named Manager, Planning and Business Development and was appointed Assistant Vice President in April 1985. He was elected Vice President and Controller in February 1988 and served in that capacity until he was elected Senior Vice President and Chief Financial Officer in June 1989. He was appointed to his current position in July 1994.

Douglas N. Daft, 56, is Senior Vice President of the Company and President of the Middle and Far East Group. In November 1984, Mr. Daft was appointed President of Coca-Cola Central Pacific Ltd. In October

1987, he was appointed Senior Vice President of the Pacific Group of the International Business Sector. In January 1989, he was named President of Coca-Cola (Japan) Company, Limited and President of the North Pacific Division of the International Business Sector. Effective 1991 he was elected Senior Vice President of the Company and named President of the Pacific Group of the International Business Sector. He was appointed to his current position, effective January 1995.

Carl Ware, 55, is Senior Vice President of the Company and President of the Africa Group. In 1979, Mr. Ware was appointed Vice President, Special Markets, Coca-Cola USA. In March 1982, he was appointed Vice President, Urban Affairs, of the Company. He was elected Senior Vice President and Director, Corporate External Affairs in 1986 and became Deputy Group President of the Northeast Europe/Africa Group of the International Business Sector in July 1991, a position he held until he was named to his current position, effective January 1993.

Timothy J. Haas, 52, is Senior Vice President of the Company and President of the Latin America Group. Mr. Haas was appointed Vice President, Sales, of Coca-Cola Foods in 1983 and Senior Vice President, Sales, of Coca-Cola Foods in 1985. In March 1991, he was appointed President and Chief Executive Officer of Coca-Cola Foods. In April 1991, he was elected Vice President of the

Company. In 1995, he was named Executive Vice President of the Latin America Group and served in that capacity until he was appointed President of the Latin America Group, effective January 1, 1997. He was elected Senior Vice President in February 1997.

Ralph H. Cooper, 59, is Senior Vice President of the Company and President and Chief Executive Officer of The Minute Maid Company, formerly known as Coca-Cola Foods. Mr. Cooper was appointed Senior Vice President of the Europe and Africa Group in July 1984 and was named Senior Vice President of Coca-Cola International and President of the Northwest European Division in January 1989. He was elected Senior Vice President of the Company and President of the European Community Group of the International Soft Drink Business Sector in August 1990. In January 1995, he was named Executive Vice President of Coca-Cola Foods and served in that capacity until he was appointed President and Chief Executive Officer in July 1995.

William P. Casey, 58, is Senior Vice President of the Company and President of the Greater Europe Group. In 1985, Mr. Casey was appointed Executive Vice President, Bottler Operations, Coca-Cola USA. In 1992, he was elected President and Chief Executive Officer of Coca-Cola Beverages Ltd., a Canadian company in which the Company held an interest. Mr. Casey was elected to his current position in February 1998.

Joseph R. Gladden, Jr., 56, is Senior Vice President and General Counsel of the Company. In October 1985, Mr. Gladden was elected Vice President. He was named Deputy General Counsel in October 1987 and served in that capacity until he was elected Vice President and General Counsel in April 1990. He was elected Senior Vice President in April 1991.

Charles S. Frenette, 46, is Senior Vice President and Chief Marketing Officer of the Company. Mr. Frenette joined the Company in 1974. In 1986, he was appointed Senior Vice President and General Manager of Coca-Cola USA Fountain. In 1992, he was appointed Executive Vice President, Operations, of Coca-Cola USA. He was elected Vice President of the Company in 1995 and was appointed President of the South Africa Division in 1996. He was elected Senior Vice President in April 1998 and became Chief Marketing Officer in May 1998.

Anton Amon, 55, is Senior Vice President of the Company and Manager of the Company's Product Integrity Division. Dr. Amon was named Senior Vice President of Coca-Cola USA in 1983. In 1988, he joined Coca-Cola Enterprises as Vice President, Operations. In September 1989, Dr. Amon returned to the Company as director, Corporate Quality Assurance. He was elected Vice President in October 1989. He became Manager, Product Integrity Division, in January 1992 and was elected to his current position in July 1992.

George Gourlay, 57, is Senior Vice President of the Company and Manager of the Technical Operations Division. Mr. Gourlay was named Manager, Corporate Concentrate Operations in 1986, named Assistant Vice

President in 1988, and was elected Vice President in 1989. Mr. Gourlay became head of the Technical Operations Division in January 1992 and was elected to his current position in July 1992.

Michael W. Walters, 52, is Vice President of the Company and Vice President of Human Resources. Mr. Walters joined the Company in 1972. In 1985, he was named Assistant Vice President, Compensation and Benefits. Mr. Walters was elected to his current position in April 1990.

All executive officers serve at the pleasure of the Board of Directors.

There is no family relationship between any of the executive officers of the Company.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHARE-OWNER MATTERS

"Financial Review Incorporating Management's Discussion and

Analysis" on pages 27 through 37, "Selected Financial Data" for the years 1997 and 1998 on page 38, "Stock Prices" on page 61 and "Common Stock", "Stock Exchanges" and "Dividends" under the heading "Share-Owner Information" on page 64 of the Company's Annual Report to Share Owners for the year ended December 31, 1998 (the "Company's 1998 Annual Report to Share Owners"), are incorporated herein by reference.

During the fiscal year ended December 31, 1998, no equity securities of the Company were sold by the Company which were not registered under the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

"Selected Financial Data" for the years 1994 through 1998, on pages 38 and 39 of the Company's 1998 Annual Report to Share Owners, is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Financial Review Incorporating Management's Discussion and Analysis" on pages 27 through 37 of the Company's 1998 Annual Report to Share Owners, is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

"Financial Risk Management" on page 30 of the Company's 1998 Annual Report to Share Owners, is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Company and its subsidiaries, included in the Company's 1998 Annual Report to Share Owners, are incorporated herein by reference:

Consolidated Balance Sheets -- December 31, 1998 and 1997.

Consolidated Statements of Income -- Years ended December 31, 1998, 1997 and 1996.

Consolidated Statements of Cash Flows -- Years ended December 31, 1998, 1997 and 1996.

Consolidated Statements of Share-Owners' Equity -- Years ended December 31, 1998, 1997 and 1996.

Notes to Consolidated Financial Statements.

Report of Independent Auditors.

"Quarterly Data (Unaudited)" on page 61 of the Company's 1998 Annual Report to Share Owners, is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

For information on Directors of the Company, the subsections under the heading "Election of Directors" entitled "Board of Directors" and "Recommendation of the Board of Directors Concerning the Election of Directors" on pages 2 through 5 and under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" on page 7 of the Company's Proxy Statement for the Annual Meeting of Share Owners to be held April 21, 1999 (the "Company's 1999 Proxy Statement"), is incorporated herein by reference. See Item X in Part I hereof for information regarding executive officers of the Company.

ITEM 11. EXECUTIVE COMPENSATION

The subsection under the heading "Election of Directors" entitled "Committees of the Board of Directors; Meetings and Compensation of Directors" on pages 8 through 10 and the portion of the section entitled "Executive Compensation" set forth on pages 11 through 15 and under the subsection "Compensation Committee Interlocks and Insider Participation" on page 21 of the Company's 1999 Proxy Statement, are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The subsections under the heading "Election of Directors" entitled "Ownership of Equity Securities in the Company" on pages 6 and 7 and "Principal Share Owners" on page 8, and the subsection under the heading "Certain Investee Companies" entitled "Ownership of Securities in the Investee Companies" on page 22 of the Company's 1999 Proxy Statement, are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The subsections under the heading "Election of Directors" entitled "Committees of the Board of Directors; Meetings and Compensation of Directors" and "Certain Transactions" on pages 8 through 10, the subsection under the heading "Executive Compensation" entitled "Compensation Committee Interlocks and Insider Participation" on page 21 and the section under the heading "Certain Investee Companies" on pages 21 and 22 of the Company's 1999 Proxy Statement, are incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following consolidated financial statements of The Coca-Cola Company and subsidiaries, included in the Company's 1998 Annual Report to Share Owners, are incorporated by reference in Part II, Item 8:

Consolidated Balance Sheets -- December 31, 1998 and 1997.

Consolidated Statements of Income -- Years ended December 31, 1998, 1997 and 1996.

Consolidated Statements of Cash Flows -- Years ended December 31, 1998, 1997 and 1996.

Consolidated Statements of Share-Owners' Equity -- Years ended December 31, 1998, 1997 and 1996.

Notes to Consolidated Financial Statements.

Report of Independent Auditors.

2. The following consolidated financial statement schedule of The Coca-Cola Company and subsidiaries is included in Item 14(d):

Schedule II -- Valuation and Qualifying Accounts.

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits

EXHIBIT NO.	
2.1	Amended and Restated Purchase Agreement, dated as of December 11, 1998, among the Company, Atlantic Industries and Cadbury Schweppes plc.
3.1	Certificate of Incorporation of the Company, including

Amendment of Certificate of Incorporation, effective May 1, 1996 -- incorporated herein by reference to Exhibit 3 of the Company's Form 10-Q Quarterly Report for the quarter ended March 31, 1996. (With regard to applicable cross references in this report, the Company's Current, Quarterly and Annual Reports are filed with the Securities and Exchange Commission under File No. 1-2217.)

3.2 By-Laws of the Company, as amended and restated through December 17, 1997 -- incorporated herein by reference to Exhibit 3.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1997.

4.1 The Company agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument defining the rights of holders of long-term debt of the Company and all of its consolidated subsidiaries and unconsolidated subsidiaries for which financial statements are required to be filed with the Securities and Exchange Commission.

10.1 The Key Executive Retirement Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*

EXHIBIT NO.
- -----------

10.2 Supplemental Disability Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.3 of the Company's Form 10-K Annual Report for the year ended December 31, 1991.*

10.3 Annual Performance Incentive Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.4 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*

10.4 1987 Stock Option Plan of the Company, as amended through October 15, 1998 -- incorporated herein by reference to Exhibit 10.1 of the Company's Form 10-Q Quarterly Report for the quarter ended September 30, 1998.*

10.5 1991 Stock Option Plan of the Company, as amended through October 15, 1998 -- incorporated herein by reference to Exhibit 10.2 of the Company's Form 10-Q Quarterly Report for the quarter ended September 30, 1998.*

10.6 1983 Restricted Stock Award Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.11 of the Company's Form 10-K Annual Report for the year ended December 31, 1991.*

10.7.1 1989 Restricted Stock Award Plan of the Company, as amended through October 17, 1996 -- incorporated herein by reference to Exhibit 10.11.1 of the Company's Form 10-K Annual Report for the year ended December 31, 1996.*

10.7.2 Resolutions, dated October 17, 1996, adopted by the Restricted Stock Subcommittee of the Compensation Committee of the Board of Directors of the Company -- incorporated herein by reference to Exhibit 10.11.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1996.*

10.8.1 Compensation Deferral & Investment Program of the Company, as amended, including Amendment Number Four dated November 28, 1995 -- incorporated herein by reference to Exhibit 10.13 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*

10.8.2 Amendment Number 5 to the Compensation Deferral & Investment Program of the Company, effective as of January 1, 1998 -- incorporated herein by reference to Exhibit 10.8.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1997.*

10.9 Special Medical Insurance Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.16 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*

10.10.1 Supplemental Benefit Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.17 of the Company's Form 10-K Annual Report for the year ended December 31, 1993.*

10.10.2 Amendment Number Five to the Supplemental Benefit Plan of the Company -- incorporated herein by reference to Exhibit 10.17.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1996.*

10.11 Retirement Plan for the Board of Directors of the Company, as amended -- incorporated herein by reference to Exhibit 10.22 of the Company's Form 10-K Annual Report for the year ended December 31, 1991.*

10.12 Deferred Compensation Plan for Non-Employee Directors of the Company, adopted as of October 16, 1997 -- incorporated herein by reference to Exhibit 10.12 of the Company's Form 10-K Annual Report for the year ended December 31, 1997.*

EXHIBIT NO.
- -----------

10.13 Deferred Compensation Agreement for Officers or Key Executives of the Company -- incorporated herein by reference to Exhibit 10.20 of the Company's Form 10-K Annual Report for the year ended December 31, 1993.*

10.14 Long Term Performance Incentive Plan of the Company, as amended February 16, 1994 -- incorporated herein by reference to Exhibit 10.21 of the Company's Form 10-K Annual Report for the year ended December 31, 1993.*

10.15 Executive Performance Incentive Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.22 of the Company's Form 10-K Annual Report for the year ended December 31, 1994.*

10.16 Form of United States Master Bottle Contract, as amended, between the Company and Coca-Cola Enterprises Inc. ("Coca-Cola Enterprises") or its subsidiaries -- incorporated herein by reference to Exhibit 10.24 of Coca-Cola Enterprises' Annual Report on Form 10-K for the fiscal year ended December 30, 1988 (File No. 01-09300).

12.1 Computation of Ratios of Earnings to Fixed Charges for the years ended December 31, 1998, 1997, 1996, 1995 and 1994.

13.1 Portions of the Company's 1998 Annual Report to Share Owners expressly incorporated by reference herein: Pages 27 through 59, 61, 64 and 65 (definitions of "Dividend Payout Ratio," "Economic Profit," "Free Cash Flow," "Net Debt and Net Capital," "Return on Capital," "Return on Common Equity," "Total Capital" and "Total Market Value of Common Stock").

21.1 List of subsidiaries of the Company as of December 31, 1998.

23.1 Consent of Independent Auditors.

24.1 Powers of Attorney of Officers and Directors signing this report.

27.1 Restated Financial Data Schedule for the year ended December 31, 1996, submitted to the Securities and Exchange Commission in electronic format.

27.2 Restated Financial Data Schedule for the year ended December 31, 1997, submitted to the Securities and Exchange Commission in electronic format.

27.3 Financial Data Schedule for the year ended December 31, 1998, submitted to the Securities and Exchange Commission in electronic format.

99.1 Cautionary Statement Relative to Forward-Looking Statements.
- -------------------

* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 14(c) of this report.

(b) Reports on Form 8-K.

The Company filed a report on Form 8-K on December 15, 1998.

Item 5. Other Events -- On December 11, 1998, the Company and Cadbury Schweppes plc announced that they signed an agreement for the Company to acquire beverage brands of Cadbury Schweppes in countries around the world (except in the United States, France and South Africa), plus concentrate plants in Ireland and Spain, for approximately $1.85 billion.

On December 11, 1998, the Company also announced its expectations for fourth-quarter worldwide volume and earnings trends.

Item 7. Financial Statements and Exhibits - Exhibits 99.1 and 99.2: Press releases of the Company issued December 11, 1998.

(c) Exhibits -- The response to this portion of Item 14 is submitted as a separate section of this report.

(d) Financial Statement Schedule -- The response to this portion of Item 14 is submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE COCA-COLA COMPANY
(Registrant)

By: /s/ M. DOUGLAS IVESTER
M. DOUGLAS IVESTER
Chairman, Board of Directors,
Chief Executive Officer
and a Director

Date: March 29, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ M. DOUGLAS IVESTER	*
M. DOUGLAS IVESTER Chairman, Board of Directors, Chief Executive Officer and a Director (Principal Executive Officer)	CATHLEEN P. BLACK Director
March 29, 1999	March 29, 1999
/s/ JAMES E. CHESTNUT	*
JAMES E. CHESTNUT Senior Vice President and Chief Financial Officer (Principal Financial Officer)	WARREN E. BUFFETT Director
March 29, 1999	March 29, 1999
/s/ GARY P. FAYARD	*
GARY P. FAYARD	SUSAN B. KING

Vice President and Controller (Principal Accounting Officer)	Director
March 29, 1999	March 29, 1999
*	*
HERBERT A. ALLEN Director	DONALD F. MCHENRY Director
March 29, 1999	March 29, 1999
*	*
RONALD W. ALLEN Director	SAM NUNN Director
March 29, 1999	March 29, 1999

*	*
PAUL F. OREFFICE Director	PETER V. UEBERROTH Director
March 29, 1999	March 29, 1999
*	*
JAMES D. ROBINSON III Director	JAMES B. WILLIAMS Director
March 29, 1999	March 29, 1999

* By: /s/ CAROL C. HAYES
CAROL C. HAYES
Attorney-in-fact

March 29, 1999

ANNUAL REPORT ON FORM 10-K

ITEM 14(d)

FINANCIAL STATEMENT SCHEDULE
YEAR ENDED DECEMBER 31, 1998
THE COCA-COLA COMPANY AND SUBSIDIARIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

THE COCA-COLA COMPANY AND SUBSIDIARIES
Year ended December 31, 1998
(in millions)

<TABLE>
<CAPTION>

COL. A	COL. B	COL. C		COL. D	COL. E
		Additions			
Description	Balance at Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts	Deductions (Note 1)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
RESERVES DEDUCTED IN THE BALANCE SHEET FROM THE ASSETS TO WHICH THEY APPLY					
Allowance for losses on:					
Trade accounts receivable..	$ 23	$ 3	$ -	$ 16	$ 10

Miscellaneous investments and other assets.....	301	76	-	102	275
Deferred tax assets.....	21	-	-	3	18
	$ 345	$ 79	$ -	$ 121	$ 303

- ---

Note 1 - The amounts shown in Column D consist of the following:

	Trade Accounts Receivable	Miscellaneous Investments and Other Assets	Deferred Tax Assets	Total
Charge off of uncollectible accounts..	$ 6	$ 23	$ -	$ 29
Write-off of impaired assets.....	-	70	-	70
Other transactions.....	10	9	3	22
	$ 16	$ 102	$ 3	$ 121

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

THE COCA-COLA COMPANY AND SUBSIDIARIES
Year ended December 31, 1997
(in millions)

Description	Balance at Beginning of Period	Additions (1) Charged to Costs and Expenses	Additions (2) Charged to Other Accounts	Deductions (Note 1)	Balance at End of Period
RESERVES DEDUCTED IN THE BALANCE SHEET FROM THE ASSETS TO WHICH THEY APPLY					
Allowance for losses on:					
Trade accounts receivable..	$ 30	$ 4	$ -	$ 11	$ 23
Miscellaneous investments and other assets.....	339	41	-	79	301
Deferred tax assets.....	18	3	-	-	21
	$ 387	$ 48	$ -	$ 90	$ 345

- ---

Note 1 - The amounts shown in Column D consist of the following:

	Trade Accounts Receivable	Miscellaneous Investments and Other Assets	Deferred Tax Assets	Total
Charge off of uncollectible accounts..	$ 4	$ -	$ -	$ 4
Write-off of impaired assets.....	-	65	-	65
Other transactions.....	7	14	-	21
	$ 11	$ 79	$ -	$ 90

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

THE COCA-COLA COMPANY AND SUBSIDIARIES
Year ended December 31, 1996
(in millions)

Description	Balance at Beginning of Period	Additions (1) Charged to Costs and Expenses	Additions (2) Charged to Other Accounts	Deductions (Note 1)	Balance at End of Period
RESERVES DEDUCTED IN THE BALANCE SHEET FROM THE ASSETS TO WHICH THEY APPLY					
Allowance for losses on:					
Trade accounts receivable..	$ 34	$ 9	$ -	$ 13	$ 30
Miscellaneous investments and other assets.....	55	287	-	3	339
Deferred tax assets.....	42	-	-	24	18
	$ 131	$ 296	$ -	$ 40	$ 387

Note 1 - The amounts shown in Column D consist of the following:

	Trade Accounts Receivable	Miscellaneous Investments and Other Assets	Deferred Tax Assets	Total
Charge off of uncollectible accounts..	$ 6	$ -	$ -	$ 6
Foreign exchange adjustments.....	1	-	-	1
Other transactions.....	6	3	24	33
	$ 13	$ 3	$ 24	$ 40

EXHIBIT INDEX

DESCRIPTION

EXHIBIT NO.

2.1 Amended and Restated Purchase Agreement, dated as of December 11, 1998, among the Company, Atlantic Industries and Cadbury Schweppes plc.

3.1 Certificate of Incorporation of the Company, including Amendment of Certificate of Incorporation, effective May 1, 1996 -- incorporated herein by reference to Exhibit 3 of the Company's Form 10-Q Quarterly Report for the quarter ended March 31, 1996. (With regard to applicable cross references in this report, the Company's Current, Quarterly and Annual Reports are filed with the Securities and Exchange Commission under File No. 1-2217.)

3.2 By-Laws of the Company, as amended and restated through December 17, 1997 -- incorporated herein by reference to Exhibit 3.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1997.

4.1	The Company agrees to furnish to the Securities and Exchange Commission, upon request, a copy of any instrument defining the rights of holders of long-term debt of the Company and all of its consolidated subsidiaries and unconsolidated subsidiaries for which financial statements are required to be filed with the Securities and Exchange Commission.
10.1	The Key Executive Retirement Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*
10.2	Supplemental Disability Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.3 of the Company's Form 10-K Annual Report for the year ended December 31, 1991.*
10.3	Annual Performance Incentive Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.4 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*
10.4	1987 Stock Option Plan of the Company, as amended through October 15, 1998 -- incorporated herein by reference to Exhibit 10.1 of the Company's Form 10-Q Quarterly Report for the quarter ended September 30, 1998.*

EXHIBIT NO.	
10.5	1991 Stock Option Plan of the Company, as amended through October 15, 1998 -- incorporated herein by reference to Exhibit 10.2 of the Company's Form 10-Q Quarterly Report for the quarter ended September 30, 1998.*
10.6	1983 Restricted Stock Award Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.11 of the Company's Form 10-K Annual Report for the year ended December 31, 1991.*
10.7.1	1989 Restricted Stock Award Plan of the Company, as amended through October 17, 1996 -- incorporated herein by reference to Exhibit 10.11.1 of the Company's Form 10-K Annual Report for the year ended December 31, 1996.*
10.7.2	Resolutions, dated October 17, 1996, adopted by the Restricted Stock Subcommittee of the Compensation Committee of the Board of Directors of the Company -- incorporated herein by reference to Exhibit 10.11.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1996.*
10.8.1	Compensation Deferral & Investment Program of the Company, as amended, including Amendment Number Four dated November 28, 1995 -- incorporated herein by reference to Exhibit 10.13 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*
10.8.2	Amendment Number 5 to the Compensation Deferral & Investment Program of the Company, effective as of January 1, 1998 -- incorporated herein by reference to Exhibit 10.8.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1997.*
10.9	Special Medical Insurance Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.16 of the Company's Form 10-K Annual Report for the year ended December 31, 1995.*
10.10.1	Supplemental Benefit Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.17 of the Company's Form 10-K Annual Report for the year ended December 31, 1993.*
10.10.2	Amendment Number Five to the Supplemental Benefit Plan of the Company -- incorporated herein by reference to Exhibit 10.17.2 of the Company's Form 10-K Annual Report for the year ended December 31, 1996.*

10.11 Retirement Plan for the Board of Directors of the Company, as amended -- incorporated herein by reference to Exhibit 10.22 of the Company's Form 10-K Annual Report for the year ended December 31, 1991.*

EXHIBIT NO.
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10.12 Deferred Compensation Plan for Non-Employee Directors of the Company, adopted as of October 16, 1997 -- incorporated herein by reference to Exhibit 10.12 of the Company's Form 10-K Annual Report for the year ended December 31, 1997.*

10.13 Deferred Compensation Agreement for Officers or Key Executives of the Company -- incorporated herein by reference to Exhibit 10.20 of the Company's Form 10-K Annual Report for the year ended December 31, 1993.*

10.14 Long Term Performance Incentive Plan of the Company, as amended February 16, 1994 -- incorporated herein by reference to Exhibit 10.21 of the Company's Form 10-K Annual Report for the year ended December 31, 1993.*

10.15 Executive Performance Incentive Plan of the Company, as amended -- incorporated herein by reference to Exhibit 10.22 of the Company's Form 10-K Annual Report for the year ended December 31, 1994.*

10.16 Form of United States Master Bottle Contract, as amended, between the Company and Coca-Cola Enterprises Inc. ("Coca-Cola Enterprises") or its subsidiaries -- incorporated herein by reference to Exhibit 10.24 of Coca-Cola Enterprises' Annual Report on Form 10-K for the fiscal year ended December 30, 1988 (File No. 01-09300).

12.1 Computation of Ratios of Earnings to Fixed Charges for the years ended December 31, 1998, 1997, 1996, 1995 and 1994.

13.1 Portions of the Company's 1998 Annual Report to Share Owners expressly incorporated by reference herein: Pages 27 through 59, 61, 64 and 65 (definitions of "Dividend Payout Ratio," "Economic Profit," "Free Cash Flow," "Net Debt and Net Capital," "Return on Capital," "Return on Common Equity," "Total Capital" and "Total Market Value of Common Stock").

21.1 List of subsidiaries of the Company as of December 31, 1998.

23.1 Consent of Independent Auditors.

24.1 Powers of Attorney of Officers and Directors signing this report.

27.1 Restated Financial Data Schedule for the year ended December 31, 1996, submitted to the Securities and Exchange Commission in electronic format.

27.2 Restated Financial Data Schedule for the year ended December 31, 1997, submitted to the Securities and Exchange Commission in electronic format.

EXHIBIT NO.
- -----------

27.3 Financial Data Schedule for the year ended December 31, 1998, submitted to the Securities and Exchange Commission in electronic format.

99.1 Cautionary Statement Relative to Forward-Looking Statements.

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* Management contracts and compensatory plans and arrangements required to be filed as exhibits pursuant to Item 14(c) of

this report.

Exhibit 2.1

AMENDED AND RESTATED PURCHASE AGREEMENT

among

THE COCA-COLA COMPANY,

ATLANTIC INDUSTRIES

and

CADBURY SCHWEPPES PLC

Dated as of December 11, 1998

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AMENDED AND RESTATED PURCHASE AGREEMENT

THIS AMENDED AND RESTATED PURCHASE AGREEMENT (this "Agreement"), dated as of December 11, 1998, among THE COCA-COLA COMPANY, a corporation organized and existing under the laws of Delaware, U.S.A. ("KO"), ATLANTIC INDUSTRIES, a company organized and existing under the laws of the Cayman Islands ("AI"), and CADBURY SCHWEPPES PLC, a company organized and existing under the laws of England and Wales ("CS");

W I T N E S S E T H:

WHEREAS, CS desires to sell, and to cause the other CS Parties (as defined in Section 1.01(a)) to sell, to KO or the KO Buyers (as defined in Section 1.01(a)), and KO desires to buy, or to cause the KO Buyers to buy, from the CS Parties, the Assets (as defined in Section 1.01(a)), subject to the assumption by the KO Parties of certain liabilities as specified herein;

WHEREAS, the parties desire to enter into certain other transactions and agreements in connection with the foregoing purchases and sales, all as further described in this Agreement;

WHEREAS, the parties believe that the transactions contemplated by this Agreement will create mutual benefit by enhancing the competitiveness and growth of KO- and CS-branded beverages and the entire commercial beverages market worldwide; and

WHEREAS, the respective Board of Directors of each party to this Agreement has authorized such party to execute, deliver and perform this Agreement;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements, and upon the terms and subject to the conditions hereinafter set forth, the parties do hereby agree as follows:

ARTICLE 1

PURCHASE AND SALE

1.01 PURCHASE AND SALE.

(a) Upon the terms and subject to the conditions of this Agreement, CS agrees to, and agrees to cause the subsidiaries of CS which own any of the assets set forth below, substantially all of which subsidiaries are set forth on Schedule 1.01A (together with CS, the "CS Parties") to, sell at the Applicable Closing (as defined in Section 1.01(e)), and KO agrees to buy, or to cause AI or certain other wholly-owned (other than for nominee shares, director qualifying shares and similar shares) subsidiaries of KO to be determined by KO (collectively with AI, the "KO Buyers," and together with KO, the "KO Parties") to buy, from the CS Parties at the Applicable Closing:

(i) good, valid and marketable right, title and interest, free and clear of any Security Interests (as defined in Section 2.04(a)), in and to all of the issued and outstanding shares of capital stock (the "Shares") of the company set forth on Schedule 1.01(a)(i) (the "Purchased Company");

(ii) all right, title and interest of CS and its Affiliates (as defined below) in and to all of the Owned Trademarks (as defined in Section 2.13(a)) to the extent not otherwise acquired pursuant to Section 1.01(a)(i) above (the "Directly Acquired Trademarks"), including the goodwill associated with the Directly Acquired Trademarks and all applications and common law rights related thereto and all rights to sue and recover from third parties damages for past, present and future infringements or dilution of or any other damages or injury to the Directly Acquired Trademarks (the "Related Rights");

(iii) all right, title and interest of CS and its Affiliates in and to all other assets not included in Sections 1.01(a)(i) and (ii) above, wherever located, used by the CS Parties in connection with and primarily related to the beverages business of CS and its Affiliates (outside of the United States, South Africa, Australia and France) or otherwise used primarily in connection with the Owned Trademarks, including, without limitation, all tangible and intangible assets owned by the CS Parties and currently employed for the production of concentrates and syrups (including concentrate/juice production plants in Athy, Ireland (to the extent not otherwise acquired pursuant to Section 1.01(a)(i) above) and Carcagente, Spain and all related assets and equipment, including billing functions, accounting and information management functions and other support services (the concentrate/juice production plants in Athy, Ireland (together with all related assets and equipment, the "Athy Plant") and Carcagente, Spain (together with all related assets and equipment, the "Carcagente Plant") and all such related assets and equipment, including such billing functions, accounting and information management functions and other support services being referred to herein collectively as the "Plants")) in the beverages business of CS and its Affiliates (outside of the United States, South Africa, Australia and France) or otherwise primarily used in connection with the Owned Trademarks; the right to use all Know-how (as defined below); any and all other intellectual property or proprietary rights owned by CS or any of its Affiliates contained in advertising, promotional material, packaging material or other material used in connection with the sale, offer of sale or distribution of products bearing or embodying the Owned Trademarks or Licensed Rights (as defined in Section 2.13(a)) or otherwise used primarily in, or held primarily for the benefit of, the beverages business of CS and its Affiliates outside the United States, South Africa, Australia and France; any trademark(s) owned by the CS Parties, the Purchased Company or the Subsidiaries (as defined in Section 2.01(b)) that are identical to or confusingly similar to any Owned Trademark in the same country and for substantially similar goods as such Owned Trademark ("Omitted Trademarks"); all Contracts (as defined in Section 2.20(a)), to the extent assignable, to which CS or any Affiliate of CS is a party outside of the United States, South Africa, Australia and France primarily relating to any of the foregoing or any of the Owned Trademarks, including all bottling and distribution agreements relating thereto; any other assets which would reasonably be expected to be included in the transactions contemplated by this Agreement and the Transaction Documents; and including without limitation all of the assets and rights set forth on Schedule 1.01(a)(iii) (collectively, the "Other Assets"), but specifically excluding the Excluded Assets (as

defined below).

The Shares and the assets of the Purchased Company and the Subsidiaries (as defined in Section 2.01(b)), the Directly Acquired Trademarks, the Related Rights and the Other Assets are referred to herein as the "Assets." "Know-how" shall include all proprietary formulae, ingredient specifications, bottling formulae, packaging specifications and other proprietary technical information and knowledge owned by CS or its Affiliates or the Purchased Company or the Subsidiaries used in connection with the beverages business of CS and its Affiliates outside of the United States, South Africa, Australia and France.

Notwithstanding the foregoing, it is expressly understood that the term "Assets" shall not include the following "Excluded Assets" except to the extent set forth on Schedules 1.01(a)(i) or (iii) or Schedule 2.13(a)(i): (1) the technical facilities and employees of CS located in Trumbull, Connecticut, U.S.A.; (2) all Know-how in the Excluded Countries (as defined in Section 1.01(d)); (3) any Assets (other than Owned Trademarks) owned by the Purchased Businesses (as defined in Section 1.06) in any

Excluded Country and not primarily related to the Purchased Businesses acquired by the KO Buyers, until such time as an Applicable Closing occurs with respect to such Purchased Businesses; (4) all trademarks, trademark registrations and trademark applications in the United States, South Africa and France and all other assets and properties related to the beverages business of CS and its Affiliates in the United States, South Africa, France and Australia (and not primarily related to the beverages business of CS and its Affiliates outside the United States, South Africa, Australia and France) other than the Assumed Lease (as defined in Section 1.06(a)(iii)) with respect to certain property in Florida, U.S.A.; (5) the company owned bottling operations of CS in Belgium, Mexico (the "Mexican COBO"), Spain, Portugal and Zambia and CS's equity interest in a bottling company in Zimbabwe (the "CS COBO Operations") and the German Joint Venture (as defined in Section 5.15); (6) all rights to the "Concentrate Surcharge" as defined under and paid pursuant to Clause 4.4 of each of the Licensor Agreements (as defined in the Letter (the "Brands Letter"), dated June 3, 1996, as restated and re-executed on February 10, 1997, between CS and Coca-Cola Enterprises Inc.), as such Licensor Agreements may have been amended; (7) any cash and cash equivalents of the Purchased Businesses as of the Applicable Closing Date; (8) all trademarks, trademark registrations and trademark applications owned by the Purchased Company or the Subsidiaries that are not Owned Trademarks or Omitted Trademarks and all other intellectual property or proprietary rights owned by the Purchased Company or the Subsidiaries contained in advertising, promotional material, packaging material or other material of the Purchased Company or the Subsidiaries which does not embody the Owned Trademarks or Omitted Trademarks; and (9) any assets and properties of the Purchased Company and the Subsidiaries that are not related to the beverages business of CS and its Affiliates outside the United States, South Africa, Australia and France.

KO and CS recognize that trademarks in Australia have not been included in the Owned Trademarks. After the date of this Agreement, KO and CS shall negotiate in good faith, in connection with the negotiations under Section 5.11, (i) which trademarks in Australia will be included in the Owned Trademarks and transferred to the KO Parties at the Threshold Closing and (ii) the representations, warranties and covenants of the parties relating thereto. Such

Australian trademarks which are identical or substantially identical to those registrations and applications included in the Owned Trademarks shall be transferred to the KO Buyers at the Threshold Closing, whether or not such an agreement has been reached.

(b) The parties recognize that the transactions contemplated by this Agreement and the Transaction Documents (as defined in Section 3.02) provide for the transfer from the CS Parties to the KO Buyers of Assets and Assumed Liabilities (as defined in Section 1.06(a)) in numerous countries throughout the world and that the conditions to the closing of the transactions contemplated by this Agreement and the Transaction Documents specified in Articles 6 and 7 may be satisfied in certain countries before such conditions are satisfied in other countries. Accordingly, the parties are prepared, subject to the terms and conditions set forth in this Section 1.01 and in the remainder of this Agreement (including the adjustments to the Purchase Price described in Section 1.02), to consummate the transactions contemplated by this Agreement and the Transaction Documents with respect to the Purchased Businesses in certain countries prior to the consummation of the transactions contemplated by this Agreement and the Transaction Documents with respect to the Purchased Businesses in other countries. However, the parties recognize and understand that the transactions contemplated by this Agreement and the Transaction Documents in any event must include the Purchased Businesses in certain countries in order for KO to receive sufficient benefit from the transactions contemplated hereby and thereby, even taking into account the Purchase Price adjustments described in Section 1.02. Accordingly, it is expressly agreed that none of the transactions contemplated by this Agreement and the Transaction Documents shall be consummated unless the conditions to closing specified in Articles 6 and 7 have been satisfied or waived by the appropriate parties with respect to the Purchased Businesses in the countries set forth on Schedule 1.01(b) (the "Threshold Condition").

(c) If the Threshold Condition is satisfied, then at the closing of the transactions contemplated by this Agreement and the Transaction Documents with respect to the Purchased Businesses in the countries sufficient to satisfy the Threshold Condition (the "Threshold Closing"), the parties shall consummate the transactions contemplated by this Agreement and the Transaction Documents in such countries and shall consummate the transactions contemplated by this Agreement and the Transaction Documents with respect to the Purchased Businesses in each other country with respect to which the conditions to closing specified in Articles 6 and 7 have been satisfied or waived by the appropriate parties. The date of the Threshold Closing is referred to herein as the "Threshold Closing Date." Notwithstanding anything in this Agreement to the contrary, CS shall cause the CS Parties to transfer each of the Plants to the KO Buyers at the Threshold Closing even if the remaining Purchased Businesses in Ireland and Spain cannot be transferred at the Threshold Closing because the conditions to closing with respect thereto have not been satisfied.

(d) If the Threshold Condition is satisfied but not all of the Purchased Businesses in all countries are transferred to the KO Buyers at the Threshold Closing, then unless otherwise prohibited by law, at the Threshold Closing the CS Parties shall assign, transfer and deliver to the KO Buyers all right, title and interest of the CS Parties in and to all the Owned Trademarks in all countries throughout the world (excluding the United States, South Africa and

France) (the countries in which the KO Buyers are unable to purchase the Purchased Businesses being referred to herein as the "Excluded Countries"), even if KO is unable to purchase the Purchased Businesses in any such country. In such event, CS or a subsidiary of CS and KO or a subsidiary of KO shall enter into an exclusive royalty-free, freely transferable license agreement (an "Excluded Country License Agreement"), with a right to sublicense, in form and substance reasonably satisfactory to the parties pursuant to which KO or such subsidiary will grant to CS or such subsidiary (and any transferee of CS or such subsidiary) the right to use in perpetuity such Owned Trademarks in the Excluded Countries or until such time as KO purchases the Assets related to such Owned Trademarks in any such Excluded Country. Such Excluded Country License Agreement shall include, without limitation, terms providing CS with brand extension and rights to new packaging, and brands, trademark, trade name or similar rights connected or associated with such Owned Trademarks. In the case of Owned Trademarks owned by the Purchased Company or a Subsidiary in the Excluded Countries, the Purchased Company or Subsidiary shall prior to the Threshold Closing (i) if not prohibited by law, retain such Owned Trademarks, in which case such Purchased Company or Subsidiary shall enter into an Excluded Country License Agreement with CS or a wholly owned subsidiary of CS with respect to such Owned Trademarks or (ii) if the retention of such Owned Trademarks would be prohibited by law, transfer to CS or a wholly owned subsidiary of CS for fair market value all of its right, title and interest in such Owned Trademarks. If the KO Buyers shall subsequently purchase the Purchased Businesses in any Excluded Country pursuant to this Article 1 at a Subsequent Closing, the value of such Purchased Businesses shall be as set forth on Schedule 1.02(b)-1 as if such businesses continued to own the Owned Trademarks and related rights in such country.

(e) Following the Threshold Closing and for a period ending on the last business day of the first quarterly period (i.e., the last business day on or prior to March 31, June 30, September 30 or December 31) ending following the fifth anniversary of the Threshold Closing Date (the "Subsequent Closing Expiration Date"), as the conditions to the closing of the transactions contemplated by this Agreement and the Transaction Documents specified in Articles 6 and 7 with respect to the Purchased Businesses in a country become capable of being satisfied (or are waived by the appropriate parties), the parties shall consummate the transactions contemplated by this Agreement and the Transaction Documents associated with such Purchased Businesses in such country on the last business day of the first quarterly period (i.e., the last business day on or prior to March 31, June 30, September 30 or December 31) following the satisfaction of such conditions and such other date as may be agreed by the parties; provided, however, that, except for any Applicable Closing on the Subsequent Closing Expiration Date, no such Applicable Closing shall occur until the passage of at least thirty days following satisfaction of such conditions. Each such

closing is referred to herein as a "Subsequent Closing," and the Threshold Closing and each Subsequent Closing are referred to herein individually, as the context may require, as an "Applicable Closing." The date of a Subsequent Closing is referred to herein as a "Subsequent Closing Date," and the date of an Applicable Closing is referred to herein, as the context may require, as an "Applicable Closing Date."

(f) Notwithstanding the foregoing, KO shall determine whether the property listed in item 9 (collectively, the "Malvern Facility") on Schedule 1.01(a)(iii) will be transferred to KO (and whether the Assumed Lease on Schedule 1.06(a)(iii) relating to the Malvern Facility

will be assumed by KO) at the Threshold Closing or at a Subsequent Closing. The parties agree that the properties listed in such items 9(a) and 9(b) must be transferred to the KO Parties at the same time.

1.02 PURCHASE PRICE.

(a) Subject to Section 1.02(b), the aggregate purchase price (the "Purchase Price") for the Purchased Businesses shall be (i) cash in an amount equal to (A) U.S.$1,720,000,000 minus (B) the Assumed Debt (as defined in Section 5.24), excluding any Assumed Debt included in the calculation of the Working Capital Adjustment, plus (C) the Working Capital Adjustment (which may be positive or negative), plus (D) cash on hand of the Purchased Company and the Subsidiaries (collectively, the "Cash Portion"), and (ii) an interest-free registered note substantially in the form of Exhibit 1.02 issued by KO, AI or another KO Buyer (which if so issued by AI or another KO Buyer shall be guaranteed by KO) to the CS Party designated by CS on the Threshold Closing Date in the principal amount of U.S.$180,000,000 and payable on the tenth anniversary of the Threshold Closing Date (the "Note").

(b) If the Threshold Condition is satisfied but not all of the Purchased Businesses are transferred to the KO Buyers at the Threshold Closing, then the Purchase Price to be paid at the Threshold Closing shall be reduced (first by reducing the Cash Portion of the Purchase Price and then next by reducing the principal amount of the Note) on a country by country basis as provided in Schedule 1.02(b)-1 by reducing the Purchase Price by the amount specified in Schedule 1.02(b)-1 with respect to each country in respect of which all of the Purchased Businesses are not transferred. If the Threshold Condition is satisfied but the conditions to closing specified in Articles 6 and 7 shall not have been satisfied in any of the countries set forth on Schedule 1.02(b)-2, then the Purchase Price payable at the Threshold Closing shall be reduced by an amount equal to (i) 130% of the amount specified in Schedule 1.02(b)-1 as the agreed upon value of such country in the case of the countries set forth on Schedule 1.02(b)-3 and (ii) 120% of the amount specified in Schedule 1.02(b)-1 as the agreed upon value of such country in the case of the countries set forth on Schedule 1.02(b)-4.

(c) The amount of the Purchase Price to be paid at a Subsequent Closing in a given country shall equal (i) (A) the amounts corresponding to the Purchased Businesses being purchased at such Subsequent Closing as provided in Schedule 1.02(b)-1, multiplied by (B) (I) 100%, if the Subsequent Closing occurs on or prior to the third anniversary of the Threshold Closing, (II) 103%, if the Subsequent Closing occurs following the third anniversary of the Threshold Closing but on or prior to the fourth anniversary of the Threshold Closing, or (III) 106% if the Subsequent Closing occurs following the fourth anniversary of the Threshold Closing, minus (ii) Assumed Debt, if applicable, with respect to such Purchased Businesses (except for any Assumed Debt included in the calculation of the Working Capital Adjustment) plus (iii) the Working Capital Adjustment with respect to such Purchased Businesses (which may be either positive or negative), plus (D) cash and cash equivalents on hand of any of the Purchased Company or the Subsidiaries, if any, being transferred at such Subsequent Closing, if the Purchased Company and the Subsidiaries have not been previously transferred. If there is a

Subsequent Closing in any of the countries listed on Schedule 1.02(c)-1 the amounts in clause (i) above with respect to such Purchased Businesses in such country shall equal 30% of the

amount specified in Schedule 1.02(b)-1 as the agreed upon value of such country plus the amount determined by clause (i) for such country. Likewise, if there is a Subsequent Closing in any of the countries listed on Schedule 1.02(c)-2, the amounts in clause (i) above with respect to such Purchased Businesses in such country shall equal 20% of the amount specified in Schedule 1.02(b)-1 as the agreed upon value of such country plus the amount determined by clause (i) for such country. With respect to any country not listed specifically on Schedule 1.02(b)-1, the amount corresponding to such country for purposes of the Purchase Price shall be equal to (x) the total value attributed to the group in which such country is a member, multiplied by (y) a fraction, the numerator of which shall be the volume of carbonated soft drink beverages sold during fiscal year 1997 by CS in such country, and the denominator of which shall be the volume of carbonated soft drink beverages sold during fiscal year 1997 by CS with respect to the entire group in which such country is a member. Schedule 1.02(c)-3 indicates to which group each country that is not specifically identified on Schedule 1.02(b)-1 belongs.

(d) As used herein, the term "Debt" shall mean the current and long-term portions of any liabilities or obligations of the Purchased Businesses or related to the Assets that would be reflected as indebtedness for borrowed money on a balance sheet prepared in accordance with United Kingdom generally accepted accounting principles ("UK GAAP"), including, without limitation, (i) any obligations for borrowed money of the Purchased Businesses or relating to any of the Assets, and (ii) all obligations of the Purchased Businesses or relating to any of the Assets evidenced by bonds, debentures, notes or other similar instruments.

(e) As used herein, the phrase "Working Capital Adjustment" shall mean an amount (converted to U.S. dollars based on the closing exchange rate on the date of the Applicable Closing), whether positive or negative, equal to (A) (i) the sum of the line items "Stocks," "Trade/Other Debtors" and "Intercompany Current Accounts" (if positive), of the Carcagente Plant, as defined in accordance with the CS Group Hyperion Reporting System (the "CS Hyperion Reporting System") in each case as determined in accordance with UK GAAP on a basis consistent with past practice, minus (ii) the sum of the line items "Trade/Other Creditors" and the absolute value of "Intercompany Current Accounts" (if negative) as defined in accordance with the CS Hyperion Reporting System, in each case as determined in accordance with UK GAAP on a basis consistent with past practice, minus (iii) 2,800,000 British pounds; plus (B) (i) the sum of the line items "Stocks," "Trade/Other Debtors" and "Intercompany Current Accounts" (if positive) of the Athy Plant, as defined in accordance with the CS Hyperion Reporting System, in each case as determined in accordance with UK GAAP on a basis consistent with past practice, minus (ii) the sum of "Trade/Other Creditors" and the absolute value of "Intercompany Current Accounts" (if negative), in each case as determined in accordance with UK GAAP on a basis consistent with past practice, minus (iii) 2,000,000 British pounds. For purposes of the foregoing, the working capital of the Athy Plant shall be determined based upon the principles applied in the CS Hyperion Reporting System as reflected in the Plant Balance Sheet relating to the Athy Plant, and specifically shall not include any working capital of the Purchased Company and Subsidiaries other than that of the Athy Plant.

1.03 PAYMENTS AT CLOSINGS.

(a) Upon the terms and subject to the conditions of this Agreement, on the Applicable Closing Date, KO shall, or shall cause the KO Buyers to, pay to the CS Parties the Preliminary Purchase Price (or portion thereof) as determined in accordance with Section 1.03(b).

(b) Not later than seven business days prior to each Applicable Closing Date, the CS Parties shall prepare and deliver to the KO Buyers an estimate of the Assumed Debt, the Working Capital Adjustment (itemized in reasonable detail on an obligation by obligation and item by item basis) and cash and cash equivalents of the Purchased Company and the Subsidiaries as of the close of business on the Applicable Closing Date, and a calculation of the estimated Purchase Price (or portion thereof) (the "Preliminary Purchase Price") to be paid at the Applicable Closing based on such Assumed Debt, Working Capital Adjustment, cash and cash equivalents, and the Purchased Businesses being

purchased at such Applicable Closing. The calculations of the Assumed Debt, Working Capital Adjustment, cash and cash equivalents and the Preliminary Purchase Price shall be accompanied by a certificate of the chief financial officer of each of the CS Parties involved in the Applicable Closing to the effect that such calculations represent a good faith effort accurately to determine such items in a manner consistent with the methods to be used in preparing the Applicable Closing Date Financial Statements.

1.04 CLOSING DATE FINANCIAL STATEMENTS AND CERTIFICATE OF ADJUSTMENTS.

(a) As soon as practicable after each Applicable Closing Date, the KO Buyers will prepare balance sheets of the Purchased Businesses acquired at such Applicable Closing, which balance sheets shall be prepared as of the close of business on the Applicable Closing Date and income statements of the Purchased Businesses so acquired for the periods from January 4, 1998 through January 2, 1999 and from January 3, 1999 through the Applicable Closing Date. Such balance sheets and income statements shall be prepared in accordance with UK GAAP, consistently applied by the Purchased Businesses so acquired in relation to the Financial Statements (as defined in Section 2.07(a)), such that such balance sheets and income statements give a true and fair view of the financial position and results of operations of the Purchased Businesses so acquired at the date of such balance sheets and income statements and for the period then ended in conformity with UK GAAP, consistently applied by the Purchased Businesses so acquired in relation to the Financial Statements. Such balance sheets and income statements are referred to herein respectively as the "Applicable Closing Date Balance Sheets" and the "Applicable Closing Date Income Statements" and are referred to herein collectively as the "Applicable Closing Date Financial Statements."

(b) The Applicable Closing Date Financial Statements shall be delivered by the KO Buyers and the accountants designated by the KO Buyers (the "KO Accountants") to the CS Parties as promptly after such Applicable Closing Date as practicable but in no event later than 120 days following the Applicable Closing Date. During the preparation of the Applicable Closing Date Financial Statements (and during the period of time contemplated by this Section

1.04(b) and Section 1.04(c)), KO shall cause KO's Accountants to keep CS's independent accountants ("CS's Accountants") reasonably informed of the information being used to prepare the Applicable Closing Date Financial Statements and shall provide CS's Accountants with reasonable access to all relevant materials, including without limitation all work papers of KO's Accountants and access to the books and documents of the Purchased Businesses. The Applicable Closing Date Financial Statements shall be accompanied by a statement signed by the chief financial officer of KO (the "Certificate of Adjustments") containing a calculation of the Assumed Debt, the Working Capital Adjustment and cash and cash equivalents of the Purchased Company and the Subsidiaries with respect to the Purchased Businesses so acquired as of the Applicable Closing Date and a calculation of the Purchase Price based on such Assumed Debt and Working Capital Adjustment (the "Final Purchase Price"). The determination of the Assumed Debt, the Working Capital Adjustment and cash and cash equivalents of the Purchased Company and the Subsidiaries as of the Applicable Closing Date and the Final Purchase Price as calculated by the KO Buyers shall be binding on the CS Parties if CS has not delivered written notice (the "Objection Notice") of objection to the Applicable Closing Date Financial Statements and/or the Certificate of Adjustments to the KO Buyers within 30 business days following the receipt by the CS Parties of the Applicable Closing Date Financial Statements and the Certificate of Adjustments.

(c) CS shall, and shall cause the CS Parties to, provide the KO Parties and the KO Accountants with such management letters, certificates, representations and other documents as in the reasonable judgment of the KO Parties and the KO Accountants are necessary in order to make the statements contained in the Certificate of Adjustments or to permit the KO Accountants to render an opinion that the Applicable Closing Date Financial Statements give a true and fair view of the financial position and results of operations of the Purchased Businesses so acquired at the date of such balance sheets and for the periods

then ended in conformity with UK GAAP, consistently applied by the Purchased Businesses in relation to the Financial Statements. Any Objection Notice shall state in reasonable detail the items and calculations objected to, and the KO Parties, the CS Parties and their respective accountants will seek in good faith, for a period of 30 business days following delivery of any Objection Notice, to resolve promptly the matters set forth in the Objection Notice. If the parties are unable to resolve such differences during such 30 business day period, the parties will submit the matter for the review of Deloitte & Touche or such other internationally recognized public accounting firm as may be mutually agreed to by KO and CS (the "Review Accounting Firm"), and the review by the Review Accounting Firm shall be limited solely to such items and calculations as were addressed in the Objection Notice and have not been resolved by the parties. The parties shall cause the Review Accounting Firm to review as promptly as practicable, subject to the limitations of the previous sentence, the preparation of the Applicable Closing Date Financial Statements and Certificate of Adjustments and the calculation of the Final Purchase Price set forth therein and to make, subject to the limitations of the previous sentence, such corrections thereto as it deems appropriate consistent with the terms of this Agreement. The Review Accounting Firm shall issue a written report of its review, setting forth in reasonable detail its calculation of the Final Purchase Price. The determination of the Final Purchase Price as calculated by the Review Accounting Firm shall be conclusive and binding on the KO Parties, the CS Parties and the Purchased Businesses.

(d) The fees and expenses of the accountants to the CS Parties for the services referred to herein shall be paid for by the CS Parties. The fees and expenses of the KO Accountants shall be paid by the KO Parties. If differences are submitted to the Review Accounting Firm, its fees and expenses shall be shared equally by the CS Parties, on the one hand, and the KO Parties, on the other.

1.05 POST-CLOSING ADJUSTMENTS. On or before the date that is ten business days following the date of the final determination of the Final Purchase Price in accordance with Section 1.04:

(a) If the Preliminary Purchase Price is less than the Final Purchase Price, the KO Buyers shall pay to the CS Parties an amount in cash equal to the difference, together with interest on such amount for the period from the Applicable Closing Date to the date of such payment at a rate equal to the United States Fed Funds Rate, as from time to time in effect and as calculated based upon a 360-day year (the "Rate").

(b) If the Preliminary Purchase Price is greater than the Final Purchase Price, CS shall cause the CS Parties to pay to the KO Buyers an amount in cash equal to such difference, together with interest on such amount for the period from the Applicable Closing Date to the date of such payment at a rate equal to the Rate.

1.06 ASSUMED LIABILITIES; EXCLUDED LIABILITIES

(a) The KO Buyers shall purchase the Assets (including the Purchased Company and the Subsidiaries) free and clear of any liabilities or obligations whatsoever, except for the following (the "Assumed Liabilities " and, together with the Assets, the "Purchased Businesses"):

(i) all liabilities relating to the Plants, but only to the extent such liabilities are both (A) reflected and adequately reserved against in the balance sheets of the Plants as of the Threshold Closing as prepared in accordance with Section 1.04, and (B) have been incurred in the ordinary course of the business of the Plants and consistent with past practices and are consistent in all material respects in nature and amount with the liabilities reflected and adequately reserved against in the balance sheets of the Plants included as Schedule 1.06(a)(i) (the "Plant Balance Sheets");

(ii) all liabilities and obligations under (A) the bottling and distribution agreements set forth on Schedule 2.20(c) (the "Bottling and Distribution Agreements"), including any marketing commitments with respect thereto (other than the Supplemental Contributions (as defined in Section 9.01(a)(ix)), and (B) any Contracts relating to the Plants, in each case of

clauses (A) and (B) in respect only of periods after the Applicable Closing, and in addition in the case of marketing commitments and Contracts relating to the Plants only to the extent entered into in the ordinary course of business consistent with past practice or disclosed on Schedule 1.06(a)(ii);

(iii) all liabilities and obligations in respect only of periods after the Applicable Closing under the real property lease agreements set forth on Schedule 1.06(a)(iii) (the "Assumed Leases");

(iv) any Assumed Debt, to the extent included in the calculation of the Final Purchase Price;

(v) all liabilities and obligations in respect only of periods after the Applicable Closing under any furniture or equipment leases relating to the beverages business of CS and its Affiliates outside the United States, but only to the extent KO elects to assume any such liabilities or obligations under Section 5.29; and

(vi) all liabilities and obligations to the extent specifically provided to be assumed by KO in Sections 5.06 and 5.31(a).

(b) Except as set forth in Section 1.06(a) or Section 9.02(a)(v), the KO Buyers shall not be liable for or responsible for any liabilities or obligations whatsoever in respect of any events, circumstances, conditions or facts prior to the Applicable Closing Date of any of the Purchased Businesses or relating to any of the Assets or CS's beverages businesses or other businesses, whether accrued, absolute, contingent, known, unknown or otherwise (the "Excluded Liabilities"). CS shall be responsible for, shall assume and shall retain all such Excluded Liabilities (whether or not any such Excluded Liabilities are liabilities or obligations of the Purchased Company or the Subsidiaries).

1.07 METHOD OF PAYMENT. All payments from one party to another under this Agreement shall be made in U.S. dollars by wire transfer of immediately available funds to such account as may be reasonably designated by the party to receive such payments.

1.08 CONVEYANCE DOCUMENTS. At each Applicable Closing, CS shall, and shall cause the other CS Parties to, enter into conveyance documents in such form as may be reasonably requested by KO and the KO Buyers (the "Conveyance Documents"), which documents will, among other things, provide for the valid and effective transfer of title in and to the Assets to the KO Buyers to be acquired at such Applicable Closing, and the assumption or retention by the CS Parties of the Excluded Liabilities. In addition, at each Applicable Closing, KO shall, or shall cause the other KO Buyers to, enter into assumption documents in such form as may be reasonably requested by the CS Parties (the "Assumption Documents"), which documents will provide for the assumption by the KO Buyers of the Assumed Liabilities.

ARTICLE 2

CS REPRESENTATIONS AND WARRANTIES

CS represents and warrants to KO as of the date hereof and as of each Applicable Closing Date (with respect to the Purchased Businesses being transferred as of such Applicable Closing Date) that:

2.01 ORGANIZATION, ETC.

(a) Each of the CS Parties and the Purchased Company is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. The Purchased Company has all requisite power and authority, corporate or otherwise, to carry on and conduct its business in all material respects and to own or lease its properties and assets, and is duly qualified and in good standing in each jurisdiction in which the conduct of its business or the ownership of its properties and assets requires it to be so qualified.

(b) Schedule 2.01(b) sets forth a correct and complete

list of each corporation, association, subsidiary, partnership, limited liability company or other entity of which the Purchased Company owns or controls, directly or indirectly, 20% or more of the outstanding equity interests (such entities are hereinafter referred to as "Subsidiaries"). Except as set forth in Schedule 2.01(b), there is no corporation, association, subsidiary, partnership, limited liability company or other entity of which the Purchased Company owns or controls, directly or indirectly, any outstanding equity interests. The Purchased Company owns, directly or indirectly, all of the equity interests of each Subsidiary, free and clear of any Security Interests. All of the outstanding capital stock of each Subsidiary has been duly authorized and is validly issued, fully paid and nonassessable, and not subject to any preemptive rights. There are no voting trusts or other agreements or understandings with respect to the voting of capital stock or other equity interests of any Subsidiary. Each Subsidiary is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has the power and authority necessary for it to own or lease its properties and assets and to carry on its business in all material respects as it is now being conducted. Each Subsidiary is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary.

(c) CS has made available to KO complete, true and correct copies of the charter documents and bylaws of CS, the Purchased Company and the Subsidiaries. The minutes of directors' and shareholders' meetings and the stock records of the Purchased Company and the Subsidiaries that have been made available to KO are in all material respects the complete, true and correct records of directors' and shareholders' meetings and stock issuances through and including the date of this Agreement and constitute all the minutes and stock records in existence.

(d) The officers and directors of the Purchased Company and the Subsidiaries as of the date of this Agreement are listed in Schedule 2.01(d).

2.02 AUTHORIZATION; ENFORCEABILITY. CS has all requisite corporate power and authority to execute and deliver this Agreement, and CS and each of the other CS Parties shall, at the time of execution and delivery of such documents at each Applicable Closing, have all requisite corporate power and authority to execute and deliver the other agreements to be entered into by any of such parties pursuant to this Agreement (the "Seller Transaction Documents") and to carry out their respective obligations with respect to the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Seller Transaction Documents by

each of the CS Parties which is a party thereto and the consummation of the transactions contemplated hereby and thereby have been, or in the case of the CS Parties other than CS will be at the time of execution and delivery of such documents, duly authorized by all necessary corporate action on the part of each such party. This Agreement has been (and the other Seller Transaction Documents will be at the Threshold Closing or at a Subsequent Closing, as applicable) duly and validly executed and delivered by each of the CS Parties which is a party thereto, and (assuming due authorization, execution and delivery by the KO Parties of this Agreement and the Transaction Documents to which they are a party) this Agreement constitutes (and each of the other Seller Transaction Documents will constitute at the Threshold Closing or at a Subsequent Closing, as applicable) a valid and binding agreement of each such party enforceable against it in accordance with its terms.

2.03 NO CONFLICT.

(a) Except as may be necessary as a result of any facts or circumstances relating solely to the KO Parties, the execution and delivery of this Agreement and the Seller Transaction Documents by each of the CS Parties which is a party thereto, the consummation of the transactions contemplated hereby and thereby by each of the CS Parties which is a party thereto, and the performance of the covenants and agreements of each of the CS Parties contained herein and therein will not, with or without the giving of notice or the lapse of time, or both (i) to the knowledge of the CS Parties and the Purchased Businesses, require any of the CS Parties or any of the Purchased Businesses

to make any material filing or material registration with, or obtain any material permit, material authorization, material consent or material approval of, any Governmental Authority (as defined in Section 2.03(c)), except for the filings and consents listed in Schedule 2.03 and except for filings, notifications or approvals required under any antitrust or competition laws, (ii) violate or conflict with any of the provisions of any charter instrument, bylaw or other governing documents of any of the CS Parties or the Purchased Company or the Subsidiaries, (iii) except as set forth in Schedule 2.03, in any material respect, violate, conflict with, result in a breach or default under, or result in the termination of, or cause the acceleration of the maturity of any material debt or material obligation pursuant to any term or condition of, any material mortgage, material note, material indenture, material contract, material license, material permit, material instrument or other material agreement or material document to which the Purchased Company or Subsidiaries is a party or by which any of the Purchased Businesses or its properties may be bound (or to which any of the CS Parties is a party or by which it or its properties may be bound in any case, if such violation, conflict, breach, default, termination or acceleration would adversely affect in any material respect the transactions contemplated by this Agreement or would result in a material Loss to any KO Party or any Purchased Business), (iv) to the knowledge of the CS Parties and the Purchased Businesses, and except for filings, notifications or approvals required under any antitrust or competition laws, violate in any material respect any provision of any material statute or material law, any material judgment, material decree, material order, material regulation or material rule of any Governmental Authority or any material arbitration award to which the Purchased Company or Subsidiaries is a party or by which any Purchased Businesses or its properties may be bound (or to which any of the CS Parties is a party or by which it or its properties may be bound in any case if such violation would adversely affect in any material respect the

transactions contemplated by this Agreement or would result in a material Loss to any KO Party or any Purchased Business), or (v) result in the creation or imposition of any material Security Interest upon any material Asset or any other material asset of the Purchased Company or Subsidiaries.

(b) Except as set forth in Schedule 2.03 and except for filings, notifications or approvals required under any antitrust or competition laws, to the knowledge of the CS Parties and the Purchased Businesses, no material consent or material approval is required by virtue of the execution of this Agreement or the consummation of any of the transactions contemplated hereby to avoid the violation or breach in any material respect of, or the default in any material respect under, or the creation of a material lien on any of the material Assets or any of the material assets of the Purchased Company or Subsidiaries pursuant to the terms of, any material law, material rule, material regulation, material order, material decree or material award of any Governmental Authority or any material mortgage, material note, material license to manufacture and distribute beverages, material lease, material contract or any other material instrument to which the Purchased Company or Subsidiaries is a party or by which any of the Purchased Businesses or any of its properties is bound.

(c) As used herein, the phrase "Governmental Authority" shall mean any governmental or regulatory authority or instrumentality, or any department or agency thereof, including, without limitation, any court, administrative agency or commission.

2.04 OWNERSHIP OF THE SHARES.

(a) Except as set forth on Schedule 2.04, each CS Party owns good and marketable record title to and all beneficial interest in all of the Shares specified on Schedule 2.04 opposite such CS Party's name, which in the aggregate constitute 100% of the share ownership of the Purchased Company. The Shares (i) are validly issued, fully paid and nonassessable, and (ii) are owned by the CS Parties free and clear of any Security Interests, with no defects of title. As used in this Agreement, "Security Interest" shall mean any pledge, security interest, lien, charge, equity, claim, option, right of first refusal or other restriction on transfer of any nature, or any other encumbrance of any nature.

(b) Each CS Party has the exclusive right, power and authority to vote the Shares owned by such CS Party. No CS Party is party to or bound by any agreement affecting or relating to such CS Party's right to transfer or vote any Shares. There are no proxies outstanding or powers of attorney granted by any CS Party with respect to any Shares.

2.05 AUTHORIZED AND OUTSTANDING STOCK. The authorized capital stock of the Purchased Company and the Subsidiaries and the number of issued and outstanding shares thereof is set forth in Schedule 2.05. The list of the shareholders of the Purchased Company and the Subsidiaries set forth in Schedule 2.05 is a true, correct and complete list of the record shareholders of such Purchased Company and the Subsidiaries and the number of shares held of record by each such shareholder. None of the Purchased Company or the Subsidiaries or the CS Parties has outstanding or is bound by, any subscriptions, options, warrants, calls, commitments

or agreements requiring any of such Persons (as hereinafter defined) to issue or sell or entitling any Person to acquire any shares of capital stock or any other equity security (including any right of conversion or exchange under any outstanding security or other instrument) of the Purchased Company or Subsidiaries, and none of the Purchased Company or the Subsidiaries or the CS Parties is obligated to issue or dispose of any shares of capital stock of the Purchased Company or Subsidiaries for any purpose. All issuances, transfers, purchases or redemptions of the capital stock of the Purchased Company and the Subsidiaries have been in compliance with all applicable agreements and all applicable laws, and all Taxes (as defined in Section 2.23) thereon have been paid. There are no outstanding obligations of the Purchased Company or the Subsidiaries to repurchase, redeem or otherwise acquire any outstanding shares of stock of the Purchased Company or the Subsidiaries. There are no shares of capital stock held in the treasury of the Purchased Company or the Subsidiaries. As used in this Agreement, "Person" shall mean an individual, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or any Governmental Authority or any other entity.

2.06 TRANSFER CLAIMS. None of the CS Parties, the Purchased Company or the Subsidiaries has effected any redemption, purchase or other acquisition from any unaffiliated Person of any capital stock or other equity interests (including any options, warrants or debt convertible into stock, options or warrants) of the Purchased Company or the Subsidiaries (including without limitation by way of merger or consolidation) during the past five years which has given or may give rise to any claim or action by any such Person with respect to any of the foregoing which is enforceable against any of the Purchased Businesses, the CS Parties or the KO Parties.

2.07 FINANCIAL STATEMENTS.

(a) Attached as Schedule 2.07 are (i) the audited balance sheets of the Purchased Company and the Subsidiaries as at January 3, 1998, and the related audited statements of income and retained earnings for the periods then ended, together with the related notes thereto (the "Audited Financial Statements"), and, (ii) for the Purchased Businesses, (A) the unaudited management accounts (comprising profit and loss account, balance sheet and cash flow statement) as of January 3, 1998 and for the 53 weeks then ended, and as at November 6, 1998 and for the 44 weeks then ended (the "Unaudited Management Accounts", and together with the Audited Financial Statements, the "Financial Statements"), and (B) unaudited Form 22Bs for the 53 weeks ended January 3, 1998, derived from the Unaudited Management Accounts, showing volume and profitability by brand (the "CS GCAM Statements"). The balance sheets referred to in the Financial Statements are referred to herein as the "1997 Balance Sheets."

(b) The Audited Financial Statements are based on the books and records of the Purchased Company and the Subsidiaries and have been prepared in accordance with the generally accepted accounting principles applicable in each of the relevant jurisdictions on a basis consistent with past practices of CS and the CS Parties and throughout the periods involved. The Audited Financial Statements present fairly in all material respects the financial condition and results of operations and retained

earnings of the Purchased Company and the

Subsidiaries as of such dates or for the periods covered thereby.

(c) The Unaudited Management Accounts (which include the Plant Balance Sheets and other financial statements relating to the Plants) have been extracted unadjusted from the CS Hyperion Reporting System as used throughout the CS Group of companies (the "CS Group") and presented to the Main Board of CS, and prepared in accordance with CS Group management accounting practice. For key reporting lines, the year-end Unaudited Management Accounts have been reconciled to and are materially consistent with the audited year-end Group statutory accounts which are used for external reporting. The Unaudited Management Accounts are only representative of the businesses being purchased but are those that most closely match the Purchased Businesses. Any material differences between the Unaudited Management Accounts and the individual Purchased Businesses are clearly identified in the reconciliation of GCAM (as defined in Section 2.07(d)) following.

(d) The CS GCAM Statements represent an analysis of volume, net sales, marketing spend and Gross Contribution after Marketing ("GCAM") of beverage and food brands for each management entity as identified within the CS Hyperion Reporting System. The CS GCAM Statements taken as a whole have been prepared with no material misstatements.

(e) The net revenues and marketing expenditures as reported in the CS Hyperion Reporting System form the basis for the CS GCAM Statements (beverages and foods) and on consolidation, form the basis of CS's audited Group statutory accounts for the year ended January 3, 1998. The Purchased Businesses do not include foods or selected brands and countries. The "Purchased GCAM" can be reconciled to the consolidated GCAM reflected in CS's Unaudited Management Accounts for the year ended January 3, 1998, and the items below represent all material reconciling items necessary to perform such a reconciliation.

Total GCAM as per "Unaudited Management Accounts" and "CS GCAM Statement"

Less: Total foods GCAM

Less: Total non CS - owned brands GCAM

Less: Specific brands
- MOTT's
- Clamato
- Mr and Mrs T
- Energade
- Sunboost
- Brookes (Bromor)
- MIAMI (MOTT's)
- Oasis (Italy)

Less: Specific countries
- Puerto Rico (within CSLAMB)
- Australia
- France
- South Africa

Less: General
- certain restrictions to normal concentrate cash flow arising from minority holdings in Zimbabwe and Germany
- 500k British pounds adjustment reflecting pricing and cost differentials in GB resulting from a separate CCE Agreement.

Equals: GCAM of the Purchased Businesses

Notes to reconciliation:

i) For CS COBO operations, the GCAM's represented in the GCAM statements represent full system GCAM.

ii) The GCAM Statements for Germany and Zimbabwe represent full company GCAM's (not only CS's shareholdings).

2.08 NO UNDISCLOSED LIABILITIES. Except as set forth on Schedule 2.08 or as and to the extent reflected and adequately reserved against in the 1997 Balance Sheets or referred to in the notes thereto, as of January 3, 1998, none of the Purchased Businesses had any material liabilities or material obligations, whether accrued, absolute, contingent, known, unknown or otherwise. Except as set forth in Schedule 2.08, since January 3, 1998, none of the Purchased Businesses has incurred any material liabilities or material obligations, except for liabilities and obligations incurred by the Purchased Businesses in the ordinary course of business consistent with past practice.

2.09 NO VIOLATION OF LAW; LICENSES AND PERMITS. Except as set forth on Schedule 2.09, none of the Purchased Businesses is or, to the knowledge of the CS Parties or the Purchased Businesses in the past five years has been, in violation in any material respect of applicable material laws, material ordinances, material rules, material regulations, material orders or material decrees, including, without limitation, any antitrust or competition laws. Each of the Purchased Businesses has all material licences, material permits or other material authorizations of Governmental Authorities necessary for the production and sale of its products, and has all other required material licenses, material permits or other material authorizations of Governmental Authorities and has made all required material filings with any Governmental Authorities necessary for the conduct of its business.

2.10 PROPERTY.

(a) Schedule 2.10(a) sets forth a complete and accurate list and description of all the real property that any of the Purchased Businesses currently owns or has agreed (or has an option) to purchase (the "Owned Real Property") or leases for annual lease payments in excess of U.S.$150,000 (the "Leased Real Property," and together with the Owned Real Property, the "Real Property"). Except as set forth in Schedule 2.10(a), (i) none of the Real Property is subject to any governmental decree or order, or to the knowledge of the CS Parties or the Purchased Businesses threatened or proposed order, to be sold or taken by any Governmental Authority, and (ii) none of the Owned Real Property, or to the knowledge of the CS Parties or the Purchased Businesses the Leased Real Property, is subject to any rights of way, building use restrictions, exceptions, variances, reservations or limitations (other than any rights of way, building use restrictions, exceptions, variances, reservations or limitations which do not affect in any material respect the value of any such Real Property or the ability to own (in the case of the Owned Real Property), or to use, operate or conduct business, as currently used, operated or conducted, on any such Real Property). The plants and structures owned or leased by the Purchased Businesses are in reasonable condition.

(b) Except as set forth in Schedule 2.10(b), the Purchased Businesses (i) own good and marketable title to, or hold valid, enforceable and subsisting leasehold interests in, all of the Real Property and have good, valid and marketable title to all material tangible properties and assets reflected, but not shown as leased or encumbered, in the 1997 Balance Sheets (except for inventory and assets sold in the ordinary course of business consistent with past practice and supplies consumed in the ordinary course of business consistent with past practice), free and clear of any and all Security Interests other than Permitted Liens (as defined in Section 2.10(d)), and (ii) own the Owned Real Property free and clear of all title defects or Security Interests other than Permitted Liens.

(c) The rights, properties and other assets presently owned, leased or licensed by the Purchased Businesses include all material rights, material properties and other material assets necessary to permit the Purchased Businesses to conduct their businesses in all material respects in the same manner as they have been currently conducted. The Assets include all material tangible and intangible assets associated with the Owned Trademarks in each country included in the transactions contemplated by this Agreement, and include, without limitation, all material assets, wherever located, used by CS and its subsidiaries in connection with their international beverages business (excluding the United States, South Africa, France and Australia), and all other ancillary activities conducted in connection with ownership and use of the Owned Trademarks by CS

and its Affiliates.

(d) As used in this Agreement, "Permitted Liens" means the following Security Interests: (i) Security Interests for Taxes, assessments or other governmental charges or levies that are not yet due or payable or that are being contested in good faith by appropriate proceedings; (ii) statutory Security Interests of landlords and Security Interests of carriers, warehousemen, mechanics, materialmen, repairmen and other Security Interests imposed by statute and on a basis consistent with past practice for amounts not yet due; (iii) Security

Interests incurred or deposits made in the ordinary course of the Purchased Businesses and on a basis consistent with past practice in connection with worker's compensation, unemployment insurance or other types of social security; (iv) minor defects of title, easements, rights-of-way, restrictions and other similar encumbrances not detracting in any material respect from the value of any of the Real Property or interfering with the ordinary conduct of the Purchased Businesses; and (v) Security Interests incurred in the ordinary course of the Purchased Businesses and on a basis consistent with past practice securing obligations or liabilities which are not individually, or in the aggregate, material to the relevant Real Property.

2.11 LEASES. Schedule 2.11 contains a complete and accurate list of all leases and lease-purchase arrangements pursuant to which any of the Purchased Businesses leases real or personal property from others involving annual payments in excess of U.S.$150,000. Each such lease is valid, binding and enforceable in accordance with its terms and is in full force and effect; there are no existing material defaults with respect thereto by any of the Purchased Businesses, or to the knowledge of the CS Parties or the Purchased Businesses any other party thereto; and no event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a material default thereunder by any of the Purchased Businesses, or to the knowledge of the CS Parties and the Purchased Businesses any other party thereto. None of the Purchased Businesses is subject to any capital leases.

2.12 INDEBTEDNESS FOR BORROWED MONEY. Except as set forth on Schedule 2.12 and except for indebtedness payable to CS or any subsidiary of CS, there is no direct or indirect indebtedness for borrowed money of any of the Purchased Businesses or relating to any of the Assets in any case either (i) on terms which do not reflect arms' length terms, or (ii) in excess of U.S. $1,000,000, including any indebtedness by way of lease-purchase arrangements, guarantees, undertakings on which others rely in extending credit and conditional sales contracts, chattel mortgages and other security arrangements with respect to personal property used or owned by any of the Purchased Businesses or relating to any of the Assets. No such indebtedness set forth on Schedule 2.12 provides for any prepayment penalty or premium.

2.13 INTELLECTUAL PROPERTY.

(a) "Owned Trademarks" shall mean the trademarks set forth on Schedule 2.13(a)(i). "Major Trademarks" shall mean those registrations included in the Owned Trademarks that correspond to the brand names, current labels, elements of current labels, current slogans, and current bottle designs of the products currently being sold in the countries set forth on Schedule 2.13(a)(ii). Without limiting the foregoing, and in addition thereto, any trademark registrations of the Owned Trademarks which are currently in bona fide commercial use by the Purchased Businesses shall be considered Major Trademarks and any trademark registrations of the Owned Trademarks for the DR. PEPPER trademark, which are currently in use by the Purchased Businesses, shall be considered Major Trademarks. "Miscellaneous Trademarks" shall mean all trademark registrations and applications of the Owned Trademarks not included in the Major Trademarks. Schedule 2.13(a)(iii) sets forth a complete and accurate list of all patents and copyrights, including registrations thereof and applications therefor, and industrial design registrations, in each case owned by the CS Parties and material to the

Purchased Businesses (the "Intellectual Property Rights").

Schedule 2.13(a)(iv) sets forth a complete and accurate list of all licenses of patents, trademarks, trade names, service marks, copyrights and applications therefor licensed to any of the CS Parties that are material to the Purchased Businesses (the "Licensed Rights"). The consummation of the transactions contemplated hereby will not result in the termination or impairment of any of the Major Trademarks.

(b) The CS Parties, the Purchased Company, and the Subsidiaries hold good, valid and enforceable right, title and interest in and to the Major Trademarks free and clear of any Security Interests and at the Applicable Closing the CS Parties will transfer to the KO Buyers good, valid and enforceable right, title and interest in and to the Major Trademarks, free and clear of any Security Interests. The Major Trademarks have not been adjudged invalid or unenforceable in whole or in part, and any registrations thereof are in full force and effect.

(c) The CS Parties are not aware of any existing facts or circumstances that may reasonably be expected to result in the invalidity or unenforceability of the Major Trademarks. The validity of the Major Trademarks, and title thereto have not been successfully challenged in any prior litigation and except as set forth in Schedule 2.13(b) (i) are not being challenged in any pending litigation and (ii) to the knowledge of the CS Parties, are not the subject(s) of any threatened litigation. None of matters on Schedule 2.13(b) may reasonably be expected to result in the invalidity or unenforceability of any of the Major Trademarks.

(d) Except as set forth on Schedule 2.13(b), no Person is currently engaging in any commercial activity that infringes upon the Major Trademarks or has engaged in any commercial activity infringing upon the Major Trademarks that has any current effect.

(e) Except as set forth on Schedule 2.13(b), to the knowledge of the CS Parties, no person is engaging in any commercial activity that infringes upon the Miscellaneous Trademarks or the Intellectual Property rights in any material respect. Except as set forth on Schedule 2.13(b), to the knowledge of the CS Parties, the CS Parties, the Purchased Company, and/or the Subsidiaries own the Intellectual Property Rights and the Miscellaneous Trademarks free and clear of any Security Interests. Except as set forth on Schedule 2.13(b), to the knowledge of the CS Parties, the Intellectual Property Rights and the Miscellaneous Trademarks have not been adjudged invalid or unenforceable in whole or in part, and any registrations thereof are valid and in full force and effect. Except as set forth on Schedule 2.13(b), to the knowledge of the CS Parties, the validity of the Intellectual Property Rights and the Miscellaneous Trademarks, and title thereto, and the rights of the CS Parties in the Licensed Rights, (i) have not been successfully challenged in any prior litigation; (ii) are not being challenged in any pending litigation and (iii) to the knowledge of the CS Parties, are not the subject(s) of any threatened litigation.

(f) Except as set forth on Schedule 2.13(b), the use of the Major Trademarks and to the knowledge of the CS Parties the operation of the businesses of the Purchased Businesses and the use of the Intellectual Property Rights and the Miscellaneous Trademarks, have not been alleged to infringe upon, and do not infringe upon, any patents, trademarks, trade

names, service marks, or copyrights of third parties in any material respect. Except as set forth on Schedule 2.13(b), to the knowledge of the CS Parties, the consummation of the transactions contemplated hereby will not result in the termination or impairment of the Miscellaneous Trademarks and the Intellectual Property Rights in any material respect. To the knowledge of the CS Parties, the patents, trademarks, trade names, service marks, or copyrights licensed to the CS Parties as Licensed Rights have not been alleged to infringe upon and do not infringe upon any patents, trademarks, trade names, service marks, or copyrights of third parties in any material respect.

(g) The trademarks set forth on Schedule 2.13(a)(i) and the licenses set forth on Schedule 2.13(a)(iv) include all of the trademark rights owned by or licensed to the CS Parties material to, and used in the conduct of, the Purchased Businesses as currently conducted.

(h) Each license of the Licensed Rights is valid and binding and is enforceable in accordance with its terms in a manner that obtains for or imposes upon the parties the primary material benefits and obligations of such license. As of the date of this Agreement, to the knowledge of the CS Parties, there is no material pending or threatened bankruptcy, insolvency, or similar proceeding with respect to any party to such license, and no event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a material default by the Purchased Businesses thereunder or, to the knowledge of the CS Parties, by any other party to such license. The Purchased Businesses have complied in all material respects with the provisions of such license.

(i) Except as set forth on Schedule 2.13(b), to the knowledge of the CS Parties, no advertising, promotional material, packaging material or other material currently used by the Purchased Businesses in connection with the sale, offer for sale or distribution of products in connection with the Purchased Businesses, has been alleged to infringe upon the patents, trademarks, trade names, service marks or copyrights of third parties in any material respect.

(j) KO acknowledges that the representations and warranties contained in Section 2.10(c) and this Section 2.13 are the only representations and warranties being made in this Agreement with respect to the Owned Trademarks, Intellectual Property Rights and the Licensed Rights.

2.14 LITIGATION AND CLAIMS. Schedule 2.14 sets forth all pending or, to the knowledge of the CS Parties or the Purchased Businesses, threatened, litigation, claims, suits, actions, investigations, indictments, informations or proceedings (except for Environmental Claims which are addressed in Section 2.17) involving amounts in excess of U.S.$250,000 to which any of the Purchased Businesses is or may become a party or is or may be subject. Except as set forth in Schedule 2.14, there are no material judgments, material orders, material injunctions, material decrees, material stipulations or material awards (whether rendered by a court, administrative agency or by arbitration) (except for Environmental Claims which are addressed in Section 2.17) enforceable against or relating to any of the Purchased Businesses.

2.15 EMPLOYEE CONTRACTS, UNION AGREEMENTS AND BENEFIT PLANS.

(a) As used in this Agreement, the term "Employee Benefit Plans" means all material written and enforceable oral agreements, arrangements, commitments or policies of any kind which relate to compensation, remuneration or benefits in any way or which constitute employment, consulting or collective bargaining contracts, or deferred compensation, pension, multi-employer, profit sharing, thrift, retirement, stock ownership, stock appreciation rights, bonus, stock option, stock purchase or other compensation commitments, benefit plans, arrangements or plans, including all welfare plans and all union-sponsored plans, of or pertaining to the present or former employees (including retirees) or directors (or their dependents, spouses or beneficiaries) of any of the Purchased Businesses or any predecessors in interest thereto, that are currently in effect or as to which any of the Purchased Businesses has any ongoing liability or obligation whatsoever.

(b) Schedule 2.15(b) contains a complete and accurate list of each collective bargaining agreement and any Employee Benefit Plan providing for benefits which either are not customary or which are outside of the ordinary course of business. Each Purchased Business and its predecessors in interest have complied in all material respects with all of their respective obligations with respect to all Employee Benefit Plans, including the payment of all material social security and other material contributions required by law, and the Employee Benefit Plans have been maintained in compliance in all material respects with all applicable laws, rules and regulations. No Employee Benefit Plan (other than union-sponsored plans) is currently under investigation, audit or review by any Governmental Authority and to the knowledge of the CS Parties and the Purchased Businesses, no union-sponsored plan included within the definition of Employee Benefit Plan is currently under investigation, audit or review by any Governmental Authority. No Employee Benefit Plan (other than union-sponsored plans) is liable for any material

amount of Taxes, except in the ordinary course and for current periods, and to the knowledge of the CS Parties and the Purchased Businesses, no union-sponsored plan included within the definition of Employee Benefit Plan is liable for any material amount of Taxes, except in the ordinary course and for current periods. There are no material claims pending, or to the knowledge of the CS Parties or the Purchased Businesses threatened, by any participant in any of the Employee Benefit Plans, except for benefits to participants or beneficiaries in accordance with the terms of the Employee Benefit Plans. There is no obligation on the part of any of the Purchased Businesses to pay any bonus to retired or retiring employees or former employees under any collective bargaining agreement.

(c) There are no material loans or other material advances made by any of the Purchased Businesses to any present or former employees (including retirees), directors or independent contractors (or their dependents, spouses or beneficiaries) of any of the Purchased Businesses, except in the ordinary course of business consistent with past practice.

2.16 LABOR RELATIONS. Except as set forth in Schedule 2.16:

(a) Each of the Purchased Businesses is in compliance in all material respects with all collective bargaining agreements with respect to employment and employment practices,

terms and conditions of employment and wages and hours and occupational safety and health.

(b) There is no material unfair labor practice or charge or complaint or any other similar matter against or involving any of the Purchased Businesses pending, or to the knowledge of the CS Parties or the Purchased Businesses threatened, before any Governmental Authority. There is no labor strike, dispute, slowdown or stoppage pending, or to the knowledge of the CS Parties or the Purchased Businesses threatened, against any of the Purchased Businesses. No material grievance proceeding or material arbitration proceeding arising out of or under any collective bargaining agreement is pending, or to the knowledge of the CS Parties or the Purchased Company threatened, against any of the Purchased Businesses. No collective bargaining agreement in any way prevents any of the Purchased Businesses from relocating or closing any of its operations.

(c) There are no material charges, material proceedings or material formal complaints of discrimination (including discrimination based upon sex, age, marital status, race, religion, national origin, sexual preference, handicap or veteran status) pending, or to the knowledge of the CS Parties or the Purchased Businesses threatened, by or before any Governmental Authority with respect to any of the Purchased Businesses.

2.17 ENVIRONMENTAL PROTECTION. Except as set forth in Schedule 2.17:

(a) Each of the Purchased Businesses has obtained all material permits, material licenses and other material authorizations and filed all material notices which are required to be obtained or filed by it for the operation of its business under Environmental Laws. Each of the Purchased Businesses is in compliance in all material respects with all terms and conditions of such permits, licenses and authorizations.

(b) Each of the Purchased Businesses is in compliance in all material respects with all applicable Environmental Laws. None of the Purchased Businesses has received any communication, whether from a Governmental Authority, citizens group, employee or otherwise, that alleges that any of the Purchased Businesses is not in such compliance. There are no past or present events, conditions, circumstances, activities, practices, incidents, actions, failures to act or plans which are reasonably likely to interfere with or prevent continued compliance in all material respects with Environmental Laws, or which are reasonably likely to give rise to any material common law or statutory liability, or otherwise form the basis of any material Environmental Claim (as hereinafter defined) against any of the Purchased Businesses or against any Person whose liability for any Environmental Claim any of the Purchased Businesses has or may have retained or assumed either contractually or by operation of law. There are

no material Environmental Claims pending, or to the knowledge of the CS Parties or the Purchased Businesses threatened, against any of the Purchased Businesses.

(c) As used herein, the following terms have the following meanings:

(i) "Environmental Claim" means any notice received by any of the CS Parties or the Purchased Businesses, alleging liability (including, without limitation, liability

for investigatory costs, cleanup costs, governmental response costs, natural resource damages, property damages, personal injuries, fines, permit or registration fees or penalties), and any action, suit, proceeding, hearing or investigation involving or against any of the Purchased Businesses or any of their assets or properties (or any predecessor in interest) arising out of, based upon or resulting from (i) the presence in, or release into, the environment of any Material of Environmental Concern at any location, or in connection with business operations, whether or not owned by any of the Purchased Businesses, or (ii) circumstances forming the basis of any violation or alleged violation of any Environmental Law.

(ii) "Environmental Laws" means all applicable laws, rules and regulations in effect on or prior to the Applicable Closing Date relating to pollution or the protection of human health and the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) and similar laws, rules and regulations relating to the protection of human health, including, without limitation, laws, rules and regulations relating to discharge, emissions, releases or threatened releases of Material of Environmental Concern or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Material of Environmental Concern.

(iii) "Material of Environmental Concern" means asbestos, polychlorinated biphenyls ("PCBs"), chemicals, pollutants, contaminants, wastes, hazardous or toxic substances or materials, petroleum and petroleum products or any other materials that are subject to regulation pursuant to Environmental Laws or are defined as "hazardous substances" within the meaning of any Environmental Laws.

2.18 INSURANCE POLICIES. The Purchased Businesses are covered by insurance policies or binders of insurance or programs of self-insurance of such types and in such amounts as are reasonable or consistent in all material respects with customary practices and standards of the beverage industry in the relevant geographic areas. Each such policy is valid and binding and in full force and effect, no premiums currently due thereunder have not been paid, and none of CS, the CS Parties, the Purchased Company or any Subsidiary has received any notice of material reduction, cancellation or termination in respect of any such policy or is in material default thereunder. Except as disclosed in Schedule 2.18 and except for any CS Policies (as defined in Section 4.13), such policies will continue in full force and effect following the Applicable Closing without penalty provided the premiums are paid.

2.19 MAJOR SUPPLIERS AND CUSTOMERS. None of the Purchased Businesses is engaged in any material dispute with any of its material suppliers or material customers.

2.20 CONTRACTS AND COMMITMENTS.

(a) For purposes of this Agreement, "Contract" means any contract, agreement, promissory note, debt instrument, commitment, arrangement, undertaking or understanding to which any of the Purchased Businesses is legally bound or to which it or its property is subject, whether written or oral and including without limitation each and every amendment, modification or supplement to any of them.

(b) Schedule 2.20(b) lists each Contract (other than Contracts required to be included on Schedule 2.11, 2.13, 2.15 and 2.20(c)):

(i) for the purchase or rental of materials, inventory and supplies by any of the Purchased Businesses which individually exceeds U.S$3,000,000;

(ii) for the sale of goods or products by any of the Purchased Businesses which individually involves an amount or value in excess of U.S.$3,000,000;

(iii) for the purchase of services by any of the Purchased Businesses which individually involves an amount in excess of U.S.$3,000,000;

(iv) under which any of the Purchased Businesses acts or has agreed to act as guarantor, surety, co-signer, endorser, co-maker or indemnitor in respect of the contract or commitment of any other Person, in each case involving an amount or value in excess of U.S. $1,000,000;

(v) containing covenants limiting in any material respect the freedom of any of the Purchased Businesses to compete in any line of business in any geographic area covered by this Agreement or providing benefits substantially similar to those provided by an equity interest; and

(vi) which is material to the Purchased Businesses taken as a whole or the absence of which would have or would be reasonably likely to have a Material Adverse Effect.

(c) Except for arms'-length commercial arrangements entered into by the Purchased Businesses with their respective bottlers in the ordinary course of business pursuant thereto, the bottling agreements and distribution agreements provided by CS to KO and listed on Schedule 2.20(c) are true, correct and complete and constitute all of the bottling and distribution agreements to which any of CS or any of its Affiliates is a party. Except as set forth on Schedule 2.20(c), there are no sublicenses of any such bottling or distribution agreements or any rights thereunder. It is CS's practice not to include in its bottling and distribution agreements change of control provisions with respect to CS or provisions which would prohibit or limit CS's ability to assign such agreements. Accordingly, other than for a small number of agreements, there are no bottling or distribution agreements containing change of control provisions with respect to CS or provisions which prohibit or limit CS's ability to assign such agreements. With respect to each bottling or distribution agreement which is incomplete, unsigned or in draft form, or as to which the termination date cannot be determined from the bottling or distribution agreement as furnished to KO prior to the date hereof, the actual complete, signed, effective bottling agreement with regard to such territory, and such termination date, is not materially (x) different from what was furnished to KO with respect to that territory (as listed on Schedule 2.20(c)), or (y) later than the termination date specified in Schedule 2 to the letter between the parties dated November 25, 1998, respectively.

2.21 AGREEMENTS IN FULL FORCE AND EFFECT. Except as set forth in Schedule 2.21, all Contracts referred to, or required to be referred to, in Schedules 2.20(b) and 2.20(c) are valid and binding, and are enforceable in accordance with their terms in a manner that obtains for or imposes upon the parties the primary material benefits and obligations of such Contracts. Except as set forth in Schedule 2.21, to the knowledge of the CS Parties or the Purchased Businesses there is no material pending or threatened bankruptcy, insolvency or similar proceeding with respect to any party to such Contracts, and no event has occurred which (whether with or without notice, lapse of time or the happening or occurrence of any other event) would constitute a material default by the Purchased Businesses thereunder or, to the knowledge of the CS Parties or the Purchased Businesses, by any other party to any such Contract. The Purchased Businesses have complied in all material respects with the provisions of such Contracts.

2.22 ABSENCE OF CERTAIN CHANGES AND EVENTS. Except as set forth in Schedule 2.22, since January 3, 1998, the Purchased Businesses taken as a whole have been conducted only in the ordinary course, and the Purchased Businesses have not:

(a) suffered any event or change, which individually or in the aggregate, has had or is reasonably likely to have a

Material Adverse Effect;

(b) made any declaration, setting aside or payment of any dividend (other than cash dividends) or other distribution of assets (whether in cash, stock or property) with respect to its capital stock, or issued or sold any of its capital stock, or made any change in its issued and outstanding capital stock, or issued any warrant, option or other right to purchase shares of its capital stock, or any security convertible into its capital stock or redeemed, purchased or otherwise acquired (directly or indirectly) any shares of its capital stock;

(c) acquired any material business or any material interest in any material business;

(d) suffered any material adverse change in its relationships with any material suppliers or material customers;

(e) except as required by law and except in the ordinary course of business consistent with past practice, (i) increased (or announced any increase of) the compensation payable or to become payable to any employee or increased any bonus, insurance, pension or other employee benefit plan, payment or arrangement for such employees, (ii) entered into or amended any employment, consulting, severance or similar agreement or (iii) hired, committed to hire, or terminated any employee whose annual compensation exceeds U.S.$150,000;

(f) except after the date of this Agreement in the ordinary course of business consistent with past practice, incurred, assumed or guaranteed any obligation or liability for borrowed money in excess of U.S. $1,000,000, or exchanged, refunded or renewed any outstanding indebtedness in excess of U.S. $1,000,000;

(g) except in the ordinary course of business consistent with past practice, paid, discharged or satisfied any claim, liability or obligation involving amounts in excess of U.S. $1,000,000 in the aggregate;

(h) permitted any of its material assets to be subjected to any Security Interest;

(i) intentionally waived any material claims or rights;

(j) sold, transferred or otherwise disposed of any material assets, except in the ordinary course of business consistent with past practice;

(k) made capital expenditures or investments individually in excess of U.S.$1,000,000;

(l) made any change in any method of accounting, or any practice or principle of accounting, except for any changes after the date of this Agreement which are required by UK GAAP;

(m) paid, loaned or advanced any amount or asset to or sold, transferred or leased any asset to any employee except for normal compensation involving salary and benefits in the ordinary course of business consistent with past practice;

(n) written down the value of any inventory in excess of U.S. $3,000,000 in the aggregate on an annual basis, or written off as uncollectible or forgiven any notes or accounts receivable or other debt or increased its allowance for doubtful accounts by a total of more than U.S. $4,000,000 in the aggregate on an annual basis;

(o) amended the charter, bylaws or other governing documents of the Purchased Company or the Subsidiaries;

(p) materially amended or terminated any material Contract, including any bottling or distribution agreement or any Employee Benefit Plan, except in the ordinary course of business, or materially amended or entered into any new collective bargaining agreement except in the ordinary course of business;

(q) entered into any material commitment or transaction, other than in the ordinary course of business consistent with past practice;

(r) knowingly done any act, omitted to do any act, or

permitted any act within its control which would cause a material breach of any representation, warranty, covenant, agreement or obligation contained in this Agreement; or

(s) agreed in writing, or otherwise, to take any action described in this Section 2.22.

2.23 TAX MATTERS.

(a) For purposes of this Agreement, "Taxes" shall mean all income, franchise, capital stock, real property, personal property, tangible, withholding, unemployment compensation, disability, transfer, sales, use, excise, soft drink, gross receipts and all other taxes, assessments, charges, duties, fees, levies or other governmental charges (including interest, penalties or additions associated therewith) of any kind for which the Purchased Company or the Subsidiaries may have any liability imposed by any Governmental Authority or to which any of the Assets may be subject in the hands of a KO Buyer, whether disputed or not, and any charges, interest or penalties imposed by any Governmental Authority as the result of the failure to file any Tax Return. "Tax Return" shall mean any report, return, declaration or other information required to be supplied to a Governmental Authority in connection with Taxes.

(b) Except as otherwise disclosed in Schedule 2.23 and except in such respects as are not material: (i) all Tax Returns (as defined in Section 2.23(a)), including estimated returns and reports of every kind with respect to Taxes, which are due to have been filed through the date of this Agreement in accordance with any applicable law or any applicable extensions, have been duly filed (and all such returns or reports due after the date of this Agreement and on or prior to the Applicable Closing Date will be filed prior to the Applicable Closing Date); (ii) all Taxes shown on such Tax Returns or otherwise required to be paid by any of the Purchased Businesses (whether or not a Tax Return is required to be filed in respect thereof) have been paid in full or are accrued or will be accrued as of the Applicable Closing Date as liabilities for Taxes on the books and records of the Purchased Businesses; (iii) the Taxes so paid on or before the date of this Agreement, together with any amounts accrued as liabilities for Taxes (including Taxes accrued as currently payable) on the books of the Purchased Company and the Subsidiaries, will be adequate based on the applicable tax rates, laws and regulations to satisfy all liabilities for Taxes of the Purchased Company and Subsidiaries in any jurisdiction through the Applicable Closing Date, including Taxes payable with respect to income treated in accordance with Section 5.04(a) hereof as earned through the Applicable Closing Date; (iv) there are not now any extensions of time in effect with respect to the dates on which any Tax Returns were or are due to be filed; (v) all deficiencies asserted as a result of any examination of any Tax Return have been paid in full, accrued on the books of the Purchased Company or the Subsidiaries, or finally settled, and no issue has been raised in any such examination which, by application of the same or similar principles, reasonably could be expected to result in a proposed deficiency for any other period not so examined; (vi) no Tax claims have been asserted and no proposals or deficiencies for any Taxes are being asserted, proposed or threatened, and no audit or investigation of any Tax Return is currently underway, pending or threatened; (vii) within the CS Parties' knowledge the Tax bases for all depreciable assets held by the Purchased Businesses have been determined in good faith and in accordance with applicable law; (viii) no Tax Returns relating to taxable periods ending on or after December 31, 1992 have been examined or audited by any Governmental Authorities; (ix) there are no outstanding waivers or agreements by or with respect to any of the Purchased Businesses for the extension of time for the assessment of any Taxes or deficiency thereof, nor are there any requests for rulings, outstanding subpoenas or requests for information, notice of proposed reassessment of any property owned or leased by any of the Purchased Businesses pending between any of the Purchased Businesses and any

taxing authority; (x) there are no liens for Taxes on any of the assets of the Purchased Businesses, other than liens for Taxes which are not yet past due, nor are there any such liens within the CS Parties' knowledge for Taxes which are pending or threatened; (xi) since December 31, 1997, there have not been

established on the books, records or financial statements of the Purchased Businesses any accruals or reserves for Taxes other than in the ordinary course of business consistent with past practice; and (xii) none of the Purchased Businesses has any potential liability to Taxes arising from the use of any form of group transaction relief.

(c) The Purchased Company and the Subsidiaries have delivered to KO true and complete copies of all income Tax returns (together with any revenue agent's reports) relating to its operations for the three most recent years for which Tax returns are due to have been filed.

2.24 ACCOUNTS RECEIVABLE. Except as shown in Schedule 2.24, all of the accounts receivable of the Purchased Businesses in excess of U.S.$2,000,000 are valid and existing, and as of the date of this Agreement, there is no material dispute regarding the collectibility of any such accounts receivable. None of the accounts receivable of the Purchased Businesses is factored, and since January 31, 1998, none of the Purchased Businesses has factored any of its accounts receivable.

2.25 PRODUCT AND SERVICE WARRANTIES. Except in the ordinary course of business consistent with past practice and except as set forth on Schedule 2.25, none of the Purchased Businesses makes any express warranties or guaranties on its own behalf as to goods sold or services provided by it.

2.26 BROKERS' AND FINDERS' FEES. None of the CS Parties or the Purchased Businesses or any of their respective Affiliates or anyone acting on behalf of any of them has done anything to cause or incur any liability to any party for any brokers' or finders' fees or the like in connection with this Agreement or any transaction contemplated hereby.

2.27 TRANSACTIONS WITH AFFILIATES. Except as disclosed in Schedule 2.27, none of the CS Parties or any Affiliate thereof (i) is indebted to any of the Purchased Businesses with respect to any liabilities or obligations which will survive the Applicable Closing Date with respect to such Purchased Businesses, (ii) is a party to any Contract with any of the Purchased Businesses with respect to which any liabilities or obligations thereunder will survive the Applicable Closing Date, or (iii) has an ownership interest in any business, corporate or otherwise, that is a party to, or in any property which is the subject of, business arrangements or relationships of any kind with any of the Purchased Businesses with respect to which any liabilities or obligations thereunder will survive the Applicable Closing Date (excluding for such purposes the ownership of less than 5% of the outstanding equity of any publicly traded corporation of which such Person is neither an officer or a director). None of the CS Parties or any Affiliate thereof or any officer or director of any of the CS Parties or any Affiliate thereof (including any officer or director of any of the Purchased Businesses) is a party to any Contract with any of the Purchased Businesses which is not on arms' length terms, or has an ownership interest in any business, corporate or otherwise, that is a party to, or in any property which is the subject of, business

arrangements or relationships of any kind with any of the Purchased Businesses which are not on arms' length terms.

2.28 YEAR 2000.

For the purposes of this Section 2.28, the following terms shall have the meanings set forth below:

"Facilities" means any facilities, processes, equipment or other assets owned, or to the extent material to the Plants leased, by any of the Plants in any location, including HVAC systems, mechanical systems, elevators, security systems, fire suppression systems, telecommunications systems, fax machines, copy machines, and equipment.

"Products" means any products currently sold by any of the Plants.

"Internal MIS Systems" means any computer software and systems (including hardware, firmware, operating system software, utilities and applications software) used in the ordinary course of the business of the Plants (and in the case of such software

and systems licensed from others, which is material to the operation of the businesses of the Plants), including, where applicable, their payroll, accounting, billing/receivables, purchasing/payables, inventory, asset tracking, customer service, human resources, and E-mail systems.

"Year 2000 Compliant" means that the Facilities, Products and Internal MIS Systems provide uninterrupted millennium functionality in that the Facilities, Products and Internal MIS Systems will record, store, process and present calendar dates falling on or after January 1, 2000, in the same manner, and with the same functionality, as the Facilities, Products and Internal MIS Systems record, store, process and present calendar dates falling on or before December 31, 1999.

Schedule 2.28 sets forth the plan for each Plant (collectively, the "Y2K Plan") (i) setting forth the material steps taken to date, and (ii) the material steps that they intend to take following the date hereof to remediate any failure of any of the Facilities, Products and Internal MIS Systems to be Year 2000 Compliant in all material respects (the "Year 2000 Computer Date Problem"). None of the CS Parties or the Purchased Businesses is aware of any facts or circumstances that would prevent the Plants from achieving remediation of the Year 2000 Computer Date Problem in all material respects with respect to the business of the Plants in accordance with the Y2K Plan. Upon remediation of the Year 2000 Computer Date Problem in accordance with the Y2K Plan, the Year 2000 Computer Date Problem will not affect the conduct of the business of the Plants in any material respect.

CS represents and warrants that the Plants will not have expenses after the Threshold Closing in excess of U.S. $200,000 in order to remediate the Year 2000 Computer Date Problem.

2.29 E.U. AND U.S. PRESENCE

(a) The concentrate turnover and royalty or other income derived from the ordinary activities (within the meaning of Council Regulation EEC No. 4064/89) of the Purchased Businesses (net of V.A.T., other turnover-related taxes and sales rebates and excluding sales turnover between undertakings within the Purchased Businesses) but excluding turnover derived from the Excluded Assets received by the CS Group in its 1997 financial year and attributable to the Purchased Businesses did not exceed:

(i) Ecu 250 million in the European Union; or

(ii) Ecu 25 million in each of at least three Member States of the European Union.

(b) Neither the Purchased Company nor the Subsidiaries is a "United States issuer" and the Assets and the assets owned by the Purchased Company and the Subsidiaries in each case located in the United States (i) collectively do not have an aggregate book value or market value of US $15 million or more and (ii) collectively did not generate aggregate sales in or into the United States of US $25 million or more in the most recent fiscal year, all as defined under 16 CFR Section 801.1 et seq.

ARTICLE 3

KO REPRESENTATIONS AND WARRANTIES

KO represents and warrants to CS that as of the date hereof and each Applicable Closing Date that:

3.01 CORPORATE ORGANIZATION. Each of the KO Parties is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

3.02 AUTHORIZATION, ETC. Each of the KO Parties has, or in the case of the KO Parties other than KO shall have at the time of execution and delivery of such documents, all requisite corporate power and authority to execute and deliver this Agreement and all documents to be executed and delivered by the KO Parties contemplated hereby (collectively, the "Buyer Transaction Documents," and together with the Seller Transaction Documents, the "Transaction Documents") and to carry out their respective obligations with respect to the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Buyer Transaction Documents and the

consummation of the transactions contemplated hereby and thereby have been, or in the case of the KO Parties other than KO shall have been at the time of execution and delivery of such documents, duly authorized by all necessary corporate action on the part of each of the KO Parties. This Agreement has been (and the other Buyer Transaction Documents will be at the Threshold Closing or a Subsequent Closing, as applicable) duly and validly executed and delivered by each of the KO Parties (assuming due authorization, execution and delivery by the CS Parties of this Agreement and the Transaction Documents to

which it is a party) and this Agreement constitutes (and each of the other Buyer Transaction Documents will constitute at the Threshold Closing or a Subsequent Closing, as applicable) a valid and binding agreement, enforceable against each of the KO Parties, respectively, in accordance with its terms.

3.03 NO CONFLICT. Except as may be necessary as a result of any facts or circumstances relating solely to the CS Parties, the execution and delivery of this Agreement and the Buyer Transaction Documents by the KO Parties, the consummation of the transactions contemplated hereby and thereby by the KO Parties, and the performance of the covenants and agreements of the KO Parties contained herein and therein will not, with or without the giving of notice or the lapse of time, or both (i) to the knowledge of the KO Parties, require the KO Parties to make any material filing or material registration with, or obtain any material permit, material authorization, material consent or material approval of, any Governmental Authority, except as set forth in Schedule 3.03 and except for filings, notifications or approvals required under any antitrust or competition laws, (ii) violate or conflict with any provision of the certificate of incorporation or bylaws (or similar governing documents) of any of the KO Parties, (iii) in any material respect violate, conflict with, or result in a breach or default under, or result in the termination of, or cause the acceleration of the maturity of any material debt or material obligation pursuant to, any term or condition of any material mortgage, material indenture, material contract, material license, material permit, material instrument, material document or other material agreement, material document or material instrument to which any of the KO Parties is a party or by which any of the KO Parties or any of their respective properties may be bound, or (iv) to the knowledge of the KO Parties, except as set forth in Schedule 3.03 and except for filings, notifications or approvals required under any antitrust or competition laws, violate any provision of any material law, material judgment, material decree, material order, material regulation or material rule of any Governmental Authority or any arbitration award.

3.04 BROKERS AND FINDERS. No KO Party has employed any broker or finder or incurred any liability for any brokerage fees, commissions or finders' fees in connection with the transactions contemplated by this Agreement.

3.05 LITIGATION. As of the date hereof, there are no pending, or to the knowledge of the KO Parties threatened, litigation, claims, suits, actions, investigations, indictments, information or proceedings which, if adversely determined, would be reasonably expected to prevent or materially interfere with the performance by the KO Parties of their respective obligations hereunder.

ARTICLE 4

COVENANTS OF THE CS PARTIES

4.01 PRE-CLOSING OPERATIONS. Except to the extent not reasonably practicable in light of this Agreement and the transactions contemplated by this Agreement and the Transaction Documents, CS covenants and agrees (and shall cause the other CS Parties to comply with this covenant), except as specifically consented to in writing by KO (which consent shall not be

unreasonably withheld or delayed), that from the date of this Agreement to each Applicable Closing Date, the Purchased Businesses shall be operated and conducted only in the ordinary course consistent with past practices, and shall carry on their business in the same manner as currently conducted and not make

or institute any material new methods of manufacture, purchase, sale, lease, management or operation. By way of illustration and not in limitation of the foregoing, except to the extent not reasonably practicable in light of this Agreement and the transactions contemplated by this Agreement and the Transaction Documents, CS agrees and shall cause the other CS Parties to agree that from the date of this Agreement to each Applicable Closing Date, except as set forth on Schedule 4.01 and except as consented to in writing by KO (which consent shall not be unreasonably withheld or delayed) as follows:

(a) Each of the Purchased Businesses shall manage its working capital, including cash, receivables, other current assets, trade payables and other current liabilities in a fashion in all material respects consistent with past practice, including without limitation by selling inventory and other property in an orderly and prudent manner and paying outstanding obligations, trade accounts and other indebtedness as they come due.

(b) Each of the Purchased Businesses shall maintain in all material respects its assets, and the CS Parties shall maintain in all material respects the Assets, in their present state of repair, normal wear and tear excepted.

(c) Each of the Purchased Businesses shall use its commercially reasonable efforts to keep available in all material respects the services of its employees and to preserve in all material respects the goodwill of its business and relationships with its customers, licensors, suppliers, distributors and brokers.

(d) Each of the Purchased Businesses shall continue in all material respects advertising, promotional programs and incentives in a manner consistent with past practices.

(e) The Purchased Businesses shall not make any material loans or other material advances to any present or former employees (including retirees), directors or independent contractors (or their dependents, spouses or beneficiaries), except in the ordinary course of business consistent with past practice.

(f) The bottling agreements, distribution agreements and other commercial arrangements entered into after the date of this Agreement (including any amendments to existing agreements) to which CS or any of its Affiliates or the Purchased Businesses is a party and with respect to which it derives revenues and profits from the businesses associated with the Owned Trademarks in each country shall be on arms' length terms and on terms which shall provide CS, its Affiliates and the Purchased Businesses with benefits from such arrangements which are consistent with the ordinary course of their beverages business, recognizing that the terms of such agreements may need to be different in launch markets, developing markets, etc. From and after the date of this Agreement, none of CS or any of its Affiliates or the Purchased Businesses will enter into any agreements or arrangements or any amendments to any agreements or arrangements pursuant to which the income stream associated

with any Owned Trademarks in any country is shifted to any other less than wholly owned entity or country or brand that is not included in the transactions contemplated by this Agreement.

(g) None of the Purchased Businesses shall take any action referred to in Section 2.22, and none of CS and the other CS Parties, shall take any action referred to in Section 2.22 with respect to any of the Purchased Businesses.

4.02 ACCESS. From the date of this Agreement through each Applicable Closing Date in respect of the relevant Purchased Businesses, CS shall (and shall cause each of the other CS Parties and the Purchased Businesses to) (i) provide each of the KO Parties and its designees with such information as any of the KO Parties may from time to time reasonably request with respect to the Purchased Businesses and the transactions contemplated by this Agreement, (ii) provide each of the KO Parties and its designees, officers, counsel, accountants and other authorized representatives reasonable access, upon reasonable notice, to the books, records, offices, personnel, counsel and accountants of the Purchased Businesses, as any of the KO Parties or its designees may from time to time reasonably request, and (iii) permit each of the KO Parties and its designees to make such

reasonable inspections thereof as any of the KO Parties may reasonably request. No such investigation shall limit or modify in any way the obligations of the CS Parties with respect to any breach of their representations, warranties, covenants or agreements contained in this Agreement or any of the other Transaction Documents.

4.03 FINANCIAL STATEMENTS.

(a) Until the Subsequent Closing Expiration Date, as promptly as practicable after each of CS's quarterly accounting periods subsequent to September 30, 1998 and prior to the Applicable Closing in respect of the relevant Purchased Businesses, CS will cause to be delivered to each of the KO Parties periodic financial reports relating to the Purchased Businesses and to that quarter in the form CS customarily prepares for internal purposes, including, without limitation, a periodic interim unaudited balance sheet and income statement, and any audited annual financial statements prepared with respect to the Purchased Businesses. CS covenants that such financial statements will be prepared on a basis consistent with prior periods except for any changes required by applicable generally accepted accounting principles and will not contain any material misstatement.

(b) CS shall reasonably cooperate with KO in connection with the preparation by KO of any financial statements to be prepared in connection with any filing to be made by KO with the U.S. Securities and Exchange Commission relating to the transactions contemplated by this Agreement and the Transaction Documents.

4.04 ACQUISITION PROPOSALS. Prior to the Threshold Closing or termination of this Agreement (and after the Threshold Closing except with respect to a Takeover Proposal), none of the CS Parties and the Purchased Businesses shall, and the CS Parties and the Purchased Businesses shall not permit any of their officers, directors, employees, agents or affiliates to, (a) solicit, initiate, endorse, entertain, enter into any agreement with respect to or encourage submission of proposals or offers, or accept any offers, from any Person relating to any

acquisition, purchase, transfer, license or assignment of any interest in the Owned Trademarks, any of the Other Assets or all or any material amount of the assets of, or any equity interest in, or any merger, consolidation, share exchange, business combination or similar transaction with or involving, any of the Purchased Businesses (an "Acquisition Proposal"), or (b) participate in any discussions or negotiations regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way with or assist, facilitate or encourage any Acquisition Proposal by any other Person; provided that nothing contained in this sentence shall prohibit the CS Board of Directors from entering into discussions or negotiations with any Person that makes an unsolicited bona fide written proposal regarding (i) the acquisition of all or a majority of the outstanding capital stock of CS, (ii) the acquisition of all or substantially all of the assets of CS, or (iii) a merger, consolidation, share exchange, business combination or other similar transaction which would result in a change of control of CS (any of the foregoing in clauses (i), (ii) or (iii), a "Takeover Proposal") if, and only to the extent that (i) the Board of Directors of CS determines in good faith, following the receipt of and consistent with the advice of outside legal counsel, that such action is required in order for the CS Board of Directors to comply with its fiduciary duties under applicable law, and (ii) prior to providing any information or data relating to the Purchased Businesses to any Person in connection with a Takeover Proposal by any such Person, such Board of Directors receives from such Person an executed confidentiality agreement on customary terms covering the Purchased Businesses. CS agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted theretofore with respect to any Acquisition Proposal. CS agrees that it shall keep KO informed, on a current basis, of the status and terms of any such proposals or offers (other than any Takeover Proposal) and the status of any such discussions or negotiations (other than any Takeover Proposal). Notwithstanding this Section 4.04, CS may enter into new franchise agreements in the ordinary course of business consistent with past practice, subject to Section 5.09.

4.05 TRANSFER TAXES. All transfer taxes, duties and fees, including, but not limited to, stamp duties, capital duties, sales taxes, use taxes, stock transfer taxes, document recording fees, notary fees, real property transfer taxes, and excise taxes, arising out of or in connection with the consummation of the transactions contemplated hereby and by the Transaction Documents shall be paid one-half by the CS Parties on the one hand, and one-half by the KO Parties on the other hand.

4.06 CONSULTATION. In connection with the continued operation of the Purchased Businesses and the Assets between the date of this Agreement and each Applicable Closing Date, CS shall, and shall cause the CS Parties to, communicate in good faith on a regular and frequent basis with one or more representatives of KO with respect to the ongoing operations of the Purchased Businesses and the Assets. CS acknowledges that the KO Parties do not and will not waive any rights they may have under this Agreement as a result of such communications. Without limiting the generality of the foregoing, until the Applicable Closing Date, CS shall consult with the KO Parties concerning all material business and operating decisions affecting any of the Purchased Businesses. Notwithstanding the foregoing, the CS Parties shall not be required by this Section 4.06 to disclose any information to the KO Parties in violation of any applicable law or regulation.

4.07 TRANSITION SUPPORT. In order to ensure a smooth transition of information systems and services and other functions which are critical to the conduct of the business operations of the Purchased Businesses for a period of six months after the Threshold Closing Date, CS agrees to, and shall cause the other CS Parties to, at KO's expense cooperate with and provide the KO Parties with all such reasonable assistance as the KO Parties determine in good faith is necessary to permit them to receive the full benefit of the Purchased Businesses being acquired pursuant to this Agreement.

4.08 RELEASES. If an Applicable Closing occurs, then CS hereby (and CS shall cause the other CS Parties to) unconditionally, absolutely and irrevocably releases each of the Purchased Businesses acquired in connection with such Applicable Closing from any and all claims, rights and causes of action which such Person may have or may have had against any of such Purchased Businesses or any predecessor in interest, prior to, or arising with respect to any acts or omissions occurring or facts or circumstances existing prior to, the Applicable Closing; provided, however, that nothing in this Section 4.08 shall release any rights which the CS Parties may have under this Agreement or the Transaction Documents other than ordinary course accounts receivable taken into account in the Working Capital Adjustment relating to the purchase of concentrate by the CS COBO Operations.

4.09 DELIVERY OF UPDATED SCHEDULES AND OTHER DOCUMENTS.

(a) Within three to six days prior to the Threshold Closing and each other Applicable Closing involving a Threshold Country or otherwise occurring within one year of the Threshold Closing, CS shall deliver to KO revisions to the Disclosure Schedules delivered in connection with the execution of this Agreement to the extent necessary to make such Disclosure Schedules accurate and complete as of each Applicable Closing. Delivery of the revisions of the Disclosure Schedules shall be for informational purposes only and shall not enlarge, limit the rights or affect the obligations of any party hereunder. Such revisions to the Disclosure Schedules shall not constitute the Disclosure Schedules for purposes of this Agreement.

(b) Within thirty days after the date hereof, CS shall provide KO with the following:

(i) a true, correct and complete list of all material permits, material licenses and other material governmental authorizations held by the Purchased Businesses or relating to the Assets, including all material permits, material licenses and other material governmental authorizations held by or relating to the Purchased Businesses pursuant to the Environmental Laws;

(ii) a true, correct and complete list of all insurance policies currently in force naming any of the Purchased Businesses or any employees thereof as an insured or beneficiary

or as a loss payable payee or for which any of the Purchased Businesses has paid or is obligated to pay all or part of the premiums;

(iii) a true, correct and complete list of the ten largest suppliers of goods or services to the Purchased Businesses (in terms of amounts billed) and the ten largest customers of the Purchased Businesses (in terms of liters sold) during the 12-month period ended December 31, 1998;

(iv) a true, correct and complete list of all Employee Benefits Plans;

(v) a true, correct and complete list and description of all the property other than real property with a book value in excess of U.S. $100,000 per item that the Purchased Businesses currently own or lease or have agreed (or have an option) to purchase, sell or lease; and

(vi) true, correct and complete lists of (A) all on-site and off-site locations where any of the Purchased Businesses has stored, disposed of or arranged for the disposal of Material of Environmental Concerns, and (B) all underground storage tanks, and the capacity and contents of such tanks, located on property owned or leased by any of the Purchased Businesses.

(c) At least thirty days prior to each Applicable Closing, CS shall deliver to KO a list of the officers and directors of the Purchased Company and Subsidiaries to be acquired at such Applicable Closing.

(d) Upon the request of KO after the sixtieth day following the date hereof, CS shall deliver to KO a list setting forth the names and annual salary and compensation of all employees of the Purchased Businesses.

4.11 ACCOUNTS RECEIVABLE. CS shall cause all accounts receivable of the Purchased Businesses owing by CS or any Affiliate of CS (including those accounts receivable reflected on the 1997 Balance Sheets and those incurred since the date of the 1997 Balance Sheets) to be paid in full prior to the Applicable Closing Date other than ordinary course accounts receivable taken into account in the Working Capital Adjustment relating to the purchase of concentrate by the CS COBO Operations.

4.12 COLLECTIVE BARGAINING AGREEMENTS. CS shall, and shall cause the other CS Parties to, keep KO fully and promptly informed of any negotiations relating to any collective bargaining agreement to which any of the Purchased Businesses is or may become a party, and shall, if KO so requests, consult with KO regarding such negotiations.

4.13 INSURANCE POLICIES. Subject to the following sentence, as of each Applicable Closing Date, the Purchased Businesses transferred on such Applicable Closing Date shall no longer be covered by any policies of insurance of CS or its Affiliates (other than policies held expressly in the name of such Purchased Businesses) (the "CS Policies") and KO shall be required to arrange any appropriate insurance coverage. Notwithstanding the foregoing, if KO in its reasonable judgment determines that the failure to continue any of the CS Policies in respect of such Purchased Businesses could result in potential Losses to KO which would not be covered

by insurance policies which could be put in place by KO after the Applicable Closing Date, then CS shall, to the extent possible, cause such CS Policies to be continued at KO's expense in respect of such Purchased Businesses (including, without limitation, any future increase (or loss of any future decrease) to CS in its premiums to the extent related to any losses incurred in connection with such continuation).

4.14 TRANSFER OF DPBL SHARES. Prior to the Applicable Closing Date with respect to the Purchased Company, Cadbury Schweppes Ireland Ltd. ("CSIL") shall transfer to the Purchased Company good, valid and marketable title to the 20% interest that CSIL owns in DP Beverages Ltd. ("DPBL"). In addition, prior to the Applicable Closing Date, CS shall (i) cause Cadbury Beverages

Canada Inc. and the Purchased Company to transfer to the Purchased Company all legal and beneficial ownership in and to good, valid and marketable title to all of the outstanding capital stock of Canada Dry Corporation Limited and (ii) cause each owner of shares of the Purchased Company and the Subsidiaries (other than a Purchased Company) to transfer to the KO Buyers (or one of their nominees) all of such shares.

ARTICLE 5

COVENANTS OF THE PARTIES

KO and CS hereby covenant to and agree with one another as follows:

5.01 APPROVALS OF THIRD PARTIES; SATISFACTION OF CONDITIONS TO CLOSING. Subject in the case of KO to KO's existing commitments as described in Schedule 5.01, KO and CS will use their respective reasonable best efforts, and will cooperate with one another, to secure all necessary consents, approvals, authorizations and exemptions from Governmental Authorities and other third parties in connection with the transactions contemplated by this Agreement and the Transaction Documents. Subject in the case of KO to KO's existing commitments as described in Schedule 5.01, KO and CS will use their reasonable best efforts, and the parties shall cooperate in good faith, to obtain the satisfaction of the conditions specified in Articles 6 and 7, as shall be required in order to enable the parties to cause the Threshold Closing and each Subsequent Closing to occur as promptly as practicable after the date of this Agreement. It is specifically agreed that the obligations set forth in this Section 5.01 shall include the obligation of the parties to vigorously seek to avoid the imposition of any prohibition, injunction, temporary restraining order or other order or decision ("Negative Decision") in any suit or administrative proceedings which would otherwise result in the failure of closing conditions to be satisfied with respect to any country and to vigorously pursue any available non-frivolous appeals against any such Negative Decisions (including, without limitation, to the governmental bodies listed on Exhibit 5.01) with a view of removing any such impediment to closing.

5.02 CONFIDENTIALITY.

(a) From and after the date of this Agreement, each of KO and CS shall hold, keep, treat and deal with all Confidential Information (as defined in Section 5.02(b)) in accordance with the terms of this Section 5.02.

(b) For purposes of this Section 5.02, the following terms shall have the following meanings:

"Business" means the global beverage business of each of KO and CS.

"Confidential Information" means:

(i) all Information relating directly or indirectly to the Business of a party that is disclosed by or obtained directly or indirectly (whether by the receipt of documents, orally or through observation), separately or collectively, from KO or CS or any of their respective Affiliates or agents (collectively, with KO or CS, referred to as the "KO Group" or "CS Group" or "Groups", as indicated by the context);

(ii) all Information relating to either party and/or any member of its Group including, without limitation, Information relating to the assets, business, trading practices, plans, proposals and/or trading prospects of such party and/or any member of its Group that is disclosed by or obtained directly or indirectly (whether by the receipt of documents, orally or through observation) from that party or any member of its Group; and

(iii) all Information obtained in any way (whether directly or indirectly) from any director, officer, employee, agent, professional advisor or contractor of either party or any member of such party's Group;

BUT EXCLUDING:

(i) all Information that a party can show by

written records is at the time of receipt by it or comes to be generally available to the public otherwise than as a consequence of a breach by such party, its directors, officers, employees, agents, professional advisers or contractors or any other person referred to in paragraph (c) below; and

(ii) all Information that is shown by written records to be properly and lawfully in a party's possession or available to such party prior to the time that it is disclosed to or obtained by such party and which was not obtained directly or indirectly from the other party or any member of its Group nor from another source bound by a duty of confidentiality to the party or any member of its Group.

All references to Confidential Information in this Section 5.02 shall be to the whole or any parts thereof as the context permits.

"Information" means all financial, trading, business, organizational or legal information of any nature whatsoever in whatever form, including, without limitation, all data, know-how, analyses, compilations, studies, collections of data, proposals and plans whether in writing, conveyed orally or by any telex, recording, diagram, financial statements, computer program or other machine-readable medium and shall also include all data, know-how, analyses, compilations, studies, summaries, collection of data, proposals and plans containing or otherwise

reflecting or generated from such information.

(c) Each party shall and shall cause its advisers to:

(i) treat and keep all Confidential Information as secret and confidential and not (directly or indirectly) divulge, reveal, publish, communicate or disclose any Confidential Information to any other Person, except:

(A) with the prior written consent of the other party; or

(B) as may be required by law (but only after reasonable consultation with the other party);

(ii) not use any Confidential Information in any way or for any purpose (including, but not limited to, any competitive or commercial purpose) other than the implementation of the transactions contemplated by this Agreement and the Transaction Documents;

(iii) (A) take all such action as may be necessary to maintain the secrecy and confidentiality of the Confidential Information and to ensure that the Confidential Information is not disclosed by any Person in whole or in part contrary to any of the terms of this Section 5.02; and

(B) under all circumstances, be responsible for, and indemnify and keep the other party indemnified from and held harmless against, any breach of this Section 5.02 by itself, its directors, officers, employees, agents, professional advisers or contractor or any Person referred to in paragraph (b)(i) above or any of its Affiliates.

(d) In the event that this Agreement is terminated in accordance with its terms, any party may request in writing the return to such party of all documents (including, without limitation, diagrams, tapes, computer programs or other machine-readable materials) which contain, refer to or reflect any Confidential Information which has been supplied or made available to the other party or any of its directors, officers, employees, agents, professional advisers or contractors or any Person referred to in paragraph (c) above or any Affiliate of the other party. Promptly after receiving such request, the other party shall return all requested materials and will certify to the other party that it has complied in full with the provisions of this paragraph. Analyses, compilations, studies or other documents prepared by such party's directors, officers, employees, agents, professional advisers or contractors in a good faith effort to evaluate commercial opportunities will be held by such party or destroyed. Notwithstanding the return or retention of such documents, the obligations of confidentiality and all other obligations set out in this Section 5.02 shall remain in full force and effect.

5.03 TRADE SECRETS, CONFIDENTIAL INFORMATION AND NONCOMPETITION COVENANTS.

(a) For the purposes of this Section 5.03, the following definitions shall apply:

(i) "Competitive Activities" shall mean the manufacture, distribution and sale of concentrates, essences, beverage bases and syrups for the production of carbonated soft drinks and the manufacture, distribution and sale of mineral water, bottled water and similar water products.

(ii) "Confidential Information" shall mean any confidential data or confidential information, other than Trade Secrets, which is valuable to and used by any of the Purchased Businesses and not generally known to competitors of the Purchased Businesses or otherwise publicly available.

(iii) "Noncompete Period" shall mean the period beginning on the Applicable Closing Date and ending on the fourth anniversary of the Applicable Closing Date.

(iv) "Territory" shall mean any country with respect to which the Purchased Businesses are transferred by the CS Parties to the KO Buyers pursuant to this Agreement.

(v) "Trade Secret" shall mean information of or pertaining to any of the Purchased Businesses, including, but not limited to, technical or nontechnical data, a formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential agents or customers, or other information similar to any of the foregoing, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (ii) is the subject of reasonable efforts by any of the Purchased Businesses to maintain its secrecy.

(b) From and after the Applicable Closing Date in respect of a Purchased Business, the CS Parties shall hold in confidence all Trade Secrets and all Confidential Information in each Territory, and shall not disclose, publish or make use of Trade Secrets or Confidential Information in each Territory without the prior written consent of KO.

(c) The CS Parties agree as follows:

(i) The CS Parties acknowledge that to protect adequately the interest of the KO Parties it is essential that any noncompete covenant with respect thereto cover all Competitive Activities and the entire Territory.

(ii) The CS Parties hereby agree that the CS Parties shall not, during the Noncompete Period, in any manner, directly or by assisting others, engage in, have any equity, or profit interest in, or render services of any executive, administrative, supervisory, marketing, production or consulting nature to any Person that conducts any of the Competitive Activities in any Territory (excluding for such purposes the ownership of less than 5% of the outstanding equity of any publicly traded company with respect to which none of the CS Parties has any representation on the board of directors or similar governing body).

(iii) The CS Parties hereby agree that the CS Parties shall not, during the Noncompete Period, in any manner, directly or by assisting others, solicit or accept, or attempt to solicit or accept, any business from any agent, customer or franchisee of any of the Purchased Businesses, including actively sought prospective agents, customers or franchisees, for purposes of providing products or services that are competitive with those provided by the Purchased Businesses in any Territory.

(iv) Notwithstanding the foregoing provisions of Section 5.03(c)(i), (ii) and (iii), nothing in this Section 5.03 shall (A) prevent CS or any of its Affiliates from engaging in any Competitive Activities outside of any Territory so long as such activities do not involve in any material respect any Competitive

Activities within the Territory, (B) prevent CS from supplying products or services to bottlers or distributors located outside any Territory which are not affiliates of CS which may sell or distribute products or services in any Territory so long as CS does not encourage such sale or distribution, provided that CS shall not be required to prevent or hinder passive parallel trade or (C) restrict the activities of the Joint Venture in France with Acqua Minerale San Benedetto spa, the German Joint Venture or the continuation of the bottled water line and related distribution arrangements for San Benedetto in CS's Belgian COBO operations.

(d) Except as set forth in Section 5.06, the CS Parties hereby agree that the CS Parties shall not in any manner, directly or by assisting others, (A) on the Applicable Closing Date in respect of a Purchased Business and during the two years immediately thereafter, hire or actively solicit for employment any officer or director of any of the Purchased Businesses or (B) on the Applicable Closing Date in respect of a Purchased Business and during the three years immediately thereafter, actively solicit for employment any other present or former employee of any of the Purchased Businesses; provided that nothing in clause (B) shall restrict any general advertisement by CS which is not directed at any such employees individually or as a group.

(e) KO hereby agrees that the KO Buyers shall not, in any manner, directly or by assisting others on the Threshold Closing Date and during the three years immediately thereafter actively solicit for employment any officer or director or any other present or former employee of (i) any of the Purchased Businesses retained by the CS Parties, or (ii) any of the CS Parties' carbonated soft drink business in any Excluded Countries; provided that nothing in this clause (e) shall restrict any general advertisement by KO which is not directed at any such employee individually or as a group.

(f) If a judicial or arbitral determination is made that any of the provisions of this Section 5.03 constitutes an unreasonable or otherwise unenforceable restriction against the CS Parties, the provisions of this Section 5.03 shall be rendered void only to the extent that such judicial or arbitral determination finds such provisions to be unreasonable or otherwise unenforceable. In that regard, the parties to this Agreement hereby agree that any judicial or arbitral authority construing this Agreement shall be empowered to sever any prohibited business activity, time period or geographical area from the coverage of this Section 5.03 and to apply the provisions of this Section 5.03 to the remaining business activities and the remaining time period

not so severed by such judicial or arbitrate authority. Moreover, notwithstanding the fact that any provision of this Section 5.03 is determined not to be specifically enforceable, the KO Parties shall nevertheless be entitled to recover monetary damages as a result of the breach of such provision by the CS Parties. The time period during which the prohibitions set forth in this Section 5.03 shall apply shall be tolled and suspended for a period equal to the aggregate quantity of time during which any CS Party violates such prohibitions in any respect.

5.04 TAX MATTERS.

(a) Except as otherwise provided in this Section 5.04, it is expressly understood and agreed that the CS Parties shall be liable for all Taxes (as defined in Section 2.23) for any taxable period or portion thereof ending on or before the Applicable Closing Date. For any period for which the applicable law does not permit the Purchased Businesses to treat the Applicable Closing Date as the last day of a taxable period (a "Straddle Period"), then, for purposes of this Agreement, any Taxes that are attributable to any of the Purchased Businesses through the Applicable Closing Date shall be the Tax that would otherwise be due as if the Applicable Closing Date was the last day of a taxable period, except that in the case of Taxes such as property taxes that are imposed on a periodic basis (which, for the avoidance of doubt, shall in no event include income taxes), and measured by the level of any item (other than an item that is required to be determined as of the Applicable Closing Date or which is clearly determinable as of the Applicable Closing Date), the Taxes attributable to the Purchased Businesses through the Applicable Closing Date shall be the amount of such Taxes for the

entire period multiplied by a fraction the numerator of which is the number of calendar days in the period ending with the Applicable Closing Date and the denominator of which is the number of calendar days in the entire period. The KO Buyers shall be responsible for Taxes solely attributable to any transactions occurring on the Applicable Closing Date but after the Applicable Closing that are not in the ordinary course of business consistent with past practice. Notwithstanding the foregoing sentence, for purposes of this Section 5.04, any Tax that arises after the Applicable Closing (whether or not on the Applicable Closing Date) and that would not have been incurred but for the existence of a potential liability for Tax arising from the use of any form of group transaction relief as described in Section 2.23(b)(xii) that existed on or before the Applicable Closing Date (whether or not disclosed on Schedule 2.23) shall be deemed to be Tax for a taxable period or portion thereof ending on or before the Applicable Closing Date.

(b) The CS Parties shall be responsible for causing the Purchased Businesses to file all Tax Returns for the taxable periods of the Purchased Businesses ending on or before the Applicable Closing Date and which are due (excluding extensions) before the Applicable Closing Date and for making any required payments with respect to such returns. In preparing and filing such Tax Returns of the Purchased Businesses the CS Parties shall not materially deviate from the manner in which any item of income or expense of any of the Purchased Businesses was reported in prior years, except as required by law.

(c) The KO Buyers shall be responsible for filing or causing the Purchased Businesses to file all Tax Returns not required to be filed by the CS Parties pursuant to Section 5.04(b), and for making or causing the Purchased Businesses to make any required payments

with respect to such returns. In preparing and filing income Tax Returns of the Purchased Businesses for any Straddle Period, the KO Buyers shall not materially deviate from the manner in which any item of income or expense of any of the Purchased Businesses was reported in prior years, except as required by law. The KO Buyers shall provide the CS Parties with a draft of the Tax Return for any Straddle Periods of the Purchased Businesses together with a statement (with which the KO Buyers will make available supporting schedules and information) certifying the amount of Tax shown on such Tax Return that is allocable to the CS Parties pursuant to Section 5.04(a) hereof at least ten business days prior to the due date (including any extension thereof) for the filing of such Tax Return, and the CS Parties shall have the right to review such Tax Return and statement prior to the filing of such Tax Return. The CS Parties and the KO Buyers agree to consult and to attempt in good faith to resolve any issues arising as a result of the review of any such Tax Return and statement by the CS Parties. Payment by the CS Parties of any amounts due under this Section 5.04 in respect of Taxes shall be made (i) with respect to Straddle Period Taxes, at least three calendar days before the due date of the applicable estimated or final Tax Return required to be filed by the Purchased Business on which is required to be reported income or other amounts for a Straddle Period, or (ii) with respect to all other Taxes, within five business days following either an agreement between the CS Parties and the KO Buyers that an amount is payable pursuant to this Section 5.04 or the assessment of such Tax by an applicable taxing authority.

(d) After the Applicable Closing Date, the KO Buyers shall have the right, subject to the other provisions of this Section 5.04, to direct the handling of all matters relating to the Tax liabilities of the Purchased Businesses for periods ending after the Applicable Closing Date, including, without limitation, the preparation of all returns, the payment of all liabilities, the prosecution of all administrative and judicial remedies, the execution of any closing agreement or any consent or waiver extending the statute of limitations and the filing of any claim for refund.

(e) The KO Buyers on the one hand, and the CS Parties and the Purchased Businesses on the other hand, each shall use their reasonable best efforts to provide each other with such assistance as may reasonably be requested by any of them in connection with Tax matters, including but not limited to, information with respect to the preparation of any Tax Return, any judicial or administrative proceeding relating to liability

for Taxes, or any claim arising under this Section 5.04 and each will retain and provide the other with any records or information which may be relevant to such Tax Return, audit, examination, proceedings or determination. Such assistance shall include making employees available on a mutually convenient basis to provide additional information or explanation of material provided hereunder and shall include providing copies of any relevant Tax Returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket expenses incurred in providing such assistance. In addition, the KO Buyers and the CS Parties shall notify the others reasonably in advance of entering into a closing agreement with any taxing authority that by its terms would bar the other party from realizing a net Tax benefit.

(f) All transfer tax costs pertaining to the implementation of the transactions contemplated by this Agreement shall be paid by the parties as provided in Section 4.05.

(g) (A) After the Threshold Closing, the Purchased Businesses shall promptly notify the CS Parties in writing of the commencement of any Tax audit or administrative or judicial proceeding or of any demand or claim on a Purchased Business which, if determined adversely to the taxpayer or after the lapse of time, would be grounds for indemnification hereunder. Such notice shall include copies of any notice or other document received from any taxing authority in respect of any such asserted Tax liability. If the Purchased Businesses fail to give the CS Parties prompt notice of an asserted Tax liability as required by this Section 5.04(g), and if such failure to give prompt notice results in a material detriment to the CS Parties, then any amount which the CS Parties are otherwise required to pay to any Purchased Business or the KO Buyers with respect to such liability shall be reduced by the amount of such detriment.

(B) The CS Parties may elect to direct, through counsel of their own choosing and at their own expense, any audit, claim for refund and administrative or judicial proceeding involving any asserted liability with respect to which indemnity for Taxes may be sought under Section 5.04 (any such audits, claims for refund or proceedings relating to any asserted Tax liability are referred to herein collectively as a "Contest"). If the CS Parties elect to direct the Contest of an asserted Tax liability, they shall within ten calendar days of receipt of the notice of asserted Tax liability notify the affected Purchased Business of their intent to do so, and the KO Buyers shall cooperate and shall cause each of the Purchased Businesses or their successors to cooperate, at the CS Parties' expense, in each phase of such Contest. If the CS Parties elect not to direct the Contest, fail to notify the Purchased Business of their election as herein provided or contest their obligation to indemnify under Section 5.04, the Purchased Business may pay, compromise or contest, at its own expense, such asserted liability. If the CS Parties elect to direct the Contest, the KO Buyers shall cause the appropriate Purchased Business or its successor promptly to empower (by power of attorney and such other documentation as may be appropriate) such representatives of the CS Parties as they may designate to represent the Purchased Business in the Contest insofar as the Contest involves an asserted Tax liability for which the CS Parties would be liable under this Section 5.04.

(h) The parties agree to treat all payments made under this Section 5.04, under other indemnity provisions of this Agreement and for any misrepresentations or breach of warranties or covenants as adjustments to the purchase price for Tax purposes.

(i) The provisions of Sections 2.05, 2.15(b), 2.23, 4.05 and 5.04 hereof shall be determinative of the respective liabilities of the parties hereto with respect to Taxes in the event that any other provision of this Agreement could otherwise be interpreted in a manner inconsistent with Sections 2.05, 2.15(b), 2.23, 4.05 or Section 5.04 hereof.

(j) Prior to the Threshold Closing, the parties will agree in writing upon an allocation of the Purchase Price among the Purchased Businesses and shall report such allocation for all tax purposes and in all tax filings.

5.05 OTHER MATTERS. The parties agree to comply with their obligations set forth in Exhibit 5.05.

5.06 EMPLOYEE MATTERS.

(a) As of the Applicable Closing Date, the KO Buyers shall offer employment to (in the case of Persons who are not employees of the Plants), or continue to employ (in the case of Persons who are employees of the Plants), each full and part-time regular employee who is employed by the relevant Purchased Business immediately prior to such Applicable Closing Date. For a twelve month period following the Applicable Closing Date those individuals who are on an authorized leave of absence, short- or long-term disability leave, workers' compensation leave or vacation leave and any employee of the Purchased Businesses who is on secondment to another entity as of the Applicable Closing Date will be offered employment when they are available and ready to perform the duties of a regular employee so long as such employee(s) are ready to perform such duties within said twelve month period. The foregoing sentences expressly exclude those individuals that have been agreed upon in good faith by the parties hereto on or prior to the thirtieth day following the date hereof in a manner consistent with the discussions between the parties on this matter through the date hereof and such employees shall be retained by CS. Notwithstanding the foregoing, it is expressly acknowledged by the parties hereto that CS or its Affiliates shall be permitted to retain the employment of any individual who, pursuant to CS's then existing internal job filling procedures, on his own and without solicitation by CS or any of its Affiliates successfully applies for another position within the CS affiliated group outside of the Purchased Businesses. If pursuant to the preceding sentence, in the reasonable judgement of the KO Buyers, key employees of that portion of the Purchased Businesses would remain employed by CS or its Affiliates or if in the reasonable judgement of KO there have been employee departures that exceed customary levels and that are not consistent with past practice, KO and CS hereby expressly agree to discuss in good faith how best to address the implications of the foregoing and its impact on KO. Any employee who is employed by any of the KO Buyers after the Applicable Closing Date shall be hereinafter referred to as a "Transferred Employee." Nothing contained in this Section 5.06 shall be construed to prevent, limit or restrict in any way KO's right to terminate any Transferred Employee at any time following the Applicable Closing Date.

(b) On and after the Applicable Closing Date, KO agrees to honor those severance obligations (i) with respect to the Transferred Employees as set forth on Schedule 5.06(b), and (ii) CS employees in Purchased Businesses who refuse an offer of employment by KO for a "good reason" as defined in Schedule 5.06(b), in each case subject to the limitations set forth therein. KO shall have no obligations with respect to severance or otherwise in the instance in which CS employees refuse an offer of employment for other than a "good reason."

(c) The CS Parties and the KO Buyers acknowledge that certain of the Transferred Employees are currently participating in one or more retirement plans that are sponsored or contributed to by the CS Parties (the "Pension Plans"). In instances where the Transferred Employees will become participants in a funded plan maintained or established prior to the Applicable Closing Date by the KO Buyers, the KO Buyers will give credit to the Transferred Employees under such plan for all service with CS and any of its affiliates and predecessors for all purposes, including without limitation, for eligibility, vesting and benefit accrual purposes, to the extent that such credit was credited under the comparable pension

programs of CS and its affiliates immediately prior to the Applicable Closing Date, and to the extent that such crediting is permissible under applicable local law. In such a case, the CS Parties agree to transfer sufficient assets to the KO Buyers to fund such past service obligations so assumed by the KO Buyers, determined on the basis of reasonable actuarial principles, provided such transfer is in compliance with appropriate local law requirements. However, no such credit shall be given for benefit accrual purposes in cases where a Transferred Employee has elected to cash out his pension benefit from any of the Pension Plans of the CS Parties.

(d) KO agrees to use its reasonable best efforts to provide as of the Applicable Closing Date medical, pension, life and disability benefits, and cash, incentives and other remuneration to Transferred Employees that are, in the aggregate, no less favorable to the Transferred Employees than were the aggregate benefits, cash and other remuneration provided to such Transferred Employees by the CS Parties immediately prior to the Applicable Closing Date.

(e) On and after the Applicable Closing Date, the KO Buyers shall assume all obligations attendant to any company automobiles exclusively used in the Purchased Businesses, including, without limitation, all lease payments, insurance premiums and maintenance expenses, on terms that are substantially comparable to the automobile expense reimbursement policies that apply to such Transferred Employees immediately prior to the Applicable Closing Date. The obligations herein, assumed by the KO Buyers, shall continue, as regards to individual Transferred Employees, for the duration of the individual lease agreements applicable to automobiles currently made available to such Transferred Employees. Thereafter, such Transferred Employees shall be eligible for use of KO automobiles, to the extent consistent with local KO practice.

(f) CS and KO shall take all reasonable actions to effect the provisions of this Section 5.06 and to provide one another and their respective agents with all reasonable and practicable assistance relating to the matters addressed herein regarding the establishment, administration and maintenance of employee benefit plans and programs that apply to the Transferred Employees. In addition, the parties agree to use their reasonable best efforts to take all actions necessary to comply with all applicable local laws regarding notification to and consultation with the employees of the Purchased Businesses that may be required by the transactions contemplated by this Agreement and shall use their reasonable best efforts to take the results of any such consultation into account in their actions hereunder.

5.07 BOTTLING RIGHTS. In order to allow KO to realize its anticipated growth projections for the Owned Trademarks, prior to the Threshold Closing and to the extent relevant after the Threshold Closing, CS and KO will discuss in good faith and seek to agree upon the best manner in which to take advantage of opportunities as they may arise that will enable CS to transfer bottling rights and all rights associated with bottling which are currently held by any party, provided that it is understood that the parties are not contemplating any transfers from KO bottlers or the CS COBO Operations.

5.08 NO SALES TO CERTAIN COMPETITORS.

(a) From and after the Subsequent Closing Expiration Date (or in the case of a license, from and after the date of this Agreement), CS agrees (and shall cause the Affiliates of CS to agree) not to sell, dispose of, license (except as set forth in Section 5.08(b)), assign or otherwise transfer (whether through the sale of stock or assets or through any merger, consolidation, share exchange, business combination or other transaction involving any CS subsidiary or otherwise), except pursuant to an agreement in respect of a Takeover Proposal, to any competitor of KO with a significant global presence and with annual revenues derived from beverage concentrate sales in excess of U.S.$1,750,000,000 (a "Major Competitor") any direct or indirect right, title or interest in (i) any Owned Trademark which is not included in the Threshold Closing or a Subsequent Closing and any similar trademark in Australia, South Africa or France (a "Held Brand"), (ii) any brand, trademark, trade name or similar right which is a variant of any of the Owned Trademarks outside the United States, or (iii) any Excluded Country License Agreement.

(b) If, after completing the process described in Section 5.07, CS determines that it is not commercially practicable for it to enter into alternative licensing arrangements with another bottler and that it should enter into a bottling agreement in a particular territory with a bottler that is more than 30% owned by a Major Competitor, CS may enter into such agreement but only if such agreement is on terms which are in the ordinary course of business, consistent with past practice and such agreement has a term no longer than ten years.

(c) From and after the Subsequent Closing Expiration Date, if the Board of CS recommends a Takeover Proposal involving a Major Competitor, CS enters into a definitive agreement providing for a Takeover Proposal involving a Major Competitor or a Takeover Proposal involving a Major Competitor is consummated, CS hereby grants to KO a freely assignable option, exercisable for a period of 120 days after the completion of such transaction by written notice from KO to CS, to acquire one or more of the Held Brands and the businesses associated therewith at the fair market value of such Held Brands and businesses. If the option is exercised, KO or its assignee will have one year following the date of exercise to consummate such transaction. Any dispute regarding such fair market value shall be resolved as follows:

If the parties are unable to reach agreement on the fair market value within thirty days after the option is exercised, then the parties shall mutually appoint an independent investment banking firm of international reputation experienced in valuing businesses of the kind conducted by the Purchased Businesses; provided, that if the parties are unable to agree upon such an independent investment banking firm within 10 business days, then each party shall promptly retain its own investment banking firm and the two investment banking firms retained by each party shall select such independent investment banking firm within 10 business days after expiration of the initial 10 business day period referred to above (the independent investment banking firm appointed pursuant to the provisions of this sentence being the "Independent Appraiser"). The Independent Appraiser shall, within 30 business days after its appointment, determine the disputed fair market value. The determination of the Independent Appraiser shall be final and binding on both parties. The fees and expenses of the Independent Appraiser shall

be shared equally by CS and KO.

5.09 RIGHT OF FIRST NEGOTIATION. CS agrees that, if CS determines to engage in a transaction or if CS receives a bona fide offer in either case which could result in the direct or indirect sale, assignment, transfer, disposition or license (but specifically excluding licensing of Held Brands, subject to Sections 5.07 and 5.08, if such licensing is on terms which are in the ordinary course consistent with past practice and for a duration of no more than ten years) of ownership or control (a "Disposition") of all or some of the Held Brands, CS will provide KO with written notice of its intent to engage in a Disposition of Held Brands (setting forth in such notice the Held Brands which CS intends to dispose of). KO shall have 20 business days after delivery by CS to KO of such notice to notify CS that KO desires to negotiate with CS for the acquisition of the Held Brands specified in CS's notice to KO. If KO shall fail to deliver such notice to CS by the expiration of such 20 business day period, CS's obligations under this Section 5.09 shall expire with respect to such Held Brands if there is a Disposition of such Held Brands within 180 days thereafter (provided that if such Disposition does not occur within such 180-day period, the provisions of this Section 5.09 shall again apply to such Held Brands). If KO shall timely provide such notice to CS, KO and CS shall negotiate diligently and in good faith for a period of up to 180 days in order to attempt to agree upon a transaction pursuant to which KO would acquire such Held Brands. If such negotiations shall fail to result in an agreement between KO and CS with respect to such Held Brands, upon expiration of such 180-day period, CS's obligations under this Section 5.09 shall expire with respect to such Held Brands if there is a Disposition of such Held Brands within 180 days thereafter (provided that if such Disposition does not occur within such 180-day period, the provisions of this Section 5.09 shall again apply to such Held Brands).

5.10 CERTAIN BRAND ACQUISITIONS. Except as set forth on Schedule 5.10(a), prior to the Threshold Closing Date, KO agrees not to directly or indirectly acquire any trademarks in any of the countries set forth on Schedule 5.10(b) if such acquisition would significantly and adversely affect the ability of KO to obtain necessary regulatory approvals to achieve the Threshold Condition.

5.11 AUSTRALIA. Subject to due diligence on the part of KO, the negotiation of a definitive agreement mutually satisfactory to KO and CS, Board approval on the part of KO and CS and regulatory approval, KO and CS intend to enter into a transaction pursuant to which KO would purchase for a purchase price of

U.S.$250,000,000 all of the tangible and intangible assets primarily relating to the beverage trademarks of CS and its Affiliates in Australia (including the Cottees Cordials business), including all bottling assets, and would assume the ordinary course working capital liabilities relating thereto. This intended price reflects the assumption by KO and CS that all carbonated soft drink brands and all non-carbonated beverage brands owned by CS and Affiliates in Australia (including the Cottees Cordials business) would be transferred to KO, and that CS would make representations and warranties with respect to all such brands, consistent with the representations and warranties set forth in Section 2.13 of this Agreement and provide indemnification with respect to such brands to KO consistent with Section 9.01 of this Agreement. The parties also intend more generally that the definitive agreement with respect to such transaction would be generally consistent with the terms and conditions of this Agreement,

taking into account the size and nature of such transaction.

5.12 SOUTH AFRICA. The parties intend to negotiate and cooperate in good faith in a timely manner to seek to develop a transaction structure that would permit KO to enter into a mutually acceptable commercial arrangement with each of Cadbury Schweppes (South Africa) Ltd. and the owner of the Lemon Twist trademark in South Africa that would enable KO to acquire for fair value all tangible and intangible assets relating to the trademarks used in CS's beverages business in South Africa (including Lemon Twist) and the entire associated value stream.

5.13 ROSE'S BEVERAGES. At the Threshold Closing, CS or the relevant Affiliate of CS and KO or the relevant Affiliate of KO shall enter into an exclusive royalty-free, freely transferable license agreement (the "Rose's License Agreement"), with a right to sublicense in form and substance reasonably satisfactory to the parties and in substantially the same form as the Excluded Country License Agreement pursuant to which CS will grant to KO the right to use in perpetuity the trademark "Rose's" for beverages and any brand, trademark, trade name or similar right connected or associated therewith for beverages (including any variants thereof which are developed or created after the date hereof for beverages) with respect to all countries other than the United States, South Africa, Canada and France (and other than Australia, unless the Cottees Cordials are acquired pursuant to Section 5.11). The Rose's License Agreement shall include, without limitation, terms providing KO or the relevant KO Affiliate with brand extensions and rights to new packaging. If the entering into of the Rose's License Agreement would not be permitted at the Threshold Closing, the Purchase Price will be adjusted by the amount attributed to Rose's beverages on Schedule 1.02(b)-1.

5.14 MEXICAN COBO-TECATE FACILITY. If CS sells the Mexican COBO, CS shall transfer, assign and deliver to the purchaser of the Mexican COBO at no cost to such purchaser all of CS's right, title and interest in and to the mineral water rights presently used with respect to its Tecate, Mexico facility (the "Tecate Facility"). CS shall also provide to such purchaser the opportunity to elect to cause CS to fill carbonated soft drink and mineral water products produced by the Tecate Facility at CS's cost as determined below. Such purchaser shall have the right to cancel such filling agreement, subject to reasonable notice, without cost to such purchaser. In addition, such purchaser shall not assume any liabilities or obligations relating to the employees of the Tecate Facility. As used in this Section 5.14, CS's "cost" means all direct costs and reasonable overhead and other indirect costs associated with producing such products.

5.15 GERMANY.

(a) The parties recognize that CS owns 28% of the equity interests of a German joint venture (the "German Joint Venture") which licenses the Schweppes Brand and certain other brands, including DR PEPPER Brand, from CS, which license CS represents and warrants has a termination date of December 31, 2001 (assuming proper notice of termination is provided, which notice CS agrees to give at the earliest possible date).

(b) Following the Applicable Closing Date relating to Germany, CS shall, or shall cause its appropriate Affiliate to, make the following payments to KO, subject to the provisions of this paragraph set forth below, at the times specified below:

September 30, 1999	US$2,400,000
March 31, 2000	US$2,625,000
September 30, 2000	US$2,850,000
March 31, 2001	US$3,075,000
September 30, 2001	US$3,300,000

If the Applicable Closing in Germany shall occur after a scheduled payment date, CS shall not be required to make the specified payment for such date. If the German Joint Venture shall be terminated and the license agreement is terminated without any objection from either of the joint venture parties prior to any scheduled payment date, then (i) within 10 business days after such terminations, CS shall make a payment to KO in an amount equal to the product of (A) the amount of the next scheduled payment and (B) a fraction, the numerator of which shall be the number of days that shall have elapsed from the scheduled payment date immediately prior to the termination of the German Joint Venture to, and including, the date of such terminations and the denominator of which shall be 182.5 and (ii) no further payments under this paragraph (b) shall be required.

(c) CS agrees that if KO reaches an agreement to acquire the license rights to the DR PEPPER Brand (and any variants thereof) from the German Joint Venture on or prior to December 31, 2001, then CS will waive and surrender to KO any rights CS may have to receive, directly or indirectly, any payment in respect of the price paid by KO to acquire such rights.

(d) CS agrees that at all times prior to January 1, 2002, it will use its commercially reasonable efforts to support, promote, maintain and enhance the brand value associated with the DR PEPPER Brand (and any variants thereof) in Germany.

5.16 SYRIA. CS will cooperate with KO in an effort to permit KO to be able to conduct the Purchased Businesses in Syria following the Threshold Closing. If prior to the Threshold Closing, KO in its discretion determines that it will not be able to conduct the Purchased Businesses in Syria, then (i) the Owned Trademarks in Syria shall be transferred to the KO Buyers, (ii) none of the other Assets in Syria shall be transferred to the KO Buyers (with a corresponding reduction in the Purchase Price as described in Schedule 1.02(b)-1), (iii) the KO Buyers shall enter into an Excluded Country License Agreement with respect to Syria, and (iv) the other Assets shall be transferred by the CS Parties to the KO Buyers at a Subsequent Closing at such time as the CS Parties may determine, with the price determined based on the value as described in Schedule 1.02(b)-1.

5.17 ZIMBABWE.

(a) The parties recognize that CS owns 44.9% of the equity interests of a company in Zimbabwe (the "Zimbabwe Company") which licenses certain brands, including

Schweppes and Mazoe, from CS (the "Zimbabwe License"), which license CS represents and warrants has a termination date of December 31, 2001, except with respect to Whisky black, which has a termination date of December 31, 2004.

(b) Unless otherwise agreed by the parties, on and after the Applicable Closing in respect of Zimbabwe, CS agrees to pay to KO promptly all dividends and other distributions or economic benefits (on an after-tax basis based on CS's applicable tax rate) which CS may from time to time receive from the Zimbabwe Company prior to December 31, 2001. In addition, CS shall indemnify KO for all losses which KO may incur arising out of, relating to, or in connection with, any action brought by the other shareholders of the Zimbabwe Company arising out of the termination by KO of the Zimbabwe License at any time on or after December 31, 2001.

5.18 INDIA. At KO's option, at the Threshold Closing or, if KO elects, at any Subsequent Closing specified by KO, the CS Parties shall assign, transfer and deliver to KO, AI or another KO Buyer at no cost or expense to the KO Buyers, all of the right, title and interest of the CS Parties in and to Cadbury Schweppes

Beverages India Private Ltd. (other than any cash or cash equivalents held by such company, except to the extent that the exclusion of such cash would reduce the fair market value of such company below zero).

5.19 CHINESE JOINT VENTURE.

(a) The parties recognize that CS owns 35% of a company in China (the "Chinese Company") which licenses the Oasis brand in China.

(b) Prior to the Threshold Closing, CS shall cause the Chinese Company to be liquidated so that CS (and KO following the Threshold Closing) will have the unfettered right and title to the "Oasis" brand in China and the unfettered right to license such brand.

5.20 SUPPORT AGREEMENTS; CONCENTRATE AGREEMENT.

(a) With respect to any country (other than the United States) the Purchased Businesses with respect to which are not purchased by KO pursuant to this Agreement at the Threshold Closing or a Subsequent Closing, the parties will enter into an agreement for the provision by KO to CS of specific support services in such form as the parties may mutually agree. Such services will include, without limitation, the supply of concentrates, as well as services related to new products, packaging and advertising, to the extent necessary to permit CS to continue its operations in such countries in a manner comparable to currently conducted operations. The supply of concentrates shall be at KO's cost as determined below. CS and KO will negotiate in good faith on an arms-length basis the amounts of payments to be made by CS to KO in return for such services to be provided by KO. For purposes of this Section 5.20, "KO's cost" means all direct costs and reasonable overhead and other indirect costs associated with the provision of such supplies and services.

(b) Since KO will not be purchasing the "Oasis" trademark in all countries at

the Threshold Closing, the parties will negotiate in good faith regarding the terms of a supply agreement to be mutually satisfactory to the parties relating to the supply of fruit-based concentrate to CS for products bearing the "Oasis" trademark.

5.21 FACILITATION PAYMENTS. In consideration for the assistance to be provided by CS in connection with closing the transactions contemplated by this Agreement and the Transaction Documents, KO or AI shall pay to CS in cash (i) a transition facilitation payment in the amount of U.S.$30,000,000 on the later of the Threshold Closing Date and July 1, 1999 (the "First Payment Date"), and (ii) a transition facilitation payment in the amount of U.S.$20,000,000 on the date which is seven months after the First Payment Date. Such payment shall not be subject to reduction or set-off for any reason.

5.22 YEAR 2000 COMPLIANCE.

(a) Following the date of this Agreement, CS shall provide KO with such access and information as KO may reasonably request relating to any issues regarding whether the Plants are Year 2000 Compliant, and shall permit, at KO's sole cost and expense, any consultant engaged by KO to have such access and receive such information as KO may reasonably request in order to permit such consultant to assess the issues regarding whether the Plants are Year 2000 Compliant.

(b) If any of KO, the KO Buyers or the Plants:

(i) is required to expend funds in excess of U.S. $200,000 in order to execute the Y2K Plan; or

(ii) reasonably determines in good faith, prior to January 1, 2000, that steps additional to those set forth in the Y2K Plan are required to ensure the Year 2000 Computer Date Problem will not affect the conduct of the business of the Plants in any material respect, and that expenditures in excess of U.S. $200,000 are required to take such additional steps;

then KO shall notify CS, and CS agrees that it shall either:

(A) provide the funds to KO so that KO can execute the Y2K Plan or take the additional steps required, in which case CS shall be relieved from any indemnification obligations under Sections 9.01(a)(vii) in respect of such additional steps undertaken by KO and the matters addressed by such additional steps;

(B) implement the additional steps required by KO at CS's expense, in which case CS shall not be subject to the indemnification obligations under Section 9.01(a)(vii) with respect to such additional steps and the matters addressed by such additional steps, unless CS fails to implement or negligently implements the required steps identified by KO;

(C) in lieu of the additional steps required by KO, suggest an alternate plan or steps to be implemented at CS's expense in which case CS shall be required to indemnify KO in

accordance with Section 9.01(a)(vii) with respect to such matter only to the extent that CS's alternate plan or steps fail to correct the problem identified by KO or cause a Loss; or

(D) take no action, in which case CS shall indemnify KO for any Loss caused by the identified problem in accordance with Section 9.01(a)(vii), subject to the limitations set forth in Section 9.01(c).

5.23 ENVIRONMENTAL COMPLIANCE. If any of KO, the KO Buyers or the Purchased Businesses reasonably determines in good faith after any Applicable Closing Date that steps are necessary to avoid or mitigate a potential Environmental Claim arising from any conditions, facts, circumstances, events or practices relating to the Plants, the properties covered by the Assumed Leases or the Malvern Facility (but specifically excluding practices to the extent of any continuation of such practices by KO after the Applicable Closing Date) on or prior to the Applicable Closing Date, then KO shall notify CS and CS agrees that it shall either:

(a) provide the funds to KO so that KO can avoid or mitigate the Losses associated with such Environmental Claim; or

(b) take no action, in which case CS shall indemnify KO for any Loss associated with any such Environmental Claim which may arise under Section 9.01(a)(v)(B) or 9.01(a)(vi), in accordance with and subject to any applicable limitations set forth in Section 9.01(c), provided that in such event, CS shall not be entitled to assert mitigation or any similar defense as a defense to CS's indemnity obligation to any Protected Party (as defined in Section 9.01(a)) for any such Environmental Claim.

5.24 DEBT. CS shall repay, prior to the Applicable Closing Date, all Debt of the Purchased Company and the Subsidiaries. If such Debt cannot be repaid due to restrictions on financial assistance or similar laws in the relevant jurisdictions, the KO Buyers shall assume such Debt (such Debt so assumed by the KO Buyers being the "Assumed Debt") at the Applicable Closing, subject to an adjustment in the Purchase Price as described in Section 1.02.

5.25 NON-ASSIGNABLE CONTRACTS, LICENSES, ETC. To the extent that any Contract for which assignment to the KO Parties is provided for in this Agreement is not assignable without the consent of another party, this Agreement shall not constitute an assignment or an attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof. CS shall, and shall cause the other CS Parties to, use their reasonable best efforts to obtain the consent of such other party to the assignment of any such contract to the KO Parties in all such cases in which such consent is or may be required for such assignment. If such consent shall not be obtained within a reasonable period of time prior to the Applicable Closing, CS shall, and shall cause the CS Parties to, cooperate with the KO Parties in any reasonable arrangement designed to provide for the KO Parties the benefits under any such contract. If such consent is not obtained under the license agreements from Sunkist Growers to CS, the amount of the Purchase Price shall be reduced at the Threshold Closing by the amounts assigned to such items on Schedule 1.02(b)-1. Receipt of such consents from the Sunkist Growers shall not be a condition to any closing hereunder.

5.26 REPLACEMENT OF CS GUARANTEES. To the extent any CS Party is liable or responsible (whether by guarantee, letter of credit or otherwise) for any Assumed Liability (each, a "CS Guarantee"), KO shall use its commercially reasonable efforts to cause such CS Party to be removed from such CS Guarantee and shall indemnify and hold harmless the CS Parties from against any and all Losses relating to or arising out of any such CS Guarantee.

5.27 SCHWEPPES EEIG. As of the Threshold Closing, CS shall cause the Purchased Company and the Subsidiaries to be removed from the Schweppes Europe EEIG and, upon such removal, no further services will be provided thereunder to the Purchased Company and the Subsidiaries except as otherwise provided by this Agreement.

5.28 INVOICING OF CC&SB FOR CERTAIN MATTERS. KO shall invoice Coca-Cola & Schweppes Beverages Limited, and shall promptly provide CS with copies of such invoices, for "Extracts" supplied to Coca-Cola & Schweppes Beverages Limited pursuant to the Licensor Agreements. CS shall invoice Coca-Cola & Schweppes Beverages for the Concentrate Surcharge. If Coca-Cola & Schweppes Beverages Limited shall remit any portion of the Concentrate Surcharge to KO or a KO Affiliate, KO shall cause such amount to be promptly paid over to CS.

5.29 CERTAIN FURNITURE AND EQUIPMENT. Following the date of this Agreement, KO shall have the opportunity to review and consider whether it desires to receive the rights under, and assume the liabilities and obligations under, all or some of the furniture and equipment leases relating to offices used to conduct the beverages business of CS and its Affiliates outside the United States (the "Furniture and Equipment Leases"). KO shall be entitled to receive the rights under, and assume the liabilities and obligations under, such Furniture and Equipment Leases as KO so designates at an Applicable Closing.

5.30 TRADEMARK COOPERATION. From and after the date of this Agreement, CS shall (i) without limiting KO's rights under Section 4.02, provide reasonable access, upon reasonable notice, to KO and KO's representatives to the files in CS's possession or control relating to the Owned Trademarks as KO or KO's representatives may reasonably request and (ii) cooperate with KO and KO's representatives in implementing such steps as KO shall reasonably request in order to preserve and protect any Owned Trademarks, including the making of certain filings and the taking of certain action as previously discussed between KO and CS. To the extent that such steps would not otherwise be taken by CS in the ordinary course of its business consistent with past practices (it being acknowledged that certain filings and actions as previously discussed by the parties are in the ordinary course of its business consistent with past practices), such steps shall be taken at KO's cost and expense using such of KO's personnel and/or counsel as may reasonably be requested by CS, with such personnel and/or counsel acting under the direction and control of CS.

5.31 ACQUIRED RECEIVABLES.

(a) Except with respect to the Carcagente Plant and the Athy Plant, at each Applicable Closing, the KO Buyers will acquire from the CS Parties all of the accounts

receivable of the Purchased Businesses transferred at such Applicable Closing (as represented on the CS Hyperion Reporting System as "Debtors") but only to the extent such accounts receivable were generated in respect of concentrate sales (the "Acquired Receivables"). The purchase price to be paid by the KO Buyers to the CS Parties for such accounts receivable shall equal the face amount of such accounts receivable less reductions for bad debt reserves, which would be based upon CS's historical percentage experience with respect to bad debts (the "Bad Debt Reserve"). It is anticipated that the KO Buyers would also agree with the CS Parties to assume certain agreed upon accounts payable under marketing commitments in respect of periods prior to each such Applicable Closing (as represented on the CS Hyperion Reporting System as "Customer Rebates"), in which case the purchase price for the Acquired Receivables shall be reduced dollar-for-dollar by the amount of any such payables which the KO Buyers agree to assume.

(b) The KO Buyers shall use their commercially reasonable efforts to collect the relevant Acquired Receivables after the date of each Applicable Closing. To the extent any such Acquired Receivables are not collected within twelve months of any such Applicable Closing, the CS Parties shall pay to the KO Buyers on or prior to the thirtieth day after the one year anniversary of such Applicable Closing an amount equal to the total face value of any Acquired Receivables not so collected, minus the total Bad Debt Reserve. If the amount of the Acquired Receivables so collected exceeds the total face value of the Acquired Receivables, less the total Bad Debt Reserve, the KO Buyers shall similarly pay the amount of such excess to the CS Parties.

(c) Except as set forth in paragraphs (a) and (b) above, or as specifically set forth in Section 1.06, the CS Parties shall retain at each Applicable Closing and be responsible for all payables and other liabilities and obligations with respect to the Purchased Businesses transferred at such Applicable Closing.

(d) After each Applicable Closing, any payments made to CS or any of its Affiliates in respect of Acquired Receivables or with respect to receivables generated by the Purchased Businesses transferred at such Applicable Closing in respect of periods after such Applicable Closing shall be paid forthwith (and in any event in not less than 30 days after receipt) to the KO Buyers.

(e) Any disputes with respect to the matters described in this Section 5.31 shall be referred to and resolved and determined by the Review Accounting Firm, which determination shall be binding on the CS Parties and the KO Buyers.

ARTICLE 6

CONDITIONS TO CS'S OBLIGATIONS

6.01 CONDITIONS TO THE THRESHOLD CLOSING. The obligations of CS to be performed under this Agreement at the Threshold Closing shall be subject to the satisfaction (or waiver by

CS) at or prior to the Threshold Closing Date of the following conditions:

(a) CS Country Conditions (as defined below) sufficient to satisfy the Threshold Condition shall be satisfied.

(b) The representations and warranties of KO contained in this Agreement shall be true and correct in all material respects on and as of the Threshold Closing Date with the same force and effect as though made on and as of such date; KO shall have complied in all material respects with its covenants and agreements set forth in this Agreement to be performed by it on or before the Threshold Closing Date; and KO shall have delivered to CS a certificate dated the Threshold Closing Date and signed on behalf of KO by its duly authorized officer attesting to all such effects described in this paragraph, which certificate shall state that such representations and warranties are made as of the Threshold Closing Date with the same force and effect as if made in this Agreement as of the date hereof.

(c) Subject to Section 7.04, no suit, governmental investigation, action or other proceeding shall be pending and no suit, investigation, action or other proceeding by any Governmental Authority shall be overtly threatened as a result of, or in connection with, the transactions contemplated by this Agreement and the Transaction Documents which, in the reasonable opinion of counsel for CS, would be reasonably likely to result in the restraint or prohibition of any of the CS Parties from consummating the transactions contemplated hereby or by the Transaction Documents, or the obtaining of damages or other relief from the CS Parties which are material in the context of the transactions contemplated by this Agreement and the Transaction Documents.

6.02 CONDITIONS TO EACH SUBSEQUENT CLOSING. The obligations of CS to be performed under this Agreement at each Subsequent Closing shall be subject to the satisfaction (or waiver by CS) at or prior to such Subsequent Closing Date of the following conditions:

(a) The Threshold Closing shall have occurred.

(b) The representations and warranties of KO contained in this Agreement shall be true and correct in all material respects on and as of the Subsequent Closing Date with the same force and effect as though made on and as of such date; KO shall have complied in all material respects with its covenants and agreements set forth in this Agreement to be performed by it on or before the Subsequent Closing Date; and KO shall have delivered to CS a certificate dated the Subsequent Closing Date and signed on behalf of KO by its duly authorized officer attesting to all such effects described in this paragraph, which certificate shall state that such representations and warranties are made as of the Subsequent Closing Date with the same force and effect as if made in this Agreement as of the date hereof.

(c) Subject to Section 7.04, no suit, governmental investigation, action or other proceeding shall be pending and no suit, investigation, action or other proceeding by any Governmental Authority shall be overtly threatened as a result of, or in connection with, the transactions contemplated by this Agreement and the Transaction Documents which, in the

reasonable opinion of counsel for CS, would be reasonably likely to result in the restraint or prohibition of any of the CS Parties from consummating the transactions contemplated hereby or by the Transaction Documents, or the obtaining of damages or other relief from the CS Parties which are material in the context of the transactions contemplated by this Agreement and the Transaction Documents.

6.03 CS COUNTRY CONDITIONS. The obligations of CS to be performed hereunder with respect to the Assets in a particular country shall be subject to the satisfaction (or waiver by CS) of each of the following conditions (the "CS Country Conditions"):

(a) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby or by the Transaction Documents with respect to such country shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority which prohibits or makes illegal the consummation of the transactions contemplated hereby or by the Transaction Documents with respect to such country.

(b) Subject to Section 7.04, no suit, governmental investigation, action or other proceeding shall be pending and no suit, investigation, action or other proceeding by any Governmental Authority shall be overtly threatened which in the reasonable opinion of counsel for CS would be reasonably likely to restrain or prohibit the consummation of the transactions contemplated hereby and by the Transaction Documents with respect to such country.

(c) All necessary governmental approvals in connection with the transactions contemplated by this Agreement and the Transaction Documents with respect to such country shall have been obtained. All material consents and approvals of third parties required in connection with the transactions contemplated by this Agreement and the Transaction Documents with respect to such country shall have been obtained.

ARTICLE 7

CONDITIONS TO KO'S OBLIGATIONS

7.01 CONDITIONS TO THE THRESHOLD CLOSING. The obligations of KO to be performed hereunder at the Threshold Closing shall be subject to the satisfaction (or waiver by KO) on or before the Threshold Closing Date of each of the following conditions:

(a) KO Country Conditions (as defined below) sufficient to satisfy the Threshold Condition shall be satisfied.

(b) Each of the representations and warranties of CS contained in Sections 2.01, 2.02, 2.03, 2.04, 2.05 and 2.06 shall be true and correct in all material respects as of the date hereof and as of the Threshold Closing Date with the same effect as though such representations and warranties had been made as of

the Threshold Closing Date.

(c) Each of the representations and warranties of the CS Parties contained in Article 2 (other than the representations and warranties referred to in Section 7.01(b)) shall be true and correct in all respects as of the date hereof and as of the Threshold Closing Date with the same force and effect as though such representations and warranties had been made as of the Threshold Closing Date, except (i) representations and warranties that speak as of a specified date or time other than the Threshold Closing Date (which need only be true and correct in all respects as of such date or time), and (ii) where the failure or failures of such representations and warranties to be true and correct do not and are not reasonably likely to, either individually or in the aggregate, have or result in a Material Adverse Effect (provided, however, that for purposes of this paragraph, if any such representation or warranty is qualified in any respect by materiality, by the word "material" or by words of similar impact, such materiality, material or similar qualifications or exceptions will in all respects be ignored solely for purposes of the paragraph).

(d) Each of the CS Parties shall have performed and complied in all material respects with the obligations, agreements and conditions contained herein and in the Conveyance Documents required to be performed or complied with by them prior to or at the time of the Threshold Closing.

(e) The Purchased Businesses taken as a whole shall not have suffered any Material Adverse Effect since the date of this Agreement.

(f) Each of the CS Parties shall have delivered to KO a certificate dated as of the Threshold Closing Date signed by a senior officer on its behalf attesting to all of the effects described in Sections 7.01(b), (c), (d) and (e).

(g) No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority which prohibits or makes illegal consummation of the transactions contemplated hereby or by the Transaction Documents to occur at the Threshold Closing, or, subject to Section 7.04, would be reasonably likely to result in damages or other relief having or reasonably likely to have a Material Adverse Effect or damages or other relief from or with respect to KO which are material in the context of the transactions contemplated by this Agreement and the Transaction Documents taken as a whole.

(h) Subject to Section 7.04, no suit, governmental investigation, action or other proceeding shall be pending and no suit, investigation, action or other proceeding by any Governmental Authority shall be overtly threatened as a result of, or in connection with, the transactions contemplated by this Agreement and the Transaction Documents which in the reasonable opinion of counsel for KO would be reasonably likely to result in damages or other relief having or reasonably likely to have a Material Adverse Effect or damages or other relief from or with respect to KO which are material in the context of the transactions contemplated by this Agreement and the Transaction Documents taken as a whole.

7.02 CONDITIONS TO THE SUBSEQUENT CLOSING. The obligations of KO to be performed hereunder at the Subsequent Closing shall be subject to the satisfaction (or waiver by KO) on or

before the Subsequent Closing Date of each of the following conditions:

(a) The Threshold Closing shall have occurred.

(b) Each of the representations and warranties of CS contained in Sections 2.01, 2.02, 2.03, 2.04, 2.05 and 2.06 shall be true and correct in all material respects as of the date hereof and as of the Subsequent Closing Date with the same effect as though such representations and warranties had been made as of the Subsequent Closing Date.

(c) Each of the representations and warranties of the

CS Parties contained in Article 2 (other than the representations and warranties referred to in Section 7.02(b)) shall be true and correct in all respects as of the date hereof and as of the Subsequent Closing Date with the same force and effect as though such representations and warranties had been made as of the Subsequent Closing Date, except (i) representations and warranties that speak as of a specified date or time other than the Subsequent Closing Date (which need only be true and correct in all respects as of such date or time), and (ii) where the failure or failures of such representations and warranties to be true and correct do not and are not reasonably likely to, either individually or in the aggregate, have or result in a Material Adverse Effect (provided, however, that for purposes of this paragraph, if any such representation or warranty is qualified in any respect by materiality, by the word "material" or by words of similar impact, such materiality, material or similar qualifications or exceptions will in all respects be ignored solely for purposes of the paragraph).

(d) Each of the CS Parties shall have performed and complied in all material respects with all obligations, agreements and conditions contained herein and in the Conveyance Documents required to be performed or complied with by them prior to or at the time of the Subsequent Closing.

(e) No Material Adverse Effect shall have occurred since the date of this Agreement.

(f) Each of the CS Parties shall have delivered to KO a certificate dated as of the Subsequent Closing Date signed by a senior officer on its behalf attesting to all of the effects described in Sections 7.02(b), (c), (d) and (e).

(g) No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority which prohibits or makes illegal consummation of the transactions contemplated hereby or by the Transaction Documents to occur at the Threshold Closing or, subject to Section 7.04, would be reasonably likely to result in damages or other relief having or reasonably likely to have a Material Adverse Effect or damages or other relief from or with respect to KO which are material in the context of the transactions contemplated by this Agreement and the Transaction Documents taken as whole.

(h) Subject to Section 7.04, no suit, governmental investigation, action or other proceeding shall be pending and no suit, investigation, action or other proceeding by any Governmental Authority shall be overtly threatened as a result of, or in connection with, the

transactions contemplated by this Agreement and the Transaction Documents which in the reasonable opinion of counsel for KO would be reasonably likely to result in damages or other relief having or reasonably likely to have a Material Adverse Effect or damages or other relief from or with respect to KO which are material in the context of the transactions contemplated by this Agreement and the Transaction Documents taken as whole.

7.03 KO COUNTRY CONDITIONS. The obligations of KO to be performed hereunder with respect to the Purchased Businesses in a particular country shall be subject to the satisfaction (or waiver by KO) of each of the following conditions (the "KO Country Conditions"):

(a) No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the transactions contemplated hereby or by the Transaction Documents with respect to such country (including the purchase and sale of the Purchased Company or any Subsidiary, in each case which owns the Owned Trademarks with respect to such country) shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority which prohibits or makes illegal the consummation of the transactions contemplated hereby or by the Transaction Documents with respect to such country (including the purchase and sale of the Purchased Company or any Subsidiary, in each case which owns the Owned Trademarks with respect to such country), or, subject to Section 7.04, which restricts in any significant respect the ability of KO to conduct its businesses as now conducted in such country.

(b) Subject to Section 7.04, no suit, governmental investigation, action or other proceeding shall be pending and no suit, investigation, action or other proceeding by any Governmental Authority shall be overtly threatened which in the reasonable opinion of counsel for KO would be reasonably likely to:

(i) restrain or prohibit the consummation of the transactions contemplated hereby and by the Transaction Documents with respect to such country (including the purchase and sale of the Purchased Company or any Subsidiary, in each case which owns the Owned Trademarks with respect to such country);

(ii) result in an order or other relief which restricts in any significant respect the ability of KO to conduct its businesses as now conducted in such country.

(c) KO shall have received from counsel to CS reasonably satisfactory to KO, an opinion with respect to such countries (provided such country is specifically identified by name on Schedule 1.02(b)-1), dated the Applicable Closing Date, in the form of Exhibit 7.03(c).

(d) The CS Parties shall have delivered to the KO Parties the Conveyance Documents with respect to such country.

(e) To the extent requested by KO, all directors of the Purchased Businesses to be acquired with respect to such country shall have delivered to the KO Parties their

resignations as directors.

(f) All necessary governmental approvals in connection with the transactions contemplated by this Agreement and the Transaction Documents with respect to such country (including the purchase and sale of the Purchased Company or any Subsidiary, in each case which owns the Owned Trademarks with respect to such country) shall have been obtained. All material consents and approvals of third parties required in connection with the transactions contemplated by this Agreement and the Transaction Documents with respect to such country (including the purchase and sale of the Purchased Company or any Subsidiary, in each case which owns the Owned Trademarks with respect to such country) shall have been obtained, except as would not have a material adverse effect on the Purchased Businesses being acquired in such country.

7.04 RESOLUTION OF CERTAIN DISPUTES. If the parties cannot agree as to whether the condition specified in Sections 6.01(c), 6.02(c), 6.03(b), 7.01(g), 7.01(h), 7.02(g), 7.02(h) or 7.03(b) is satisfied, then distinguished and reputable competition-law counsel for each party will jointly agree on the retention of an independent, distinguished and reputable competition-law expert not previously retained by either party. Such independent counsel will be instructed to produce an opinion as to whether or not such condition is satisfied; and the parties agree to be bound by such opinion.

ARTICLE 8

CLOSINGS

8.01 THRESHOLD CLOSING DATE. Subject to the satisfaction or waiver of the conditions set forth in this Agreement, the Threshold Closing shall take place at 10:00 a.m., local time, on the third business day following the date on which all of the conditions to such Threshold Closing have been satisfied or waived (or are capable of being satisfied concurrently with the Threshold Closing) at the offices of King & Spalding, counsel to KO, at 1185 Avenue of the Americas, New York, New York, U.S.A. or at such other time or place as may be mutually agreed by KO and CS.

8.02 SUBSEQUENT CLOSING DATES. Subject to the satisfaction or waiver of the conditions set forth in this Agreement, a Subsequent Closing shall take place at 10:00 a.m., local time, on such date and at such place at the offices of King & Spalding, counsel to KO, at 1185 Avenue of the Americas, New York, New York, U.S.A., or at such other time or place as may be mutually agreed by KO and CS.

8.03 CLOSING REQUIREMENTS. At each Applicable Closing, the following shall occur:

(a) The parties hereto shall exchange and deliver the certificates and other evidence as to the accuracy of the representations and warranties contained herein, and the compliance with the covenants and agreements contained herein, which are required to be delivered by such party as herein provided.

(b) The CS Parties shall deliver and the KO Buyers shall receive at the Closing certificates evidencing the Shares at the Applicable Closing, duly endorsed in blank for transfer or accompanied by duly executed blank stock powers attached and otherwise in good form for transfer.

(c) The CS Parties shall deliver appropriate transfer documents, including bills of sale, trademark assignments, intellectual property assignments and other assignment documents, as may be necessary in the reasonable judgment of KO to convey to the KO Buyers in accordance with this Agreement title to all of the Assets to be acquired by the KO Buyers at the Applicable Closing.

(d) The KO Buyers shall deliver to the CS Parties all funds payable at the Applicable Closing as provided in Article 1.

(e) All other opinions, documents, instruments and writings required to be delivered by a party at or prior to the Applicable Closing Date pursuant to this Agreement or the Transaction Documents will be delivered to the party entitled thereto to the extent not previously delivered.

ARTICLE 9

INDEMNIFICATION

9.01 KO REMEDIES.

(a) CS shall, and shall cause the CS Parties to, indemnify, defend and hold harmless the KO Parties from and against any and all Losses (as hereinafter defined) suffered or incurred by any of the KO Parties or the Purchased Businesses or any successors or assigns thereof (the "Protected Parties'") as a result of, or with respect to:

(i) any breach or inaccuracy of any representation or warranty of CS set forth in this Agreement, whether such breach or inaccuracy exists or is made on the date of this Agreement or as of the Applicable Closing Date;

(ii) any breach of or noncompliance by CS with any covenant or agreement of CS contained in this Agreement;

(iii) except as specifically assumed by the KO Parties pursuant to Section 5.06, all liabilities and obligations relating to the Employee Benefit Plans of or relating to the Purchased Businesses incurred or accrued on or prior to the Applicable Closing or relating to periods prior to the Applicable Closing, including but not limited to (A) social security obligations, (B) pension obligations, (C) severance (statutory or contractual) obligations, and (D) liabilities for any acts of any of the Purchased Businesses as an employer, including discrimination, unlawful termination, terminations for cause, or violations of any statute or contract or other obligation;

(iv) any litigation, claims, suits, actions, investigations, indictments, informations or proceedings involving claims individually or together with any reasonably closely related matters in excess of U.S.$250,000 which (A) are or have been pending on or prior to the date of this Agreement, (B) are commenced after the date of this Agreement and on or before the Applicable Closing Date, or (C) are, to the knowledge of the CS Parties or the Purchased Businesses, threatened on or before the Applicable Closing Date, in each case to which any of the Purchased Businesses or any of their properties is or may become a party or is or may be subject;

(v) (A) any noncompliance with or violation of

any applicable Environmental Law (to the extent such noncompliance or violation exists on or prior to the Applicable Closing Date) relating to the Plants, the properties covered by the Assumed Leases or the Malvern Facility or any Person whose liability for any such matters any of the Purchased Businesses has or may have retained or assumed either contractually or by operation of law (including (i) any failure with respect to any such Plant or leased property or the Malvern Facility to obtain and possess all permits, licenses and other authorizations which are required to be obtained and possessed under Environmental Laws, (ii) any failure with respect to any such Plant or leased property or the Malvern Facility to comply with all terms and conditions of such permits, licenses and authorizations, and (iii) any failure with respect to any such Plant or leased property or the Malvern Facility to file all notices which are required to be filed under Environmental Laws), and (B) any Environmental Claim alleging noncompliance with or violation of any applicable Environmental Law (to the extent such noncompliance or violation exists on or prior to the Applicable Closing Date) relating to the Plants, the properties covered by the Assumed Leases or the Malvern Facility or any Person whose liability for any such Environmental Claim any of the Purchased Businesses has or may have retained or assumed either contractually or by operation of law (including (i) any failure with respect to any such Plant or leased property or the Malvern Facility to obtain and possess all permits, licenses and other authorizations which are required to be obtained and possessed under Environmental Laws, (ii) any failure with respect to any such Plant or leased property or the Malvern Facility to comply with all terms and conditions of such permits, licenses and authorizations, and (iii) any failure with respect to any such Plant or leased property or the Malvern Facility to file all notices which are required to be filed under Environmental Laws);

(vi) any Environmental Claim (other than as specified in clause (v)(B) of this Section 9.01(a)) to the extent relating to the ownership or operations on or prior to the Applicable Closing Date of the Plants, the properties covered by the Assumed Leases or the Malvern Facility or any Person whose liability for any such Environmental Claim any of the Purchased Businesses has or may have retained or assumed either contractually or by operation of law;

(vii) except as specified in Section 5.22, any Year 2000 Computer Date Problem (provided that for the purposes of this clause (vii), any reference to "material" in the definition of Year 2000 Computer Date Problem shall be ignored), less U.S. $200,000;

(viii) all Excluded Liabilities;

(ix) any payment of "Supplemental Contributions" as defined under and required to be paid pursuant to Clause 8.3.5 of the Schweppes Licensor Agreement, dated February 10, 1997, among Schweppes Limited, Schweppes International Limited, L. Rose & Co. Limited and Coca-Cola & Schweppes Beverages Limited; and

(x) the inability on the part of the KO Parties or the Purchased Businesses to terminate any bottling or distribution agreements relating to any territory in Chile on or before December 31, 2004 based on contractual arrangements existing on the Applicable Closing Date.

(b) "Loss" shall mean any loss, damage, liability, cost or expense including, without limitation, any interest, fine, penalty, criminal or civil judgment or settlement, court costs, reasonable attorneys' and expert witnesses' fees, reasonable accountants' fees, disbursements and expenses, and any indemnification or similar payments required to be made to officers, directors, employees or agents under duly enacted charter provisions or bylaws, board resolutions or undertakings, commitments or other understandings or under applicable corporate law, together with interest thereon from the later of the Applicable Closing Date and the date suffered or incurred at the Rate; provided that the term "Loss" shall not include any punitive damages which may be sought by an indemnified party in an action, suit or proceeding against any indemnifying party. A Loss suffered or incurred by any of the Purchased Businesses shall be deemed a Loss suffered or incurred by the KO Parties for purposes of this Article 9.

(c) Except as provided below, the KO Parties may

assert a claim for indemnification against the CS Parties under Section 9.01(a) only with respect to individual facts, conditions, practices, events, circumstances, items or matters (or any absences thereof) which, together with any other facts, conditions, practices, events, circumstances, items or matters (or any absences thereof) which are reasonably closely related, involve an amount in excess of U.S.$25,000; provided, however, that the limitations of this sentence shall not be applicable to any representation or warranty which is qualified by materiality, the word "material" or words of similar import. Except as provided below, no amounts of indemnity shall be payable as a result of any claim made pursuant to Section 9.01(a) unless and until the Persons making claims thereunder shall have suffered, incurred, sustained or become subject to indemnifiable Losses in the aggregate in excess of 1.75% of the Purchase Price (prior to any adjustment for Assumed Debt and prior to the Working Capital Adjustment, but taking into account any reduction in the Purchase Price resulting from the failure to satisfy the conditions to the Applicable Closing in certain countries subject to an increase once such originally excluded Purchased Businesses are transferred), in which case the Indemnified Parties shall be entitled to recover only such Losses in excess of such amount. The limitations of the preceding sentences in this Section 9.01(c) shall not apply to any action or claim pursuant to clauses (ii), (iii), (iv), (v) (except in the case of clause (v) for matters within the scope of clause (v) which KO has not identified prior to the Applicable Closing, as to which matters such limitations shall apply), (viii), (ix) or (x) of Section 9.01(a) or which is based on a breach of the representations and warranties contained in Sections 2.01(a), 2.01(b), 2.02, 2.04, 2.05, 2.06, 2.13(b), 2.13(c), 2.13(d), 2.26, 2.27 or 2.29 or the last sentence of Section 2.20(c) or based upon fraud or intentional misrepresentation; provided, however, that

(A) in the case of Section 2.13(d) (which representation and warranty shall be interpreted for purposes of this Section 9.01 as if the Disclosure Schedule to such representation and warranty does not exist) to the extent an incident relating to a breach of such representation and warranty is identified by KO prior to the Threshold Closing, no amounts shall be payable as a result of any claim with respect thereto unless both:

(I) the incident giving rise to such claim, involves an amount in excess of U.S. $25,000, in which case, subject to the following clause (II), CS shall indemnify the Protected Parties for the sum of (i) two-thirds of the Losses resulting from such incident between U.S. $25,000 and U.S. $100,000 and (ii) all Losses resulting from such incident in excess of U.S. $100,000; and

(II) the Protected Parties shall have suffered, incurred, sustained or become subject to Losses indemnifiable under the immediately preceding clause (i) in excess of U.S. $3,000,000 in the aggregate as a result of a breach or inaccuracy of the representation and warranty in Section 2.13(d), in which case the Protected Parties shall be entitled to recover only such Losses in excess of U.S. $3,000,000;

(B) in the case of Section 2.13(d) (which representation and warranty shall be interpreted for purposes of this Section 9.01 as if the Disclosure Schedule to such representation and warranty does not exist) to the extent an incident relating to a breach of such representation and warranty is not identified by KO prior to the Threshold Closing, no amounts shall be payable as a result of any claim with respect thereto unless:

(I) the incident giving rise to such claim involves an amount in excess of U.S. $25,000, in which case, subject to the following clause (II), CS shall indemnify the Protected Parties for the sum of (i) two-thirds of the Losses resulting from such incident between U.S. $25,000 and U.S. $100,000 and (ii) all Losses resulting from such incident in excess of U.S. $100,000; provided that

(II) any such amounts indemnifiable under the immediately preceding clause (I) shall be subject to the limitations of the second sentence of Section 9.01(c);

(C) in the case of Sections 2.13(b) and (c) no amounts of indemnity shall be payable as a result of any claim made with respect thereto unless and until the Protected Parties making claims thereunder shall have suffered, incurred, sustained or

become subject to indemnifiable Losses in excess of U.S. $1,000,000 in the aggregate, in which case the Indemnified Parties shall be entitled to recover only such Losses in excess of such amount.

(D) in the case of clause (v) of Section 9.01(a) (to the extent in the case of clause (v) that KO has identified such matter prior to the Applicable Closing), no amounts of indemnity shall be payable as a result of any claim made with respect thereto unless and until the Persons making claims thereunder shall have suffered, incurred, sustained or become subject to indemnifiable Losses in excess of U.S. $1,000,000 under such clause (v) in the case of clause (v) of Section 9.01(a) (to the extent in the case of clause (v) that KO has identified such matter prior to the

Applicable Closing), in the aggregate, in which case the Indemnified Parties shall be entitled to recover only such Losses in excess of such amount.

(E) in the case of the last sentence of Section 2.20(c) no amounts of indemnity shall be payable as a result of any claim made with respect thereto unless and until the Protected Parties making claims thereunder shall have suffered, incurred, sustained or become subject to indemnifiable Losses in excess of U.S. $5,000,000 in the aggregate, in which case the Indemnified Parties shall be entitled to recover only such Losses in excess of such amount.

(d) In no event shall the amount of indemnification payable by the CS Parties to the Protected Parties for asserted claims under Section 9.01(a) exceed 100% of the Purchase Price (prior to any adjustment for Assumed Debt and prior to the Working Capital Adjustment, but taking into account any reduction in the Purchase Price resulting from the failure to satisfy the conditions to the Applicable Closing in certain countries, subject to an increase once such originally excluded Purchased Businesses are transferred).

(e) No Protected Party shall be entitled to recovery for a particular Loss pursuant to any provision of this Section 9.01 if the specific issue that is the subject of such Loss has been considered and resolved pursuant to Sections 1.04 and 1.05 or pursuant to another provision of this Section 9.01.

9.02 CS REMEDIES

(a) KO shall, and shall cause the KO Buyers to, indemnify, defend and hold harmless the CS Parties from and against any and all Losses suffered or incurred by any of the CS Parties or any successors or assigns thereof as a result of, or with respect of:

(i) any breach or inaccuracy of any representation or warranty of KO set forth in this Agreement, whether such breach or inaccuracy exists or is made on the date of this Agreement or as of the Applicable Closing Date;

(ii) any breach of or noncompliance by KO with any covenant or agreement of KO contained in this Agreement;

(iii) the Assumed Liabilities, except for any claim or cause of action with respect to which the CS Parties are obligated to indemnify the Protected Parties under this Article 9;

(iv) liabilities and obligations in respect of claims by Transferred Employees after the Applicable Closing relating to facts, circumstances or events arising after the Applicable Closing; provided, however, that any payments made in respect of such claims relating to severance as provided as in Section 5.06 shall be applied toward the U.S. $50,000,000 cap set forth therein, and to the extent such cap has been reached, KO shall have no obligation to indemnify CS in respect of such claims relating to severance; and

(v) all liabilities and obligations within the scope of Sections 9.01(a)(iv), (v) and (vi) to the extent CS or the CS Parties are not required to indemnify the Protected

Parties due to the limitations of Section 9.01(c); it being agreed, however, that the amount of all such liabilities and obligations shall be counted as Losses to KO for purposes of determining whether the deductibles or thresholds set forth in Section 9.01(c) have been exceeded.

(b) No CS Party shall be entitled to recovery for a particular Loss pursuant to any provision of this Section 9.02 if the specific issue that is the subject of such Loss has been considered and resolved pursuant to another provision of this Section 9.02 or pursuant to Sections 1.04 and 1.05.

9.03 SURVIVAL OF REPRESENTATION AND WARRANTIES

(a) The representations and warranties contained in this Agreement shall not be extinguished by the Applicable Closing but shall survive for a period of two years following the Applicable Closing Date in respect of the Purchased Businesses with respect to such Applicable Closing; provided that:

(i) The representations and warranties contained in Sections 2.01(a), 2.01(b), 2.02, 2.04, 2.05, 2.06, 2.13(b), 2.26, 2.27, 3.01, 3.02 and 3.03 and the last sentence of Section 2.20(c) shall survive the Applicable Closing Date relating to such Purchased Businesses without limitation;

(ii) The representations and warranties contained in Sections 2.17 and the first sentence of Section 2.14 (but not the second sentence of Section 2.14, which shall survive for a period of two years relating to such Purchased Businesses after the Applicable Closing Date relating to such Purchased Businesses) shall terminate as of the Applicable Closing Date;

(iii) The representations and warranties contained in Section 2.23 shall terminate ninety days following the expiration of the applicable statute of limitations with respect to the assertion of any claim in respect thereof by any Governmental Authority or other Person in respect of the Purchased Businesses with respect to such Applicable Closing; and

(iv) The covenants and agreements contained herein shall survive the Applicable Closing Date relating to such Purchased Businesses without limitation except for the covenants in Sections 4.01, 4.02, 4.03, 4.04, 4.06, 4.09, 5.22 and clause (vii) of Section 9.01(a) which shall survive for a period of two years following the Applicable Closing Date relating to such Purchased Businesses.

(b) Any indemnification obligation of any party under any representation, warranty, covenant or agreement set forth herein will terminate as of the date set forth in Section 9.03(a) for the termination of the applicable representation, warranty, covenant or agreed except for matters as to which notice is given prior to the end of such period, in which event

indemnification shall survive as long as necessary to permit the final resolution of such matter. No investigation or other examination by any of the CS Parties or the KO Parties or their designees or representatives shall affect the term of survival of the representations and warranties set forth above.

9.04 NOTICE OF CLAIM. An indemnified party shall promptly notify the indemnifying party, in writing, of any claim for recovery, specifying in reasonable detail the nature of the Loss, the facts which form the basis of the Loss and, if known, the amount, or an estimate of the amount, of the liability arising therefrom. The indemnified party shall provide to the indemnifying party as promptly as practicable thereafter information and documentation reasonably requested by the indemnifying party to support and verify the claim asserted, unless the indemnified party has been advised by counsel that there are no reasonable grounds to assert the joint defense privilege with respect to such information and documentation. A notice of claim furnished by the indemnified party under this Section 9.04 shall also be deemed to constitute timely notice by the indemnified party of any claim that may at any time thereafter be made by any Person claiming entitlement to indemnity under any charter, bylaws or other governing documents or any board resolutions, undertakings, commitments, or other understandings, with respect to the state of facts or circumstances which gave rise to the claim by the indemnified party which is the subject of such notice.

9.05 DEFENSE.

(a) If the facts pertaining to a Loss arise out of the claim of any third party, or if there is any claim against a third party available by virtue of the circumstances of the Loss, the indemnifying party may assume the defense or the prosecution thereof by written notice to the indemnified party agreeing to indemnify and defend the indemnified party from and against all indemnifiable Losses under this Article 9 arising from such claim.

(b) If the indemnifying party agrees to assume the defense and prosecution of such claim, then the indemnified party shall have no further obligation with respect to such claim. In any such case, the indemnified party shall have the right to employ counsel separate from counsel employed by the indemnifying in any such action and to participate therein, but the fees and expenses of such counsel employed by the indemnified party shall be at the indemnified party's expense. No indemnifying party shall agree to a settlement of any claim without the indemnified party's prior written consent, which consent shall not be unreasonably withheld in light of the indemnified party's circumstances.

(c) If the indemnifying party shall not assume the defense and prosecution of any such claim, the indemnified party shall keep the indemnifying party reasonably informed of the progress of any proceedings relating to such claim and shall consult regularly with the indemnifying party with respect thereto and shall not agree to a settlement of such claim without the indemnifying party's written consent, which consent shall not be unreasonably withheld in light of the indemnifying party's circumstances.

(d) All parties hereto shall cooperate in the defense or prosecution thereof and

shall furnish all witnesses and testimony, records, materials and other information, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith.

(e) Subject to Section 11.12, the indemnification provisions of this Article 9 shall be the sole remedy with respect to any Losses incurred by the Protected Parties or the CS Parties, except in the case of fraud or intentional misrepresentation.

ARTICLE 10

TERMINATION PRIOR TO CLOSING

10.01 TERMINATION. This Agreement may be terminated at any time before the Threshold Closing:

(a) By the mutual written consent of KO and CS;

(b) By CS in writing, without liability, if KO shall (i) fail to perform in any material respect its agreements contained in this Agreement required to be performed by it on or prior to the Threshold Closing Date, or (ii) materially breach any of its representations, warranties or covenants contained in this Agreement, in each such case such that the conditions to the Threshold Closing shall be incapable of being satisfied by December 31, 1999;

(c) By KO in writing, without liability, if CS shall (i) fail to perform in any material respect its agreements contained in this Agreement required to be performed by it on or prior to the Threshold Closing Date, or (ii) materially breach any of its representations, warranties or covenants contained in this Agreement, in each such case such that the conditions to the Threshold Closing shall be incapable of being satisfied by December 31, 1999;

(d) By either KO or CS in writing, without liability, if there shall be any order, writ, injunction or decree of any Governmental Authority binding on the parties prohibiting the consummation of the transactions contemplated by this Agreement;

(e) By KO, if the Board of Directors of CS recommends

a Takeover Proposal, CS enters into a definitive agreement providing for a Takeover Proposal or a Takeover Proposal involving CS is consummated;

(f) By CS, if the Board of Directors of CS determines in good faith following the receipt of and consistent with the advice of outside counsel that their fiduciary obligations under applicable law require that both (i) the Board of Directors of CS recommend a Takeover Proposal or CS enter into a definitive agreement providing for a Takeover Proposal and (ii) the Board of Directors of CS terminate this Agreement; and concurrently with and as a condition to such termination, CS pays the termination fee described in Section 10.02; and

(g) By either KO or CS in writing, if for any reason the Threshold Closing has not occurred by December 31, 1999.

10.02 TERMINATION OF OBLIGATIONS. Termination of this Agreement pursuant to this Article 10 shall terminate all obligations of the parties hereunder, except for the obligations under Sections 5.02 and Article 11 and this Section 10.02; provided, however, that termination pursuant to subparagraphs (b) or (c) of Section 10.01 shall not relieve a defaulting or breaching party from any liability to any party hereto. If KO terminates this Agreement pursuant to subparagraph (e) or if CS terminates this Agreement pursuant to subparagraph (f) of Section 10.01, CS shall pay to KO in cash U.S.$220,000,000. Such payment shall be made by CS (i) if KO terminates this Agreement, on the seventh business day thereafter, and (ii) if CS terminates this Agreement, concurrently with and as a condition to such termination and if such payment is not made on such applicable date as provided in clause (i) or (ii), in addition to the U.S. $220,000,000 CS shall pay to KO interest on such amount from the date required to be paid at the Rate, and shall pay KO's costs (including reasonable attorneys' fees) associated with collecting such amount.

ARTICLE 11

MISCELLANEOUS

11.01 ENTIRE AGREEMENT. This Agreement (including the Schedules and Exhibits) and the Confidentiality Agreement constitute the sole understanding of the parties with respect to the subject matter hereof, except that this provision is not intended to abrogate any other written agreement between the parties executed contemporaneously with or after this Agreement.

11.02 PARTIES BOUND BY AGREEMENT; SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the parties to this Agreement and their respective successors and assigns. Without the prior written consent of KO, none of the CS Parties may assign its rights, duties or obligations hereunder or any part thereof to any Person. KO may assign its rights and duties hereunder in whole or in part (before or after the Threshold Closing) to one or more Persons so long as (i) such Person is a direct or indirect wholly owned subsidiary of KO (except for nominee shares, director qualifying shares or similar shares) and KO guarantees such Person's obligations hereunder, or (ii) CS consents to such assignment (which consent, in the case of assignments to any Person other than Persons which are not KO bottlers or with respect to which KO has less than a 30% equity interest, shall not be unreasonably withheld or delayed) and KO guarantees such Person's obligations hereunder; provided, however, that if the Board of CS recommends a Takeover Proposal, CS enters into a definitive agreement providing for a Takeover Proposal or a Takeover Proposal involving CS is consummated, then thereafter KO's rights under this Agreement shall be freely assignable. Notwithstanding any assignment by KO of its rights hereunder, if any CS Party or any Affiliate thereof is required to make any indemnification payment or otherwise make whole any assignee of KO (or subsequent assignee) as a result of any act or omission of any of the CS Parties or the Purchased Businesses for which KO would be entitled to indemnification from any CS Party but for the assignment of

its rights hereunder, KO shall be fully subrogated to such assignee and shall be restored to all rights under this Agreement

to obtain indemnification from the CS Parties.

11.03 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement.

11.04 AMENDMENT, MODIFICATION AND WAIVER. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto. Any of the terms or conditions of this Agreement may be waived in writing at any time by the party which is entitled to the benefits thereof. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provisions hereof (whether or not similar).

11.05 EXPENSES. Except as otherwise provided in this Agreement, each of KO and the CS Parties shall pay all costs and expenses incurred by it or on its behalf in connection with this Agreement and the transactions contemplated hereby, including fees and expenses of its own financial consultants, accountants and counsel. All expenses incurred by the Purchased Businesses in connection with this Agreement and the transactions contemplated hereby in respect of periods prior to the Applicable Closing shall be paid by the CS Parties, and not by any of the KO Parties.

11.06 NOTICES. Any notice, request, instruction or other document to be given hereunder by any party hereto to any other party hereto shall be in writing and delivered personally or by telecopy transmission or sent by registered or certified mail or by any express mail service, postage and fees prepaid to the respective address set forth below such party's signature to this Agreement or at such other address or number for a party as shall be specified by like notice. Any notice which is delivered personally or by telecopy transmission or by mail in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon actual receipt by such party.

11.07 FURTHER COOPERATION. From and after each Applicable Closing Date, the parties will each take all such action and deliver all such documents as shall be reasonably necessary or appropriate to confirm and vest in the KO Buyers title in and to the Assets in accordance with this Agreement and the Transaction Documents.

11.08 GOVERNING LAW; CONSTRUCTION. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. NO PROVISION OF THIS AGREEMENT OR ANY RELATED DOCUMENT SHALL BE CONSTRUED AGAINST OR INTERPRETED TO THE DISADVANTAGE OF ANY PARTY HERETO BY ANY GOVERNMENTAL AUTHORITY BY REASON OF SUCH PARTY'S HAVING OR BEING DEEMED TO HAVE STRUCTURED OR DRAFTED SUCH PROVISION.

11.09 ARBITRATION

(a) Any dispute, controversy or claim among the parties hereto arising out of, relating to or in connection with this Agreement, the Transaction Documents and the transactions contemplated hereby and thereby, including any question regarding the existence, validity or termination thereof, shall be exclusively referred to and finally resolved by arbitration in accordance with the Rules (the "Rules") of the London Court of International Arbitration (the "LCIA"), which Rules are deemed to be incorporated by reference into this Section 11.09. Any such arbitration shall be (i) brought in New York, New York, (ii) conducted in English, and (iii) to the maximum extent permitted by applicable law, final, binding and conclusive upon the parties thereto. The arbitration and this Section 11.09 shall be subject to the United States Federal Arbitration Act, 9 U.S.C. Sections 1 et seq.

(b) The arbitration shall be conducted by an arbitral tribunal consisting of three arbitrators. The party initiating arbitration ("Claimant") shall nominate an arbitrator in its request for arbitration ("Request"). The other party ("Respondent") shall nominate an arbitrator within 30 days of receipt of the Request and shall notify the Claimant of such nomination in writing. If within 30 days of receipt of the Request by the Respondent either party has not nominated an arbitrator, then that arbitrator shall be appointed by the LCIA

Arbitration Court ("Court"). The first two arbitrators nominated or appointed in accordance with this provision shall nominate a third arbitrator within 30 days after the Respondent has notified the Claimant of the nomination of the Respondent's arbitrator or, in the event of a failure by a party to nominate, within 30 days after the Court has notified the parties and any arbitrator already nominated or appointed of the Court's appointment of an arbitrator on behalf of the party failing to nominate. When the third arbitrator has accepted the nomination, the two arbitrators making the nomination shall promptly notify the parties of the nomination. If the first two arbitrators nominated or appointed fail to nominate a third arbitrator or so to notify the parties within the time period described above, then the Court shall appoint the third arbitrator and shall promptly notify the parties of the appointment. The third arbitrator shall act as Chair of the arbitral tribunal.

(c) In addition to the authority conferred on the arbitral tribunal by the LCIA Rules, the arbitral tribunal shall have the authority to:

(i) order reasonable discovery, including the production of documents and depositions; and

(ii) make such orders for interim relief, including injunctive relief, as it may deem just and equitable.

(d) The arbitral award shall be in writing, state the reason for the award and be final and binding on the parties. The award may grant any remedy which is permissible under the laws of New York, U.S.A., including without limitation specific performance and injunctive relief, and may include an award of costs, including reasonable attorneys' fees and disbursements. All amounts payable under the award shall be in U.S. dollars and shall bear interest from the date of the award until the date of payment at a rate to be fixed by the arbitral

tribunal. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the parties or their assets.

(e) The parties agree that any arbitration shall be kept confidential and any element of same (including but not limited to any pleadings, briefs or other documents submitted or exchanged, any testimony or other oral submissions, and any awards) shall not be disclosed beyond the arbitral tribunal, the Court, the parties, their counsel and any person necessary to the conduct of the arbitration, except as may be required in order to satisfy disclosure obligations imposed by law or regulation or by any regulatory authority in the United Kingdom or the United States, including the London Stock Exchange, the United States Securities and Exchange Commission and the New York Stock Exchange.

11.10 PUBLIC ANNOUNCEMENTS. No party nor any of its agents or representatives will make any disclosure or public announcement concerning the transactions contemplated by this Agreement without the prior approval of the other parties; provided, however, that a party may make such disclosure or public announcement if it is advised by counsel that such disclosure or public announcement is required by law, regulation or the rules of any national securities exchange, so long as reasonable prior written notice of such disclosure is given to the other party and such party attempts in good faith to reach agreement regarding the content of such disclosure or public announcement.

11.11 NO THIRD-PARTY BENEFICIARIES. With the exception of the parties to this Agreement, there shall exist no right of any Person to claim a beneficial interest in this Agreement or any rights occurring by virtue of this Agreement.

11.12 SPECIFIC PERFORMANCE. The parties agree that irreparable damage would occur if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to equitable relief, including in the form of injunctions, in order to enforce specifically the provisions of this Agreement, in addition to any other remedy to which they are entitled at law or in equity.

11.13 SEVERABILITY. The invalidity or unenforceability of any provision hereof in any jurisdiction will not affect the validity or enforceability of the remainder hereof in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction. To the extent permitted by applicable law, each party waives any provision of law that renders any provision hereof prohibited or unenforceable in any respect. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the original intent of the parties to the extent possible.

11.14 DEFINITIONS AND RULES AND CONSTRUCTION.

(a) "United States" means the United States of America and all of its territories, possessions and commonwealths.

(b) "South Africa" means the Republic of South Africa and the countries of Botswana, Lesotho, Namibia and Swaziland.

(c) "France" means the Republic of France and the Principality of Monaco.

(d) "Material Adverse Effect " means any event, change, occurrence, circumstance or effect, that has had or is reasonably expected to have a material adverse effect on the business, assets, liabilities, operations, results of operation or the financial condition of the Purchased Businesses, taken as a whole; provided, however, that any adverse effect directly resulting from (i) (A) any changes affecting the carbonated soft drink industry generally in any country in which the Purchased Businesses operate, or (B) any changes affecting the economy generally of any country in which the Purchased Businesses operate or the global economy generally (in each case other than any dramatic changes in worldwide economic conditions which fundamentally impair the benefits to KO associated with the transactions contemplated by this Agreement) or (ii) the entering into of this Agreement or the consummation of the transactions contemplated hereby or the announcement thereof, shall not, in and of itself, constitute a Material Adverse Effect.

(e) "Affiliate" means, with respect to any specified Person, any Person controlling, controlled by or under common control with, such specified Person.

(f) References made to an "Exhibit" or a "Schedule", unless otherwise specified, refer to one of the Exhibits or Schedules attached to this Agreement, and references made to an "Article" or a "Section", unless otherwise specified, refer to one of the Articles or Sections of this Agreement.

(g) As used herein, the plural form of any noun shall include the singular and the singular shall include the plural, unless the context requires otherwise. Each of the masculine, neuter and feminine forms of any pronoun shall include all such forms unless the context requires otherwise. Words of inclusion shall not be construed as terms of limitation herein, so that references to included matters shall be regarded as non-exclusive, non-characterizing illustrations.

(h) The Article and Section headings contained in this Agreement are solely for the purpose of reference and shall not in any way affect the meaning or interpretation of this Agreement.

(i) To the extent any payment hereunder or under any Transaction Document is required to be made in the future, any interest or price appreciation factor shall be compounded on a daily basis. To the extent that any amount specified herein in a particular currency is paid in another country in the currency of that country, the amount paid shall be converted into the specified currency at the average of the conversion rates for such currencies as announced by Citicorp, N.A., New York, New York. For purposes hereof, the "conversion rate" shall be the average of the buy and sell conversion rates for commercial transactions at the end of the business day prior to the business day on which such amount is paid.

(j) Whenever the phrase "ordinary course of business consistent with past practice" is used in this Agreement, it

shall be qualified solely after the date of this Agreement by the phrase "except to the extent not reasonably practicable in light of the transactions contemplated by this Agreement."

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf as of the date first above written.

THE COCA-COLA COMPANY

By: /s/ Steve Whaley

Name: Steve Whaley
Title: Vice President and General Tax Counsel

Address: One Coca-Cola Plaza
Atlanta, Georgia 30313
Attention: Chief Financial Officer
Telefax: (404) 676-8683

with a copy to:

One Coca-Cola Plaza
Atlanta, Georgia 30313
Attention: General Counsel
Telefax: (404) 676-6792

and a copy to:

King & Spalding
191 Peachtree Street, N.E.
Atlanta, Georgia 30303
Attention: C. William Baxley
Telefax: (404) 572-5100

CADBURY SCHWEPPES PLC

By: /s/ Henry A. Udow

Name: Henry A. Udow
Title: Legal Director - Global Beverages

Address: 25 Berkeley Square
London WIX 6HT
United Kingdom
Attention: The Company Secretary and Chief Legal Officer
Telefax: 011-44-171-830-5015

with a copy to:

25 Berkeley Square
London WIX 6HT
United Kingdom
Attention: Henry A. Udow
Telefax: 011-44-171-830-5037

and a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Attention: Creighton O'M. Condon
Telefax: (212) 848-7179

ATLANTIC INDUSTRIES

By: /s/ Steve Whaley

Name: Steve Whaley
Title: Vice President and General Tax Counsel

One Coca-Cola Plaza
Atlanta, Georgia 30313
Attention: Chief Financial Officer

Telefax: (404) 676-8683

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and a copy to:

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191 Peachtree Street, N.E.
Atlanta, Georgia 30303
Attention: C. William Baxley
Telefax: (404) 572-5100

LIST OF EXHIBITS

LIST OF SCHEDULES

Schedule 2.08	Undisclosed Liabilities
Schedule 2.09	No Violation of Law; Licenses and Permits
Schedule 2.10(a)	Real Property
Schedule 2.10(b)	Certain Disclosures Concerning Real Property
Schedule 2.11	Leases
Schedule 2.12	Indebtedness for Borrowed Money
Schedule 2.13(a)(i)	Owned Trademarks
Schedule 2.13(a)(ii)	Brands in Commercial Use
Schedule 2.13(a)(iii)	Intellectual Property Rights
Schedule 2.13(a)(iv)	Licensed Rights
Schedule 2.13(b)	Certain Disclosures Concerning Trademarks and Intellectual Property
Schedule 2.14	Litigation and Claims
Schedule 2.15(b)	Employee Benefit Plans
Schedule 2.16	Labor Relations
Schedule 2.17	Environmental Protection
Schedule 2.18	Insurance Policies
Schedule 2.20(b)	Contracts and Commitments
Schedule 2.20(c)	Bottling Agreements
Schedule 2.21	Agreements in Full Force and Effect
Schedule 2.22	Absence of Certain Changes and Events

Schedule 2.23	Tax Matters
Schedule 2.24	Accounts Receivable
Schedule 2.25	Product and Service Warranties
Schedule 2.27	Transactions With Affiliates
Schedule 2.28	Y2K Plan
Schedule 3.03	Certain Conflicts
Schedule 4.01	Pre-Closing Operations
Schedule 5.01	Certain Commitments
Schedule 5.06(b)	Severance Obligations
Schedule 5.10(a)	KO Brand Acquisitions
Schedule 5.10(b)	List of Countries

The Coca-Cola Company agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule or similar attachment upon request.

EXHIBIT 12.1

<TABLE>

THE COCA-COLA COMPANY AND SUBSIDIARIES
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(IN MILLIONS EXCEPT RATIOS)

<CAPTION>

	Year Ended December 31,				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Earnings:					
Income from continuing operations before income taxes and changes in accounting principles	$ 5,198	$ 6,055	$ 4,596	$ 4,328	$ 3,728
Fixed charges	320	300	324	318	236
Less: Capitalized interest, net	(17)	(17)	(7)	(9)	(5)
Equity (income) loss, net of dividends	31	(108)	(89)	(25)	(4)
Adjusted earnings	$ 5,532	$ 6,230	$ 4,824	$ 4,612	$ 3,955
Fixed charges:					
Gross interest incurred	$ 294	$ 275	$ 293	$ 281	$ 204
Interest portion of rent expense	26	25	31	37	32
Total fixed charges	$ 320	$ 300	$ 324	$ 318	$ 236
Ratios of earnings to fixed charges	17.3	20.8	14.9	14.5	16.8

The Company is contingently liable for guarantees of indebtedness owed by third parties in the amount of $391 million, of which $7 million related to independent bottling licensees. Fixed charges for these contingent liabilities have not been included in the computation of the above ratios as the amounts are immaterial and, in the opinion of Management, it is not probable that the Company will be required to satisfy the guarantees.

</TABLE>

EXHIBIT 13.1

FINANCIAL REVIEW
INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS
THE COCA-COLA COMPANY AND SUBSIDIARIES

Our mission is to maximize share-owner value over time. To achieve this mission, The Coca-Cola Company and its subsidiaries (our Company) execute a comprehensive business strategy driven by four key objectives. We strive to (1) increase volume, (2) expand our share of nonalcoholic beverage sales worldwide, (3) maximize our long-term cash flows and (4) create economic value added by improving economic profit. We achieve these goals by strategically investing in the high-return beverage business and by optimizing our cost of capital through appropriate financial policies.

INVESTMENTS

Our Company believes in strengthening our system through a process of continuous improvement and reinvestment in the marketplace.

With a global business system that operates in nearly 200 countries and generates superior cash flows, our Company is uniquely positioned to capitalize on profitable new investment opportunities. Our criteria for investment are simple: New investments must directly enhance our existing operations and must be expected to provide cash returns that exceed our long-term, after-tax, weighted-average cost of capital, currently estimated at approximately 11 percent.

Because it consistently generates high returns, the beverage business is a particularly attractive investment for us. In highly developed markets, our expenditures focus primarily on marketing our Company's brands. In emerging and developing markets, our main objective is to increase the penetration of our products. In these markets, we allocate most of our investments to enhancing infrastructure such as production facilities, distribution networks, sales equipment and technology. We make these investments by acquiring or forming strategic business alliances with local bottlers and by matching local expertise with our experience, resources and focus.

Our investment strategy focuses on our "six-pack" of business fundamentals: brands, bottling system, customers, information, people and a mindset of continuing to enhance and build our system.

CONSUMER AND BRAND ACTIVITIES - To meet our long-term growth objectives, we make significant investments in marketing to support our existing brands and to acquire new brands, when appropriate. We define marketing as anything we do to create consumer demand for our brands. We focus on continually finding new ways to differentiate our products and build value into all our brands. Marketing investments enhance consumer awareness and increase consumer preference for our brands. This produces growth in volume, per capita consumption and our share of worldwide beverage sales.

We own some of the world's most valuable brands, more than 160 in all. These include soft drinks and noncarbonated beverages such as sports drinks, juice drinks, water products, teas and coffees.

We heighten consumer awareness and product appeal for our brands using integrated marketing programs. Through our bottling investments and strategic alliances with other bottlers of our products, we create and implement these programs worldwide. In developing a global strategy for a Company brand, we conduct product and packaging research, establish brand positioning, develop precise consumer communications and solicit consumer feedback. Our integrated marketing programs include activities such as advertising, point-of-sale merchandising and product sampling.

In December 1998, our Company signed an agreement with Cadbury Schweppes plc to purchase beverage brands in countries around the world, (except in the United States, France and South Africa), and its concentrate plants in Ireland and Spain for approximately $1.85 billion. These brands include Schweppes and Canada Dry mixers, such as tonic water, club soda and ginger ale; Crush; Dr Pepper; and certain regional brands. These transactions are subject to certain conditions including approvals from regulatory authorities in various countries.

In December 1997, our Company announced its intent to acquire from beverage company Pernod Ricard, its Orangina brands, three bottling operations and one concentrate plant in France for approximately 5 billion French francs (approximately $890 million

based on December 1998 exchange rates). This transaction remains subject to approvals from regulatory authorities of the French government.

BOTTLING SYSTEM - Our Company has business relationships with three types of bottlers: (1) independently owned bottlers, in which we have no ownership interest; (2) bottlers in which we have invested and have a noncontrolling ownership interest; and (3) bottlers in which we have invested and have a controlling ownership interest.

During 1998, independently owned bottling operations produced and distributed approximately 34 percent of our worldwide unit case volume. Bottlers in which we own a noncontrolling ownership interest produced and distributed approximately 55 percent of our 1998 worldwide unit case volume. Controlled bottling and fountain operations produced and distributed approximately 11 percent.

The reason we invest in bottling operations is to maximize the strength and efficiency of our production, distribution and marketing systems around the world. These investments often result in increases in unit case volume, net revenues and profits at the bottler level, which in turn generate increased gallon sales for our concentrate business. Thus, both our Company and the bottlers benefit from long-term growth in volume, improved cash flows and increased share-owner value.

We designate certain bottling operations in which we have a noncontrolling ownership interest as "anchor bottlers" due to their level of responsibility and performance. The strong commitment of anchor bottlers to their own profitable volume growth helps us meet our strategic goals and furthers the inter-

ests of our worldwide production, distribution and marketing systems. Anchor bottlers tend to be large and geographically diverse, with strong financial resources for long-term investment and strong management resources. In 1998, our anchor bottlers produced and distributed approximately 43 percent of our total worldwide unit case volume. Anchor bottlers give us strong strategic business partners on every major continent. We enter into anchor bottler partnerships because we expect results beyond what we could attain alone or with multiple bottlers.

Consistent with our strategy, in January 1999, two Japanese bottlers, Kita Kyushu Coca-Cola Bottling Company, Ltd. and Sanyo Coca-Cola Bottling Company, Ltd., announced plans for a merger to become a new, publicly traded, bottling company, Coca-Cola West Japan Company, Ltd., Japan's first anchor bottler. The transaction, valued at approximately $2.2 billion, will create our 11th anchor bottler. We plan to hold approximately 5 percent interest in the new anchor bottler.

In 1998, Coca-Cola Amatil Limited (Coca-Cola Amatil) completed a spin-off of its European operations into a new publicly traded European bottler, Coca-Cola Beverages plc (Coca-Cola Beverages). With its formation, Coca-Cola Beverages became our 10th anchor bottler. At December 31, 1998, we owned approximately 50.5 percent of Coca-Cola Beverages. Our expectation is that our ownership position will reduce to less than 50 percent in 1999; therefore, we are accounting for the investment by the equity method of accounting.

In 1998, our Company contributed its wholly owned bottling interests in Norway and Finland to Coca-Cola Nordic Beverages (CCNB), which also has bottling interests in Denmark and Sweden. CCNB, an anchor bottler, is a joint venture in which Carlsberg A/S owns a 51 percent interest, and we own a 49 percent interest.

When we make investment decisions about bottling operations, we consider the bottler's capital structure and its available resources at the time of our investment. Although it is not our primary long-term business strategy, in certain situations it can be advantageous to acquire a controlling interest in a bottling operation. Owning such a controlling interest allows us to compensate for limited local resources and enables us to help focus these bottlers' sales and marketing programs, assist in developing their business and information systems and establish appropriate capital structures.

During 1998, we acquired a 100 percent interest in additional Russian bottling operations from Inchcape plc. Also during 1998, as part of our strategy to establish an integrated bottling system in India, we purchased 16 independent Indian bottling operations, bringing our total purchased since January 1997 to

18.

In line with our long-term bottling strategy, we periodically consider options for reducing our ownership interest in a bottler. One option is to combine our bottling interests with the bottling interests of others to form strategic business alliances. Another option is to sell our interest in a bottling operation to one of our equity investee bottlers. In both of these situations, we continue participating in the bottler's earnings through our portion of the equity investee's income.

After the spin-off of Coca-Cola Beverages by Coca-Cola Amatil, we sold our northern and central Italian bottling operations to Coca-Cola Beverages in exchange for consideration valued at approximately $1 billion. Additionally, we exchanged our bottling operations in South Korea with Coca-Cola Amatil for shares of Coca-Cola Amatil stock.

As stated earlier, our investments in a bottler can represent either a noncontrolling or a controlling interest. Through noncontrolling investments in bottling companies, we provide expertise and resources to strengthen those businesses.

In line with our established investment strategy, our bottling investments generally have been profitable over time. For bottling investments accounted for by the equity method, we measure the profitability of our bottling investments in two ways - equity income and the excess of the fair values over the carrying values of our investments. Equity income, included in our consolidated net income, represents our share of the net earnings of our investee companies. In 1998, equity income was $32 million.

The following table illustrates the difference in calculated fair values, based on quoted closing prices of publicly traded shares, over our Company's carrying values for selected equity method investees (in millions):

December 31,	Fair Value	Carrying Value	Difference
1998			
Coca-Cola Enterprises Inc.	$ 6,040	$ 584	$ 5,456
Coca-Cola Amatil Limited	1,619	1,255	364
Coca-Cola Beverages plc	949	879	70
Panamerican Beverages, Inc.	668	753	(85)
Coca-Cola FEMSA, S.A. de C.V.	566	105	461
Grupo Continental, S.A.	190	102	88
Coca-Cola Bottling Co. Consolidated	143	72	71
Embotelladoras Argos	69	105	(36)
Embotelladoras Polar S.A.	50	60	(10)
			$ 6,379

The excess of calculated fair values over carrying values for our investments illustrates the significant increase in the value of our investments. Although this excess value for equity method investees is not reflected in our consolidated results of operations or financial position, it represents a true economic benefit to us.

CUSTOMERS - The Coca-Cola system has over 14 million customers around the world that sell or serve our products directly to consumers. We keenly focus on enhancing value for these customers and providing solutions to grow their beverage businesses. Our approach includes understanding each customer's business and needs, whether it is a sophisticated retailer in a developed market or a kiosk owner in an emerging market.

INFORMATION - In 1996, our Company launched Project Infinity, a strategic business initiative utilizing technology to integrate business systems across our global enterprise over the next several years. In 1997, we began testing a limited version of Project Infinity software technology. In 1998, we installed Project Infinity technology at strategic prototype locations and began process testing.

Project Infinity will enhance our competitiveness by supplying immediate, detailed information about our financial position and the marketplace to our management, associates and bottlers worldwide. By giving our people real-time data, Project Infinity

will increase our ability to recognize opportunities and make better and faster decisions about operations, marketing and finance. Project Infinity will require significant capital expenditures over the next several years. All related costs of business process reengineering activities are expensed as incurred.

PEOPLE AND MINDSET - Our continued success depends on recruiting, training and retaining people who can quickly identify and act on profitable business opportunities. This means maintaining and refining a corporate culture that encourages learning, innovation and value creation on a daily basis. The Coca-Cola Learning Consortium works with the management of our entire system to foster learning as a core capability. This group helps build the culture, systems and processes our people need to develop the knowledge and skills to take full advantage of new and ongoing opportunities.

CAPITAL EXPENDITURES - Total capital expenditures for property, plant and equipment (including our investments in information technology) and the percentage distribution by operating segment for 1998, 1997 and 1996 are as follows (in millions):

Year Ended December 31,	1998	1997	1996
Capital expenditures	$ 863	$ 1,093	$ 990
North America{1}	34%	24%	27%
Africa	2%	2%	3%
Greater Europe	25%	30%	38%
Latin America	8%	7%	8%
Middle & Far East	13%	18%	12%
Corporate	18%	19%	12%

{1} Includes The Minute Maid Company

FINANCIAL STRATEGIES

Using the following strategies to optimize our cost of capital increases our ability to maximize share-owner value.

DEBT FINANCING - Our Company maintains prudent debt levels based on our cash flow, interest coverage and percentage of debt to capital. We use debt financing to lower our overall cost of capital, which increases our return on share-owners' equity.

Our capital structure and financial policies have earned long-term credit ratings of "AA-" from Standard & Poor's and "Aa3" from Moody's, and the highest credit ratings available for our commercial paper programs.

Our global presence and strong capital position give us easy access to key financial markets around the world, enabling us to raise funds with a low effective cost. This posture, coupled with the active management of our mix of short-term and long-term debt, results in a lower overall cost of borrowing. Our debt management policies, in conjunction with our share repurchase programs and investment activity, typically result in current liabilities exceeding current assets.

In managing our use of debt capital, we consider the following financial measurements and ratios:

Year Ended December 31,	1998	1997	1996
Net debt (in billions)	$ 3.3	$ 2.0	$ 2.8
Net debt-to-net capital	28%	22%	32%
Free cash flow to net debt	39%	172%	85%
Interest coverage	19x	22x	17x
Ratio of earnings to fixed charges	17.3x	20.8x	14.9x

Net debt is debt in excess of cash, cash equivalents and marketable securities not required for operations and certain temporary bottling investments.

SHARE REPURCHASES - Our Company demonstrates confidence in the long-term growth potential of our business by our consistent use of share repurchase programs. In October 1996, our Board of Directors authorized a plan to repurchase up to 206 million shares of our Company's common stock through the year 2006. In 1998, we repurchased approximately 7 million shares under the 1996 plan and approximately 13 million additional shares to complete our 1992 share repurchase plan of 200 million shares.

Since the inception of our initial share repurchase program in 1984, through our current program as of December 31, 1998, we have repurchased more than 1 billion shares. This represents 32 percent of the shares outstanding as of January 1, 1984, at

an average price per share of $12.46.

DIVIDEND POLICY - At its February 1999 meeting, our Board of Directors again increased our quarterly dividend, raising it to $.16 per share. This is equivalent to a full-year dividend of

$.64 in 1999, our 37th consecutive annual increase. Our annual common stock dividend was $.60 per share, $.56 per share and $.50 per share in 1998, 1997 and 1996, respectively.

In 1998, our dividend payout ratio was approximately 42 percent of our net income. To free up additional cash for reinvestment in our high-return beverage business, our Board of Directors intends to gradually reduce our dividend payout ratio to 30 percent over time.

FINANCIAL RISK MANAGEMENT

Our Company uses derivative financial instruments primarily to reduce our exposure to adverse fluctuations in interest rates and foreign exchange rates and, to a lesser extent, adverse fluctuations in commodity prices and other market risks. We do not enter into derivative financial instruments for trading purposes. As a matter of policy, all our derivative positions are used to reduce risk by hedging an underlying economic exposure. Because of the high correlation between the hedging instrument and the underlying exposure, fluctuations in the value of the instruments are generally offset by reciprocal changes in the value of the underlying exposure. The derivatives we use are straightforward instruments with liquid markets.

Our Company monitors our exposure to financial market risks using several objective measurement systems, including value-at-risk models. For the value-at-risk calculations discussed below, we used a historical simulation model to estimate potential future losses our Company could incur as a result of adverse movements in foreign currency and interest rates. We have not considered the potential impact of favorable movements in foreign currency and interest rates on our calculations. We examined historical weekly returns over the previous 10 years to calculate our value at risk. Our value-at-risk calculations do not purport to represent actual losses that our Company expects to incur.

FOREIGN CURRENCY - We manage most of our foreign currency exposures on a consolidated basis, which allows us to net certain exposures and take advantage of any natural offsets. With approximately 74 percent of 1998 operating income generated outside the United States, over time weakness in one particular currency is often offset by strengths in others. We use derivative financial instruments to further reduce our net exposure to currency fluctuations.

Our Company enters into forward exchange contracts and purchases currency options (principally European currencies and Japanese yen) to hedge firm sale commitments denominated in foreign currencies. We also purchase currency options (principally European currencies and Japanese yen) to hedge certain anticipated sales. Premiums paid and realized gains and losses, including those on any terminated contracts, are included in prepaid expenses and other assets. These are recognized in income, along with unrealized gains and losses, in the same period we realize the hedged transactions. Gains and losses on derivative financial instruments that are designated and effective as hedges of net investments in international operations are included in share-owners' equity as a foreign currency translation adjustment, a component of other comprehensive income.

Our value-at-risk calculation estimates foreign currency risk on our derivatives and other financial instruments. The average value at risk represents the simple average of quarterly amounts for the past year. We have not included in our calculation the effects of currency movements on anticipated foreign currency denominated sales and other hedged transactions. We performed calculations to estimate the impact to the fair values of our derivatives and other financial instruments over a one-week period resulting from an adverse movement in foreign currency exchange rates. As a result of our calculations, we estimate, with 95 percent confidence, that the fair values would decline by less than $75 million using 1998 average fair values and by less than $60 million using December 31, 1998, fair values. On

December 31, 1997, we estimated the fair value would decline by less than $58 million. However, we would expect that any loss in the fair value of our derivatives and other financial instruments would generally be offset by an increase in the fair value of our underlying exposures.

INTEREST RATES - Our Company maintains our percentage of fixed and variable rate debt within defined parameters. We enter into interest rate swap agreements that maintain the fixed-to-variable mix within these parameters. We recognize any differences paid or received on interest rate swap agreements as adjustments to interest expense over the life of each swap.

Our value-at-risk calculation estimates interest rate risk on our derivatives and other financial instruments. The average value at risk represents the simple average of quarterly amounts for the past year. According to our calculations, we estimate, with 95 percent confidence, that any increase in our average and December 31, 1998, net interest expense due to an adverse move in interest rates over a one-week period would not have a material impact on our Consolidated Financial Statements. Our December 31, 1997, estimate also was not material to our Consolidated Financial Statements.

PERFORMANCE TOOLS

Economic profit provides a framework by which we measure the value of our actions. We define economic profit as income from continuing operations, after taxes, excluding interest, in excess of a computed capital charge for average operating capital employed. To ensure that our management team stays clearly focused on the key drivers of our business, economic profit and unit case volume are used in determining annual and long-term incentive awards for most eligible employees.

We use value-based management (VBM) as a tool to help improve our performance in planning and execution. VBM principles assist us in managing economic profit by clarifying

our understanding of what creates value and what destroys it and encouraging us to manage for increased value. With VBM, we determine how best to create value in every area of our business. We believe that by using VBM as a planning and execution tool, and economic profit as a performance measurement tool, we greatly enhance our ability to build share-owner value over time.

TOTAL RETURN TO SHARE OWNERS

Our Company has provided share owners with an excellent return on their investment over the past decade. A $100 investment in our Company's common stock on December 31, 1988, together with reinvested dividends, grew in pretax value to approximately $1,365 on December 31, 1998, an average annual compound return of 30 percent.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OUR BUSINESS

We are the world's leading manufacturer, marketer and distributor of soft-drink beverage concentrates and syrups as well as the world's largest marketer and distributor of juice and juice-drink products. Our Company manufactures beverage concentrates and syrups and, in certain instances, finished beverages, which we sell to bottling and canning operations, authorized fountain wholesalers and some fountain retailers. In addition, we have ownership interests in numerous bottling and canning operations.

VOLUME

We measure our sales volume in two ways: (1) gallon sales of concentrates and syrups and (2) unit cases of finished products. Gallon sales represent our primary business and measure the volume of concentrates and syrups we sell to our bottling partners or customers. Most of our revenues are based on this measure of "wholesale" activity. We also measure volume in unit cases, which represent the amount of finished products our bottling system sells to retail customers. We believe unit case volume more accurately measures the underlying strength of our business system because it measures trends at the retail level. We include fountain syrups sold directly to our customers in both measures.

Against a challenging economic environment in many of our key markets, our worldwide unit case volume increased 6 percent in 1998, on top of a 9 percent increase in 1997. Our business system sold 15.8 billion unit cases in 1998, an increase of approximately 900 million unit cases over 1997. These results are the product of years of systematic investment in beverage brands, bottlers, capital, information systems and people.

OPERATIONS

NET OPERATING REVENUES AND GROSS MARGIN - On a consolidated basis, our net revenues remained even with 1997, and our gross profit grew 3 percent in 1998. Net revenues remained even with 1997, primarily due to an increase in gallon sales and price increases in certain markets, offset by the impact of a stronger U.S. dollar and the sale of our previously consolidated bottling and canning operations in Italy.

Our gross profit margin increased to 70 percent in 1998, primarily due to the sale of previously consolidated bottling and canning operations. The sale of consolidated bottling operations shifts a greater portion of our net revenues to the lower revenue, but higher margin, concentrate business.

On a consolidated basis, our net revenues increased 1 percent, and our gross profit grew 8 percent in 1997. The growth in revenues reflects gallon sales increases and price increases in certain markets, offset by the full-year impact of the sale of previously consolidated bottling and canning operations in France, Belgium and eastern Germany in 1996, as well as the effects of a stronger U.S. dollar. Our gross profit margin increased to 68 percent in 1997 from 64 percent in 1996, primarily as a result of the sale in 1996 of previously consolidated bottling operations.

SELLING, ADMINISTRATIVE AND GENERAL EXPENSES - Selling expenses totaled $6,552 million in 1998, $6,283 million in 1997 and $6,060 million in 1996. The increases in 1998 and 1997 were primarily due to higher marketing expenditures in support of our Company's volume growth.

Administrative and general expenses totaled $1,732 million in 1998, $1,569 million in 1997 and $1,960 million in 1996. The increase in 1998 was mainly due to the expansion of our business into emerging markets. Offsetting this increase was the impact of the sale of our bottling operations in northern and central Italy.

Also in 1998 we recorded nonrecurring provisions primarily related to the impairment of certain assets in North America of $25 million and Corporate of $48 million.

The decrease in 1997 was principally due to certain nonrecurring provisions recorded in 1996, as discussed below, partially offset by a $60 million nonrecurring provision recorded in 1997 related to enhancing manufacturing efficiencies in North America.

In 1996, administrative and general expenses increased due to certain nonrecurring provisions. In the third quarter of 1996, we recorded provisions of approximately $276 million in administrative and general expenses related to our plans for strengthening our worldwide system. Of this $276 million, approximately $130 million related to streamlining our operations, primarily in Greater Europe and Latin America. The remainder of this $276 million provision was for impairment charges to certain production facilities and reserves for losses on the disposal of other production facilities of The Minute Maid Company.

Also in 1996, we recorded in Corporate's administrative and general expenses an $80 million impairment charge to recognize Project Infinity's impact on existing information systems and a $28.5 million charge as a result of our decision to make a contribution to The Coca-Cola Foundation, a not-for-profit charitable organization.

Administrative and general expenses, as a percentage of net operating revenues, totaled approximately 9 percent in 1998, 8 percent in 1997 and 10 percent in 1996.

OPERATING INCOME AND OPERATING MARGIN - On a consolidated basis, our operating income declined less than 1 percent in 1998 to $4,967 million. This follows a 28 percent increase in 1997 to $5,001 million. The 1998 results reflect an increase in gallon sales

coupled with an increase in gross profit margins, offset by the impact of the stronger U.S. dollar and the sales of previously consolidated bottling operations. The 1997 increase was due to increased gallon sales coupled with an increase in gross profit margins, as well as the recording of several nonrecurring provisions in the third quarter of 1996. Our consolidated operating margin was 26 percent in 1998 and 27 percent in 1997.

MARGIN ANALYSIS

[bar chart]

	1998	1997	1996
Net Operating Revenues (in billions)	$18.8	$18.9	$18.7
Gross Margin	70%	68%	64%
Operating Margin	26%	27%	21%

INTEREST INCOME AND INTEREST EXPENSE - In 1998, our interest income increased 4 percent, primarily due to cash held in locations outside the United States earning higher interest rates. In 1997, our interest income decreased 11 percent, primarily due to decreases in international interest rates.

Interest expense increased 7 percent in 1998 due to higher average commercial paper borrowings. Average 1998 debt balances increased from 1997 primarily due to additional investments in bottling operations. In 1997, we utilized cash proceeds received from various transactions to reduce short-term indebtedness. In 1997, our interest expense decreased 10 percent, as a result of the use of proceeds received reducing our commercial paper borrowings.

EQUITY INCOME - Equity income decreased to $32 million in 1998, principally due to the weak economic environments around the world, the impact of a stronger U.S. dollar, continued structural changes and losses in start-up bottling operations. Equity income decreased 27 percent to $155 million in 1997, primarily due to the significant amount of structural change in our global bottling system, which was partially offset by solid results at key equity bottlers.

OTHER INCOME-NET - In 1998, other income-net totaled $230 million and primarily includes gains recorded on the sales of our bottling operations in northern and central Italy.

In 1997, other income-net increased $496 million and included gains totaling $508 million on the sales of our interests in Coca-Cola & Schweppes Beverages Ltd., Coca-Cola Beverages Ltd. of Canada and The Coca-Cola Bottling Company of New York, Inc. Gains on other bottling transactions are also included in other income-net.

GAINS ON ISSUANCES OF STOCK BY EQUITY INVESTEES - At the time an equity investee sells its stock to third parties at a price in excess of our book value, our Company's equity in the underlying net assets of that investee increases. We generally record an increase to our investment account and a corresponding gain in these transactions.

As a result of sales of stock by certain equity investees, we recorded pretax gains of approximately $27 million in 1998 and approximately $363 million in 1997. These gains represent the increase in our Company's equity in the underlying net assets of the related investee. For a more complete description of these transactions, see Note 3 in our Consolidated Financial Statements.

INCOME TAXES - Our effective tax rates were 32.0 percent in 1998, 31.8 percent in 1997 and 24.0 percent in 1996. Our effective tax rate reflects tax benefits derived from significant operations outside the United States, which are taxed at rates lower than the U.S. statutory rate of 35.0 percent, partially offset by the tax impact of certain gains recognized from previously discussed bottling transactions. These transactions are generally taxed at rates higher than our Company's effective tax rate on operations.

In 1996, our Company reached an agreement, in principle with the U.S. Internal Revenue Service, settling certain U.S.-related income tax matters. This settlement resulted in a one-time reduction of $320 million to our 1996 income tax expense. For a more complete description, see Note 14 in our Consolidated Financial Statements.

INCOME PER SHARE - Our basic net income per share declined by 14 percent in 1998, compared to a 19 percent growth in 1997 and 1996. Diluted net income per share declined 13 percent in 1998, compared to a 19 percent and 18 percent growth in 1997 and 1996, respectively.

FINANCIAL REVIEW
INCORPORATING MANAGEMENT'S DISCUSSION AND ANALYSIS
THE COCA-COLA COMPANY AND SUBSIDIARIES

LIQUIDITY AND CAPITAL RESOURCES

We believe our ability to generate cash from operations to reinvest in our business is one of our fundamental financial strengths. We anticipate that our operating activities in 1999 will continue to provide us with cash flows to assist in our business expansion and meet our financial commitments.

FREE CASH FLOW - Free cash flow is the cash remaining from operations after we have satisfied our business reinvestment opportunities. We focus on increasing free cash flow to achieve our primary objective: maximizing share-owner value over time. We use free cash flow, along with borrowings, to pay dividends and repurchase shares. The consolidated statements of our cash flows are summarized as follows (in millions):

Year Ended December 31,	1998	1997	1996
Cash flows provided by (used in):			
Operations	$ 3,433	$ 4,033	$ 3,463
Investment activities	(2,161)	(500)	(1,050)
FREE CASH FLOW	1,272	3,533	2,413
Cash flows used in:			
Financing			
Share repurchases	(1,563)	(1,262)	(1,521)
Other financing activities	230	(1,833)	(581)
Exchange	(28)	(134)	(45)
Increase (decrease) in cash	$ (89)	$ 304	$ 266

Cash provided by operations in 1998 amounted to $3.4 billion, a 15 percent decrease from 1997, primarily due to an increased use of cash for operating assets and liabilities in 1998. In 1997, cash provided by operations amounted to $4.0 billion, a 16 percent increase from 1996. This change was primarily due to an increase in net income in 1997.

In 1998, net cash used in investing activities increased compared to 1997. Investing activities in 1997 included incremental proceeds of approximately $1 billion, as discussed below. During 1998, investing activities included additional investments in territories, such as India and Latin American countries.

In 1997, net cash used in investing activities decreased, primarily due to the increase in proceeds from the disposal of investments and other assets, which included the dispositions of our interests in Coca-Cola & Schweppes Beverages Ltd., The Coca-Cola Bottling Company of New York, Inc., and Coca-Cola Beverages Ltd. of Canada. This growth was partially offset by increased acquisitions and investments, primarily in bottling operations, including the South Korean bottlers.

FINANCING ACTIVITIES - Our financing activities include net borrowings, dividend payments and share repurchases. Net cash used in financing activities totaled $1.3 billion in 1998, $3.1 billion in 1997 and $2.1 billion in 1996. The change between 1998 and 1997 was primarily due to net reductions of debt in 1997 compared to net borrowings in 1998.

Cash used to purchase common stock for treasury totaled $1.6 billion in 1998 versus $1.3 billion in 1997.

Commercial paper is our primary source of short-term financing. On December 31, 1998, we had $4.3 billion outstanding in commercial paper borrowings compared to $2.6 billion outstanding in 1997, a $1.7 billion increase in borrowings. The 1998 increase in loans and notes payable was due to additional commercial paper borrowings used for additional investments in bottling operations and share repurchases. The 1997 reduction of debt was due to cash proceeds received from the sale of bottlers. In addition, at December 31, 1998, we had $1.6 billion in lines of credit and other short-term credit facilities available, of which

approximately $89 million was outstanding.

EXCHANGE - Our international operations are subject to certain opportunities and risks, including currency fluctuations and government actions. We closely monitor our operations in each country so we can quickly and decisively respond to changing economic and political environments and to fluctuations in foreign currencies.

We use approximately 50 functional currencies. Due to our global operations, weaknesses in some of these currencies are often offset by strengths in others. In 1998, 1997 and 1996, the weighted-average exchange rates for foreign currencies, and certain individual currencies, strengthened (weakened) against the U.S. dollar as follows:

Year Ended December 31,	1998	1997	1996
All currencies	(9)%	(10)%	(10)%
Australian dollar	(16)%	(6)%	5 %
British pound	2 %	4 %	(1)%
Canadian dollar	(7)%	(1)%	Even
French franc	(3)%	(12)%	(4)%
German mark	(3)%	(13)%	(6)%
Japanese yen	(6)%	(10)%	(15)%

These percentages do not include the effects of our hedging activities and, therefore, do not reflect the actual impact of fluctuations in exchange on our operating results. Our foreign currency management program mitigates over time a portion of our exchange risks. The impact of a stronger U.S. dollar reduced our operating income by approximately 9 percent in 1998.

The change in our foreign currency translation adjustment in 1997 was primarily due to the revaluation of net assets located in countries where the local currency significantly weakened against the U.S. dollar. Exchange gains (losses)-net amounted to $(34) million in 1998, $(56) million in 1997 and $3 million in 1996, and were recorded in other income-net. Exchange gains (losses)-net includes the remeasurement of certain currencies into functional currencies and the costs of hedging certain exposures of our balance sheet.

Additional information concerning our hedging activities is presented in Note 9 in our Consolidated Financial Statements.

FINANCIAL POSITION

The carrying amount of our investment in Coca-Cola Enterprises increased in 1998 as a result of Coca-Cola Enterprises' issuance of stock in its acquisitions of various bottling operations. The carrying value of our investment in Coca-Cola Amatil increased due to its acquisition of our bottling operations in South Korea, offset by the spin-off of Coca-Cola Beverages to its share owners. The increase for Coca-Cola Beverages is primarily a result of our equity participation in its formation in 1998, as previously discussed, and the sale to Coca-Cola Beverages of our bottling operations in northern and central Italy. The increase in prepaid expenses and other assets is primarily due to increases in receivables from equity method investees, marketing prepaids and miscellaneous receivables.

The carrying value of our investment in Coca-Cola Enterprises decreased in 1997 as a result of deferred gains related to the sales of our interests in Coca-Cola & Schweppes Beverages Ltd., Coca-Cola Beverages Ltd. of Canada and The Coca-Cola Bottling Company of New York, Inc. to Coca-Cola Enterprises. The deferred gains resulted from our approximately 44 percent ownership in Coca-Cola Enterprises. The carrying value of our investment in Coca-Cola Amatil increased in 1997 due to Coca-Cola Amatil issuing shares to San Miguel Corporation at a value per share greater than the carrying value per share of our interest in Coca-Cola Amatil. Our equity method investments also increased in 1997 due to our change from the cost method to the equity method of accounting for Panamerican Beverages, Inc. (Panamco) and Grupo Continental, S.A., and due to increased investments in other bottling operations. Our cost method investments declined due to the change in accounting for Panamco and Grupo Continental, S.A., partially offset by additional investments in Embotelladoras Polar S.A. and Embotelladora Andina S.A. Unrealized gain on

available-for-sale securities, a component of share-owners' equity, is composed of adjustments to report our marketable cost method investments at fair value. During 1997, unrealized gain on securities decreased $98 million primarily due to the change in accounting for Panamco and Grupo Continental, S.A.

YEAR 2000

Certain computer programs written with two digits rather than four to define the applicable year may experience problems handling dates near the end of and beyond the year 1999 (Year 2000 failure dates). This may cause computer applications to fail or to create erroneous results unless corrective measures are taken. The Year 2000 problem can arise at any point in the Company's supply, manufacturing, processing, distribution and financial chains.

Aided by third party service providers, we are implementing a plan to address the anticipated impacts of the Year 2000 problem on our information technology (IT) systems and on non-IT systems involving embedded chip technologies (non-IT systems). We are also surveying selected third parties to determine the status of their Year 2000 compliance programs. In addition, we are developing contingency plans specifying what the Company will do if it or important third parties experience disruptions as a result of the Year 2000 problem.

With respect to IT systems, our Year 2000 plan includes programs relating to (i) computer applications, including those for mainframes, client server systems, minicomputers and personal computers (the Applications Program) and (ii) IT infrastructure, including hardware, software, network technology and voice and data communications (the Infrastructure Program). In the case of non-IT systems, our Year 2000 plan includes programs relating to (i) equipment and processes required to produce and distribute beverage concentrates and syrups, finished beverages, juices and juice-drink products (the Manufacturing Program) and (ii) equipment and systems in buildings not encompassed by the Manufacturing Program that our Company occupies or leases to third parties (the Facilities Program).

Each of these programs is being conducted in phases, described as follows:

INVENTORY PHASE - Identify hardware, software, processes or devices that use or process date information.

ASSESSMENT PHASE - Identify Year 2000 date processing deficiencies and related implications.

PLANNING PHASE - Determine for each deficiency an appropriate solution and budget. Schedule resources and develop testing plans.

IMPLEMENTATION PHASE - Implement designed solutions. Conduct appropriate systems testing.

Certain additional testing may be conducted following completion of the implementation phase. The plan also includes a control element intended to ensure that changes to IT and non-IT systems do not introduce additional Year 2000 issues.

Our Year 2000 plan is subject to modification and is revised periodically as additional information is developed. The Company currently believes that its Year 2000 plan will be completed in all material respects prior to the anticipated Year 2000 failure dates. As of the respective dates indicated below, status reports regarding the Applications, Infrastructure, Manufacturing and Facilities Programs are as follows:

APPLICATIONS PROGRAM (AS OF JANUARY 16, 1999) - We have completed the inventory, assessment and planning phases for all 46 applications considered to be mission-critical, and implementation phase progress is as follows: 37 are complete and nine are expected to be completed by June 1999. Of approximately 2,500 other applications we have identified, approximately 2,300 have been assessed and approximately 1,200 of these have been determined to require Year 2000 planning and implementation phase work. Remaining assessment phase work is expected to be completed by March 1999. We have completed the planning and implementation

phases for approximately 1,100 applications, and we estimate completion of the remainder by July 1999.

INFRASTRUCTURE PROGRAM (AS OF JANUARY 16, 1999) - The inventory phase is estimated to be approximately 91 percent complete and is expected to be fully completed by April 1999. Approximately 2,300 "components" have been identified. (We define a component as a particular type - of which there may be numerous individual

iterations - of software package, computer or telecommunications hardware, or lab or research equipment, including any supporting software and utilities.) The assessment, planning and implementation phases are estimated to be approximately 84 percent, 79 percent and 50 percent complete, respectively, and are expected to be fully completed by May, May and October 1999, respectively.

MANUFACTURING PROGRAM (AS OF JANUARY 22, 1999) - We have identified 102 separate manufacturing operations in which our Company's ownership interest is 50 percent or greater. Of these, 100 operations have completed the inventory phase, and all are expected to have done so by January 1999. The assessment phase is complete in 94 operations and is expected to be fully completed by February 1999. Planning phase work has been completed in 76 operations and is expected to be fully completed by April 1999. Implementation phase work has been completed in 42 operations and is expected to be fully completed by July 1999.

FACILITIES PROGRAM (AS OF JANUARY 25, 1999) - We have identified 46 non-manufacturing buildings in which our Company's ownership interest is 50 percent or greater. Of these, status by phase is as follows:

Phase	Not Yet Started	In Progress	Complete	Total Buildings	Estimated 100% Completion Date
Inventory	4	1	41	46	March 1999
Assessment	5	9	32	46	April 1999
Planning	12	21	13	46	May 1999
Implementation	33	6	7	46	October 1999

Owners of properties leased by our Company are being contacted in order to assess the Year 2000 readiness of their facilities.

THIRD PARTY YEAR 2000 READINESS - The Company has material relationships with third parties whose failure to be Year 2000 compliant could have materially adverse impacts on our Company's business, operations or financial condition in the future. Third parties that we consider to be in this category for Year 2000 purposes (Key Business Partners) include critically important bottlers, customers, suppliers, vendors and public entities such as government regulatory agencies, utilities, financial entities and others.

BOTTLERS - We derive most of our net operating revenues from sales of concentrates, syrups and finished products to authorized third parties, including bottling and canning operations (Bottlers), that produce, package and distribute beverages bearing the Company's brands. We have made Year 2000 awareness information available to all Bottlers and have asked each Bottler to advise us of the Bottler's plans for reaching Year 2000 readiness with respect to non-IT systems. As of December 31, 1998, unconsolidated Bottlers representing approximately 99 percent of our 1998 worldwide unit case volume from unconsolidated Bottlers have made their plans available to us, including all 10 of our anchor bottlers. We have also contacted the Bottlers to inquire about their state of Year 2000 readiness with respect to IT systems as well as the actions being taken by Bottlers with respect to third parties. We may take further action as we deem it appropriate in particular cases.

CUSTOMERS - We have met and exchanged information with a limited number of key non-Bottler customers regarding Year 2000 readiness issues. We are now formalizing these contacts into a program designed to help us assess the Year 2000 readiness of key non-Bottler customers.

SUPPLIERS AND VENDORS - The Company classifies as "critical" those suppliers of products or services consumed on an ongoing basis that, if interrupted, would materially disrupt the Company's ability to deliver products or conduct operations. We are conducting on-site reviews of suppliers identified as critical on a worldwide basis, for purposes of assessing their Year 2000 plans and their progress toward implementation. We expect all of these reviews to be completed by April 1999. Thereafter, additional assessments may occur during the remainder of the year. In addition, each Company field location is working to assess the likelihood of supply issues with suppliers classified as critical on a regional basis.

Suppliers of less critical importance to our business, and vendors from whom we buy goods expected to be in service beyond 1999, have been sent a questionnaire from us asking about the status of their Year 2000 plans. Responses are being evaluated, certain selected goods are being tested, and follow-up action is being taken by the Company as it deems appropriate.

PUBLIC ENTITIES - We are also in the process of implementing a Year 2000 program involving interaction with and assessment of public entities such as government regulatory agencies,

utilities, financial entities and others.

CONTINGENCY PLANS - The Company is preparing contingency plans relating specifically to identified Year 2000 risks and developing cost estimates relating to these plans. Contingency plans may include stockpiling raw and packaging materials, increasing inventory levels, securing alternate sources of supply and other appropriate measures. We anticipate completion of the Year 2000 contingency plans during the first half of 1999. Once developed, Year 2000 contingency plans and related cost estimates will be tested in certain respects and continually refined as additional information becomes available.

YEAR 2000 RISKS - While the Company currently believes that it will be able to modify or replace its affected systems in time to minimize any significant detrimental effects on its operations, failure to do so, or the failure of Key Business Partners or other third parties to modify or replace their affected systems, could have materially adverse impacts on the Company's business, operations or financial condition in the future. There can be no guarantee that such impacts will not occur. In particular, because of the interdependent nature of business systems, the Company could be materially adversely affected if private businesses, utilities and governmental entities with which it does business or that provide essential products or services are not Year 2000 ready. The Company currently believes that the greatest risk of disruption in its businesses exists in certain international markets. Reasonably likely consequences of failure by the Company or third parties to resolve the Year 2000 problem include, among other things, temporary slowdowns or cessations of operations at one or more Company or Bottler facilities, delays in the delivery or distribution of products, delays in the receipt of supplies, invoice and collection errors, and inventory and supply obsolescence. However, the Company believes that its Year 2000 readiness program, including related contingency planning, should significantly reduce the possibility of significant interruptions of normal operations.

COSTS - As of December 31, 1998, the Company's total incremental costs (historical plus estimated future costs) of addressing Year 2000 issues are estimated to be in the range of $130 million to $160 million, of which approximately $70 million has been incurred. These costs are being funded through operating cash flow. These amounts do not include: (i) any costs associated with the implementation of contingency plans, which are in the process of being developed, or (ii) costs associated with replacements of computerized systems or equipment in cases where replacement was not accelerated due to Year 2000 issues.

Implementation of our Company's Year 2000 plan is an ongoing process. Consequently, the above described estimates of costs and completion dates for the various components of the plan are subject to change.

For further information regarding Year 2000 matters, see the disclosures under Forward-Looking Statements on page 37.

EURO CONVERSION

In January 1999, certain member countries of the European Union established permanent, fixed conversion rates between their existing currencies and the European Union's common currency (the Euro).

The transition period for the introduction of the Euro is scheduled to phase in over a period ending January 1, 2002, with the existing currency being completely removed from circulation on July 1, 2002. Our Company has been preparing for the introduction of the Euro for several years. The timing of our phasing out all uses of the existing currencies will comply with the legal requirements and also be scheduled to facilitate optimal coordination with the plans of our vendors, distributors and customers. Our work related to the introduction of the Euro and the phasing out of the other currencies includes converting information technology systems; recalculating currency risk; recalibrating derivatives and other financial instruments; evaluating and taking action, if needed, regarding continuity of contracts; and modifying our processes for preparing tax, accounting, payroll and customer records.

Based on our work to date, we believe the introduction of the

Euro and the phasing out of the other currencies will not have a material impact on our Company's Consolidated Financial Statements.

IMPACT OF INFLATION AND CHANGING PRICES

Inflation affects the way we operate in many markets around the world. In general, we are able to increase prices to counteract the inflationary effects of increasing costs and to generate sufficient cash flows to maintain our productive capability.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new statement requires all derivatives to be recorded on the balance sheet at fair value and establishes new accounting rules for hedging instruments. The statement is effective for the Company in the Year 2000. We are assessing the impact this statement will have on our Consolidated Financial Statements.

OUTLOOK

While we cannot predict future performance, we believe considerable opportunities exist for sustained, profitable growth, not only in the developing population centers of the world but also in our most established markets, including the United States.

We firmly believe the strength of our brands, our unparalleled distribution system, our global presence, our strong financial condition and the skills of our people give us the flexibility to capitalize on our growth opportunities as we continue to pursue our goal of increasing share-owner value over time.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of our Company. Our Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in this report and other Company filings with the Securities and Exchange Commission and in our reports to share owners.

All statements which address operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to volume growth, share of sales and earnings per share growth, statements expressing general optimism about future operating results and non-historical Year 2000 information, are forward-looking statements within the meaning of the Act. The forward-looking statements are and will be based on management's then current views and assumptions regarding future events and operating performance.

The following are some of the factors that could affect our financial performance or could cause actual results to differ materially from estimates contained in or underlying our Company's forward-looking statements:

- -- Our ability to generate sufficient cash flows to support capital expansion plans, share repurchase programs and general operating activities.
- -- Competitive product and pricing pressures and our ability to gain or maintain share of sales in the global market as a result of actions by competitors. While we believe our opportunities for sustained, profitable growth are considerable, unanticipated actions of competitors could impact our earnings, share of sales and volume growth.
- -- Changes in laws and regulations, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws in domestic or foreign jurisdictions.
- -- Fluctuations in the cost and availability of raw materials and the ability to maintain favorable supplier arrangements and relationships.
- -- Our ability to achieve earnings forecasts, which are generated based on projected volumes and sales of many product types, some of which are more profitable than others. There can be no assurance that we will achieve the projected level or mix of product sales.

- -- Interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations. Most of our exposures to capital markets, including interest and foreign currency, are managed on a consolidated basis, which allows us to net certain exposures and, thus, take advantage of any natural offsets. We use derivative financial instruments to reduce our net exposure to financial risks. There can be no assurance, however, that our financial risk management program will be successful in reducing foreign currency exposures.
- -- Economic and political conditions in international markets, including civil unrest, governmental changes and restrictions on the ability to transfer capital across borders.
- -- Our ability to penetrate developing and emerging markets, which also depends on economic and political conditions, and how well we are able to acquire or form strategic business alliances with local bottlers and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Moreover, the supply of products in developing markets must match the customers' demand for those products, and due to product price and cultural differences, there can be no assurance of product acceptance in any particular market.
- -- The effectiveness of our advertising, marketing and promotional programs.
- -- The uncertainties of litigation, as well as other risks and uncertainties detailed from time to time in our Company's Securities and Exchange Commission filings.
- -- Adverse weather conditions, which could reduce demand for Company products.
- -- Our ability and the ability of our Key Business Partners and other third parties to replace, modify or upgrade computer systems in ways that adequately address the Year 2000 problem. Given the numerous and significant uncertainties involved, there can be no assurance that Year 2000 related estimates and anticipated results will be achieved, and actual results could differ materially. Specific factors that might cause such material differences include, but are not limited to, the ability to identify and correct all relevant computer codes and embedded chips, unanticipated difficulties or delays in the implementation of Year 2000 project plans and the ability of third parties to adequately address their own Year 2000 issues.
- -- Our ability to timely resolve issues relating to introduction of the European Union's common currency (the Euro).

The foregoing list of important factors is not exclusive.

ADDITIONAL INFORMATION

For additional information about our operations, cash flows, liquidity and capital resources, please refer to the information on pages 40 through 60 of this report. Additional information concerning our operating segments is presented on pages 57 through 58.

<TABLE>
SELECTED FINANCIAL DATA
THE COCA-COLA COMPANY AND SUBSIDIARIES
<CAPTION>

(In millions except per share data, ratios and growth rates)	Compound Growth Rates 5 Years	Compound Growth Rates 10 Years	Year Ended December 31, 1998{2}	1997{2}	1996{2}	1995{2}
<S>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS						
Net operating revenues	6.0%	8.8%	$ 18,813	$ 18,868	$ 18,673	$ 18,127
Cost of goods sold	1.5%	5.0%	5,562	6,015	6,738	6,940
Gross profit	8.4%	11.0%	13,251	12,853	11,935	11,187
Selling, administrative and general expenses	7.5%	10.5%	8,284	7,852	8,020	7,161
Operating income	9.9%	12.0%	4,967	5,001	3,915	4,026
Interest income			219	211	238	245
Interest expense			277	258	286	272
Equity income			32	155	211	169
Other income (deductions)-net			230	583	87	86
Gains on issuances of stock by equity investees			27	363	431	74
Income from continuing						

operations before income taxes and changes in accounting principles	10.3%	12.3%	5,198	6,055	4,596	4,328
Income taxes	10.8%	12.0%	1,665	1,926	1,104	1,342
Income from continuing operations before changes in accounting principles	10.1%	12.5%	$ 3,533	$ 4,129	$ 3,492	$ 2,986
Net income	10.2%	13.0%	$ 3,533	$ 4,129	$ 3,492	$ 2,986
Preferred stock dividends			-	-	-	-
Net income available to common share owners	10.2%	13.0%	$ 3,533	$ 4,129	$ 3,492	$ 2,986
Average common shares outstanding			2,467	2,477	2,494	2,525
Average common shares outstanding assuming dilution			2,496	2,515	2,523	2,549
PER COMMON SHARE DATA						
Income from continuing operations before changes in accounting principles - basic	11.2%	14.5%	$ 1.43	$ 1.67	$ 1.40	$ 1.18
Income from continuing operations before changes in accounting principles - diluted	11.3%	14.4%	1.42	1.64	1.38	1.17
Basic net income	11.2%	14.8%	1.43	1.67	1.40	1.18
Diluted net income	11.3%	15.0%	1.42	1.64	1.38	1.17
Cash dividends	12.0%	14.9%	.60	.56	.50	.44
Market price on December 31	24.6%	28.2%	67.00	66.69	52.63	37.13
TOTAL MARKET VALUE OF COMMON STOCK{1}	23.3%	26.4%	$165,190	$164,766	$130,575	$ 92,983
BALANCE SHEET DATA						
Cash, cash equivalents and current marketable securities			$ 1,807	$ 1,843	$ 1,658	$ 1,315
Property, plant and equipment-net			3,669	3,743	3,550	4,336
Depreciation			381	384	442	421
Capital expenditures			863	1,093	990	937
Total assets			19,145	16,881	16,112	15,004
Long-term debt			687	801	1,116	1,141
Total debt			5,149	3,875	4,513	4,064
Share-owners' equity			8,403	7,274	6,125	5,369
Total capital{1}			13,552	11,149	10,638	9,433
OTHER KEY FINANCIAL MEASURES{1}						
Total debt-to-total capital			38.0%	34.8%	42.4%	43.1%
Net debt-to-net capital			28.1%	22.0%	31.6%	32.3%
Return on common equity			45.1%	61.6%	60.8%	56.4%
Return on capital			30.2%	39.5%	36.8%	34.9%
Dividend payout ratio			41.9%	33.6%	35.7%	37.2%
Free cash flow			$ 1,272	$ 3,533	$ 2,413	$ 2,102
Economic profit			$ 2,480	$ 3,325	$ 2,718	$ 2,291

<FN>
{1} See Glossary on page 65.
{2} In 1998, we adopted SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits."
{3} In 1994, we adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."
{4} In 1993, we adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits."
{5} In 1992, we adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions."
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<TABLE>
SELECTED FINANCIAL DATA
THE COCA-COLA COMPANY AND SUBSIDIARIES
<CAPTION>

(In millions except per share data, ratios and growth rates)	Year Ended December 31,						
	1994{2,3}	1993{2,4}	1992{2,5,6}	1991{2,6}	1990{2,6}	1989{6}	1988

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SUMMARY OF OPERATIONS							
Net operating revenues	$ 16,264	$ 14,030	$ 13,119	$ 11,599	$ 10,261	$ 8,637	$ 8,076
Cost of goods sold	6,168	5,160	5,055	4,649	4,208	3,548	3,429
Gross profit	10,096	8,870	8,064	6,950	6,053	5,089	4,647
Selling, administrative and general expenses	6,459	5,771	5,317	4,641	4,103	3,342	3,044
Operating income	3,637	3,099	2,747	2,309	1,950	1,747	1,603
Interest income	181	144	164	175	170	205	199
Interest expense	199	168	171	192	231	308	230
Equity income	134	91	65	40	110	75	92
Other income (deductions)-net	(25)	7	(59)	51	15	45	(38)
Gains on issuances of stock by equity investees	-	12	-	-	-	-	-
Income from continuing operations before income taxes and changes in accounting principles	3,728	3,185	2,746	2,383	2,014	1,764	1,626
Income taxes	1,174	997	863	765	632	553	537
Income from continuing operations before changes in accounting principles	$ 2,554	$ 2,188	$ 1,883	$ 1,618	$ 1,382	$ 1,211	$ 1,089
Net income	$ 2,554	$ 2,176	$ 1,664	$ 1,618	$ 1,382	$ 1,537	$ 1,045
Preferred stock dividends	-	-	-	1	18	21	7
Net income available to common share owners	$ 2,554	$ 2,176	$ 1,664	$ 1,617	$ 1,364	$ 1,516{7}	$ 1,038
Average common shares outstanding	2,580	2,603	2,634	2,666	2,674	2,768	2,917
Average common shares outstanding assuming dilution	2,599	2,626	2,668	2,695	2,706	2,789	2,929
PER COMMON SHARE DATA							
Income from continuing operations before changes in accounting principles - basic	$ .99	$ .84	$ .72	$ .61	$ .51	$ .43	$ .37
Income from continuing operations before changes in accounting principles - diluted	.98	.83	.71	.60	.50	.43	.37
Basic net income	.99	.84	.63	.61	.51	.55{7}	.36
Diluted net income	.98	.83	.62	.60	.50	.54	.35
Cash dividends	.39	.34	.28	.24	.20	.17	.15
Market price on December 31	25.75	22.31	20.94	20.06	11.63	9.66	5.58
TOTAL MARKET VALUE OF COMMON STOCK{1}	$ 65,711	$ 57,905	$ 54,728	$53,325	$ 31,073	$ 26,034	$15,834
BALANCE SHEET DATA							
Cash, cash equivalents and current marketable securities	$ 1,531	$ 1,078	$ 1,063	$ 1,117	$ 1,492	$ 1,182	$ 1,231
Property, plant and equipment - net	4,080	3,729	3,526	2,890	2,386	2,021	1,759
Depreciation	382	333	310	254	236	181	167
Capital expenditures	878	800	1,083	792	593	462	387
Total assets	13,863	11,998	11,040	10,185	9,245	8,249	7,451
Long-term debt	1,426	1,428	1,120	985	536	549	761
Total debt	3,509	3,100	3,207	2,288	2,537	1,980	2,124
Share-owners' equity	5,228	4,570	3,881	4,236	3,662	3,299	3,345
Total capital{1}	8,737	7,670	7,088	6,524	6,199	5,279	5,469
OTHER KEY FINANCIAL MEASURES{1}							
Total debt-to-total capital	40.2%	40.4%	45.2%	35.1%	40.9%	37.5%	38.8%
Net debt-to-net capital	25.5%	29.0%	33.1%	24.2%	24.6%	15.6%	21.1%
Return on common equity	52.1%	51.8%	46.4%	41.3%	41.4%	39.4%	34.7%
Return on capital	32.8%	31.2%	29.4%	27.5%	26.8%	26.5%	21.3%
Dividend payout ratio	39.4%	40.6%	44.3%	39.5%	39.2%	31.0%{7}	42.1%

Free cash flow	$ 2,146	$ 1,623	$ 873	$ 960	$ 844	$ 1,664	$ 1,517
Economic profit	$ 1,896	$ 1,549	$ 1,300	$ 1,073	$ 920	$ 859	$ 717

<FN>
{6} In 1992, we adopted SFAS No. 109, "Accounting for Income Taxes," by restating financial statements beginning in 1989.
{7} Net income available to common share owners in 1989 included after-tax gains of $604 million ($.22 per common share, basic and diluted) from the sales of our equity interest in Columbia Pictures Entertainment, Inc. and our bottled water business, and the transition effect of $265 million related to the change in accounting for income taxes. Excluding these nonrecurring items, our dividend payout ratio in 1989 was 39.9 percent.
<FN>
</TABLE>

<TABLE>
CONSOLIDATED BALANCE SHEETS
THE COCA-COLA COMPANY AND SUBSIDIARIES

<CAPTION>

December 31,	1998	1997
(In millions except share data)		
ASSETS		
<S>	<C>	<C>
CURRENT		
Cash and cash equivalents	$ 1,648	$ 1,737
Marketable securities	159	106
	1,807	1,843
Trade accounts receivable, less allowances of $10 in 1998 and $23 in 1997	1,666	1,639
Inventories	890	959
Prepaid expenses and other assets	2,017	1,528
TOTAL CURRENT ASSETS	6,380	5,969
INVESTMENTS AND OTHER ASSETS		
Equity method investments		
Coca-Cola Enterprises Inc.	584	184
Coca-Cola Amatil Limited	1,255	1,204
Coca-Cola Beverages plc	879	-
Other, principally bottling companies	3,573	3,049
Cost method investments, principally bottling companies	395	457
Marketable securities and other assets	1,863	1,607
	8,549	6,501
PROPERTY, PLANT AND EQUIPMENT		
Land	199	183
Buildings and improvements	1,507	1,535
Machinery and equipment	3,855	3,896
Containers	124	157
	5,685	5,771
Less allowances for depreciation	2,016	2,028
	3,669	3,743
GOODWILL AND OTHER INTANGIBLE ASSETS	547	668
	$ 19,145	$ 16,881
</TABLE>

<TABLE>
CONSOLIDATED BALANCE SHEETS
THE COCA-COLA COMPANY AND SUBSIDIARIES

<CAPTION>

December 31,	1998	1997
LIABILITIES AND SHARE-OWNERS' EQUITY		
	<C>	<C>
CURRENT		
</TABLE>

Accounts payable and accrued expenses	$ 3,141	$ 3,249
Loans and notes payable	4,459	2,677
Current maturities of long-term debt	3	397
Accrued income taxes	1,037	1,056
TOTAL CURRENT LIABILITIES	8,640	7,379
LONG-TERM DEBT	687	801
OTHER LIABILITIES	991	1,001
DEFERRED INCOME TAXES	424	426
SHARE-OWNERS' EQUITY		
Common stock, $.25 par value		
Authorized: 5,600,000,000 shares		
Issued: 3,460,083,686 shares in 1998; 3,443,441,902 shares in 1997	865	861
Capital surplus	2,195	1,527
Reinvested earnings	19,922	17,869
Accumulated other comprehensive income and unearned compensation on restricted stock	(1,434)	(1,401)
	21,548	18,856
Less treasury stock, at cost (994,566,196 shares in 1998; 972,812,731 shares in 1997)	13,145	11,582
	8,403	7,274
	$ 19,145	$ 16,881

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME
THE COCA-COLA COMPANY AND SUBSIDIARIES

Year Ended December 31,	1998	1997	1996
(In millions except per share data)			
NET OPERATING REVENUES	$ 18,813	$ 18,868	$ 18,673
Cost of goods sold	5,562	6,015	6,738
GROSS PROFIT	13,251	12,853	11,935
Selling, administrative and general expenses	8,284	7,852	8,020
OPERATING INCOME	4,967	5,001	3,915
Interest income	219	211	238
Interest expense	277	258	286
Equity income	32	155	211
Other income-net	230	583	87
Gains on issuances of stock by equity investees	27	363	431
INCOME BEFORE INCOME TAXES	5,198	6,055	4,596
Income taxes	1,665	1,926	1,104
NET INCOME	$ 3,533	$ 4,129	$ 3,492
BASIC NET INCOME PER SHARE	$ 1.43	$ 1.67	$ 1.40
DILUTED NET INCOME PER SHARE	$ 1.42	$ 1.64	$ 1.38
AVERAGE SHARES OUTSTANDING	2,467	2,477	2,494
Dilutive effect of stock options	29	38	29
AVERAGE SHARES OUTSTANDING ASSUMING DILUTION	2,496	2,515	2,523

See Notes to Consolidated Financial Statements.

<TABLE>
CONSOLIDATED STATEMENTS OF CASH FLOWS
THE COCA-COLA COMPANY AND SUBSIDIARIES

<CAPTION>

Year Ended December 31, (In millions)	1998	1997	1996
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	$ 3,533	$ 4,129	$ 3,492
Depreciation and amortization	645	626	633
Deferred income taxes	(38)	380	(145)
Equity income, net of dividends	31	(108)	(89)
Foreign currency adjustments	21	37	(60)
Gains on issuances of stock by equity investees	(27)	(363)	(431)
Gains on sales of assets, including bottling interests	(306)	(639)	(135)
Other items	124	18	316
Net change in operating assets and liabilities	(550)	(47)	(118)
Net cash provided by operating activities	3,433	4,033	3,463
INVESTING ACTIVITIES			
Acquisitions and investments, principally bottling companies	(1,428)	(1,100)	(645)
Purchases of investments and other assets	(610)	(459)	(623)
Proceeds from disposals of investments and other assets	1,036	1,999	1,302
Purchases of property, plant and equipment	(863)	(1,093)	(990)
Proceeds from disposals of property, plant and equipment	54	71	81
Other investing activities	(350)	82	(175)
Net cash used in investing activities	(2,161)	(500)	(1,050)
Net cash provided by operations after reinvestment	1,272	3,533	2,413
FINANCING ACTIVITIES			
Issuances of debt	1,818	155	1,122
Payments of debt	(410)	(751)	(580)
Issuances of stock	302	150	124
Purchases of stock for treasury	(1,563)	(1,262)	(1,521)
Dividends	(1,480)	(1,387)	(1,247)
Net cash used in financing activities	(1,333)	(3,095)	(2,102)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(28)	(134)	(45)
CASH AND CASH EQUIVALENTS			
Net increase (decrease) during the year	(89)	304	266
Balance at beginning of the year	1,737	1,433	1,167
Balance at end of year	$ 1,648	$ 1,737	$ 1,433

See Notes to Consolidated Financial Statements.
</TABLE>

<TABLE>
CONSOLIDATED STATEMENTS OF SHARE-OWNERS' EQUITY

THE COCA-COLA COMPANY AND SUBSIDIARIES
<CAPTION>

Three Years Ended December 31, 1998 (In millions except per share data)	Number of Common Shares Outstanding	Common Stock	Capital Surplus	Reinvested Earnings	Outstanding Restricted Stock	Accumulated Other Comprehensive Income	Treasury Stock	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
</TABLE>

BALANCE DECEMBER 31, 1995	2,505	$856	$ 863	$12,882	$ (68)	$ (365)	$ (8,799)	$ 5,369
COMPREHENSIVE INCOME:								
Net income	-	-	-	3,492	-	-	-	3,492
Translation adjustments	-	-	-	-	-	(238)	-	(238)
Net change in unrealized gain on securities	-	-	-	-	-	74	-	74
Minimum pension liability	-	-	-	-	-	(8)	-	(8)
COMPREHENSIVE INCOME								3,320
Stock issued to employees exercising stock options	9	2	122	-	-	-	-	124
Tax benefit from employees' stock option and restricted stock plans	-	-	63	-	-	-	-	63
Stock issued under restricted stock plans, less amortization of $15	-	-	10	-	7	-	-	17
Purchases of stock for treasury	(33){1}	-	-	-	-	-	(1,521)	(1,521)
Dividends (per share - $.50)	-	-	-	(1,247)	-	-	-	(1,247)
BALANCE DECEMBER 31, 1996	2,481	858	1,058	15,127	(61)	(537)	(10,320)	6,125
COMPREHENSIVE INCOME:								
Net income	-	-	-	4,129	-	-	-	4,129
Translation adjustments	-	-	-	-	-	(710)	-	(710)
Net change in unrealized gain on securities	-	-	-	-	-	(98)	-	(98)
Minimum pension liability	-	-	-	-	-	(6)	-	(6)
COMPREHENSIVE INCOME								3,315
Stock issued to employees exercising stock options	10	3	147	-	-	-	-	150
Tax benefit from employees' stock option and restricted stock plans	-	-	312	-	-	-	-	312
Stock issued under restricted stock plans, less amortization of $10	-	-	10	-	11	-	-	21
Purchases of stock for treasury	(20){1}	-	-	-	-	-	(1,262)	(1,262)
Dividends (per share - $.56)	-	-	-	(1,387)	-	-	-	(1,387)
BALANCE DECEMBER 31, 1997	2,471	861	1,527	17,869	(50)	(1,351)	(11,582)	7,274
COMPREHENSIVE INCOME:								
Net income	-	-	-	3,533	-	-	-	3,533
Translation adjustments	-	-	-	-	-	52	-	52
Net change in unrealized gain on securities	-	-	-	-	-	(47)	-	(47)
Minimum pension liability	-	-	-	-	-	(4)	-	(4)
COMPREHENSIVE INCOME								3,534
Stock issued to employees exercising stock options	16	4	298	-	-	-	-	302
Tax benefit from employees' stock option and restricted stock plans	-	-	97	-	-	-	-	97
Stock issued under restricted stock plans, less amortization of $5	1	-	47	-	(34)	-	-	13
Stock issued by an equity investee	-	-	226	-	-	-	-	226
Purchases of stock for treasury	(22){1}	-	-	-	-	-	(1,563)	(1,563)
Dividends (per share - $.60)	-	-	-	(1,480)	-	-	-	(1,480)
BALANCE DECEMBER 31, 1998	2,466	$865	$2,195	$19,922	$ (84)	$(1,350)	$(13,145)	$ 8,403

{1} Common stock purchased from employees exercising stock options numbered 1.4 million, 1.1 million and .9 million shares for the years ending December 31, 1998, 1997 and 1996, respectively.
See Notes to Consolidated Financial Statements.

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE COCA-COLA COMPANY AND SUBSIDIARIES

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION - The Coca-Cola Company and subsidiaries (our Company) is predominantly a manufacturer, marketer and distributor of soft-drink and noncarbonated beverage concentrates and syrups. Operating in nearly 200 countries worldwide, we primarily sell our concentrates and syrups to bottling and canning operations, fountain wholesalers and fountain retailers. We have significant markets for our products in all the world's geographic regions. We record revenue when title passes to our customers.

BASIS OF PRESENTATION - Certain amounts in the prior years' financial statements have been reclassified to conform to the current year presentation.

CONSOLIDATION - Our Consolidated Financial Statements include the accounts of The Coca-Cola Company and all subsidiaries except where control is temporary or does not rest with our Company. Our investments in companies in which we have the ability to exercise significant influence over operating and financial policies, including certain investments where there is a temporary majority interest, are accounted for by the equity method. Accordingly, our Company's share of the net earnings of these companies is included in consolidated net income. Our investments in other companies are carried at cost or fair value, as appropriate. All significant intercompany accounts and transactions are eliminated upon consolidation.

ISSUANCES OF STOCK BY EQUITY INVESTEES - When one of our equity investees issues additional shares to third parties, our percentage ownership interest in the investee decreases. In the event the issuance price per share is more or less than our average carrying amount per share, we recognize a noncash gain or loss on the issuance. This noncash gain or loss, net of any deferred taxes, is generally recognized in our net income in the period the change of ownership interest occurs.

If gains have been previously recognized on issuances of an equity investee's stock and shares of the equity investee are subsequently repurchased by the equity investee, gain recognition does not occur on issuances subsequent to the date of a repurchase until shares have been issued in an amount equivalent to the number of repurchased shares. This type of transaction is reflected as an equity transaction and the net effect is reflected in the accompanying consolidated balance sheets. For specific transaction details, refer to Note 3.

ADVERTISING COSTS - Our Company expenses production costs of print, radio and television advertisements as of the first date the advertisements take place. Advertising expenses included in selling, administrative and general expenses were $1,597 million in 1998, $1,576 million in 1997 and $1,441 million in 1996. As of December 31, 1998 and 1997, advertising costs of approximately $365 million and $317 million, respectively, were recorded primarily in prepaid expenses and other assets in the accompanying consolidated balance sheets.

NET INCOME PER SHARE - Basic net income per share is computed by dividing net income by the weighted-average number of shares outstanding. Diluted net income per share includes the dilutive effect of stock options.

CASH EQUIVALENTS - Marketable securities that are highly liquid and have maturities of three months or less at the date of purchase are classified as cash equivalents.

INVENTORIES - Inventories consist primarily of raw materials and supplies and are valued at the lower of cost or market. In general, cost is determined on the basis of average cost or first-in, first-out methods.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost and are depreciated principally by the straight-line method over the estimated useful lives of the assets.

OTHER ASSETS - Our Company invests in infrastructure programs with our bottlers which are directed at strengthening our bottling system and increasing unit case sales. The costs of these programs are recorded in other assets and are subsequently amortized over the periods to be directly benefited.

GOODWILL AND OTHER INTANGIBLE ASSETS - Goodwill and other intangible assets are stated on the basis of cost and are amortized, principally on a straight-line basis, over the estimated future periods to be benefited (not exceeding 40 years). Goodwill and other intangible assets are periodically reviewed for impairment based on an assessment of future operations to ensure they are appropriately valued. Accumulated amortization was approximately $119 million and $105 million on December 31, 1998 and 1997, respectively.

USE OF ESTIMATES - In conformity with generally accepted accounting principles, the preparation of our financial statements requires our management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from estimates.

NEW ACCOUNTING STANDARDS - In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new statement requires all derivatives to be recorded on the balance sheet at fair value and establishes new accounting rules for hedging

instruments. The statement is effective for years beginning after June 15, 1999. We are assessing the impact this statement will have on the Consolidated Financial Statements.

In March 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 provides guidance on accounting for the various types of costs incurred for computer software developed or obtained for internal use. Also, in June 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-Up Activities." SOP 98-5 requires costs of start-up activities and organizational costs, as defined, to be expensed as incurred. We will adopt these SOPs on January 1, 1999, and they will not materially impact our Company's Consolidated Financial Statements.

NOTE 2: BOTTLING INVESTMENTS

COCA-COLA ENTERPRISES INC. - Coca-Cola Enterprises is the largest soft-drink bottler in the world, operating in seven countries, and is one of our anchor bottlers. At December 31, 1998, our Company owned approximately 42 percent of the outstanding common stock of Coca-Cola Enterprises, and accordingly, we account for our investment by the equity method of accounting. The excess of our equity in the underlying net assets of Coca-Cola Enterprises over our investment is primarily amortized on a straight-line basis over 40 years. The balance of this excess, net of amortization, was approximately $442 million at December 31, 1998. A summary of financial information for Coca-Cola Enterprises is as follows (in millions):

December 31,	1998	1997
Current assets	$ 2,285	$ 1,813
Noncurrent assets	18,847	15,674
Total assets	$ 21,132	$ 17,487
Current liabilities	$ 3,397	$ 3,032
Noncurrent liabilities	15,297	12,673
Total liabilities	$ 18,694	$ 15,705
Share-owners' equity	$ 2,438	$ 1,782
Company equity investment	$ 584	$ 184

Year Ended December 31,	1998	1997	1996
Net operating revenues	$ 13,414	$ 11,278	$ 7,921
Cost of goods sold	8,391	7,096	4,896
Gross profit	$ 5,023	$ 4,182	$ 3,025
Operating income	$ 869	$ 720	$ 545
Cash operating profit{1}	$ 1,989	$ 1,666	$ 1,172
Net income	$ 142	$ 171	$ 114
Net income available to common share owners	$ 141	$ 169	$ 106
Company equity income	$ 51	$ 59	$ 53

{1} Cash operating profit is defined as operating income plus depreciation expense, amortization expense and other noncash operating expenses.

Our net concentrate/syrup sales to Coca-Cola Enterprises were $3.1 billion in 1998, $2.5 billion in 1997 and $1.6 billion in 1996, or approximately 16 percent, 13 percent and 9 percent of our 1998, 1997 and 1996 net operating revenues. Coca-Cola Enterprises purchases sweeteners through our Company; however, related collections from Coca-Cola Enterprises and payments to suppliers are not included in our consolidated statements of income. These transactions amounted to $252 million in 1998, $223 million in 1997 and $247 million in 1996. We also provide certain administrative and other services to Coca-Cola Enterprises under negotiated fee arrangements.

Our direct support for certain marketing activities of Coca-Cola Enterprises and participation with them in cooperative advertising and other marketing programs amounted to approximately $899 million in 1998, $604 million in 1997 and $448 million in 1996. Additionally, in 1998 and 1997, we committed approximately $324 million and $190 million, respectively, to Coca-Cola Enterprises under a Company program that encourages bottlers to invest in building and supporting beverage infrastructure.

If valued at the December 31, 1998, quoted closing price of publicly traded Coca-Cola Enterprises shares, the calculated value of our investment in Coca-Cola Enterprises would have exceeded its carrying value by approximately $5.5 billion.

COCA-COLA AMATIL LIMITED - We own approximately 43 percent of Coca-Cola Amatil, an Australian-based anchor bottler that operates in seven countries. Accordingly, we account for our investment in Coca-Cola Amatil by the equity method. The excess of our investment over our equity in the underlying net assets of Coca-Cola Amatil is being amortized on a straight-line basis over 40 years. The balance of this excess, net of amortization, was approximately $205 million at December 31, 1998. A summary of financial information for Coca-Cola Amatil is as follows (in millions):

December 31,	1998{1}	1997
Current assets	$ 1,057	$ 1,470
Noncurrent assets	4,002	4,590
Total assets	$ 5,059	$ 6,060
Current liabilities	$ 1,065	$ 1,053
Noncurrent liabilities	1,552	1,552
Total liabilities	$ 2,617	$ 2,605
Share-owners' equity	$ 2,442	$ 3,455
Company equity investment	$ 1,255	$ 1,204

Year Ended December 31,	1998{1}	1997	1996
Net operating revenues	$ 2,731	$ 3,290	$ 2,905
Cost of goods sold	1,567	1,856	1,737
Gross profit	$ 1,164	$ 1,434	$ 1,168
Operating income	$ 237	$ 276	$ 215

Cash operating profit{2}	$ 435	$ 505	$ 384
Net income	$ 65	$ 89	$ 80
Company equity income	$ 15	$ 27	$ 27

{1} 1998 reflects the spin-off of Coca-Cola Amatil's European operations.
{2} Cash operating profit is defined as operating income plus depreciation expense, amortization expense and other noncash operating expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE COCA-COLA COMPANY AND SUBSIDIARIES

Our net concentrate sales to Coca-Cola Amatil were approximately $546 million in 1998, $588 million in 1997 and $450 million in 1996. We also participate in various marketing, promotional and other activities with Coca-Cola Amatil.

If valued at the December 31, 1998, quoted closing price of publicly traded Coca-Cola Amatil shares, the calculated value of our investment in Coca-Cola Amatil would have exceeded its carrying value by approximately $364 million.

In August 1998, we exchanged our Korean bottling operations with Coca-Cola Amatil for an additional ownership interest in Coca-Cola Amatil.

OTHER EQUITY INVESTMENTS - Operating results include our proportionate share of income from our equity investments. A summary of financial information for our equity investments in the aggregate, other than Coca-Cola Enterprises and Coca-Cola Amatil, is as follows (in millions):

December 31,	1998	1997
Current assets	$ 4,453	$ 2,946
Noncurrent assets	16,825	11,371
Total assets	$ 21,278	$ 14,317
Current liabilities	$ 4,968	$ 3,545
Noncurrent liabilities	6,731	4,636
Total liabilities	$ 11,699	$ 8,181
Share-owners' equity	$ 9,579	$ 6,136
Company equity investment	$ 4,452	$ 3,049

Year Ended December 31,	1998	1997	1996
Net operating revenues	$ 15,244	$ 13,688	$ 11,640
Cost of goods sold	9,555	8,645	8,028
Gross profit	$ 5,689	$ 5,043	$ 3,612
Operating income	$ 668	$ 869	$ 835
Cash operating profit{1}	$ 1,563	$ 1,794	$ 1,268
Net income	$ 152	$ 405	$ 366
Company equity income (loss)	$ (34)	$ 69	$ 131

Equity investments include certain non-bottling investees.

{1} Cash operating profit is defined as operating income plus depreciation expense, amortization expense and other noncash operating expenses.

Net sales to equity investees other than Coca-Cola Enterprises and Coca-Cola Amatil were $2.1 billion in 1998, $1.5 billion in 1997 and $1.5 billion in 1996. Our direct support for certain marketing activities with equity investees other than Coca-Cola Enterprises, the majority of which are located outside the United States, was approximately $640 million, $528 million and $354 million for 1998, 1997 and 1996, respectively.

In June 1998, we sold our wholly owned Italian bottling operations in northern and central Italy to Coca-Cola Beverages plc (Coca-Cola Beverages). This transaction resulted in proceeds valued at approximately $1 billion and an after-tax gain of approximately $.03 per share (basic and diluted).

In February 1997, we sold our 49 percent interest in Coca-Cola & Schweppes Beverages Ltd. to Coca-Cola Enterprises. This transaction resulted in proceeds for our Company of approximately $1 billion and an after-tax gain of approximately $.08 per share (basic and diluted). In August 1997, we sold our 48 percent interest in Coca-Cola Beverages Ltd. of Canada and our 49 percent ownership interest in The Coca-Cola Bottling Company of New York, Inc., to Coca-Cola Enterprises in exchange for aggregate consideration valued at approximately $456 million. This sale resulted in an after-tax gain of approximately $.04 per share (basic and diluted).

If valued at the December 31, 1998, quoted closing prices of shares actively traded on stock markets, the calculated value of our equity investments in publicly traded bottlers other than Coca-Cola Enterprises and Coca-Cola Amatil would have exceeded our carrying value by approximately $559 million.

NOTE 3: ISSUANCES OF STOCK BY EQUITY INVESTEES

In December 1998, Coca-Cola Enterprises completed its acquisition of certain independent bottling operations operating in parts of Texas, New Mexico and Arizona (collectively known as the Wolslager Group). The transactions were funded primarily with the issuance of shares of Coca-Cola Enterprises common stock. The Coca-Cola Enterprises common stock issued in exchange for these bottlers was valued at an amount greater than the book value per share of our investment in Coca-Cola Enterprises. As a result of this transaction, our equity in the underlying net assets of Coca-Cola Enterprises increased, and we recorded a $116 million increase to our Company's investment basis in Coca-Cola Enterprises. Due to Coca-Cola Enterprises' share repurchase program, the increase in our investment in Coca-Cola Enterprises was recorded as an equity transaction, and no gain was recognized. We recorded a deferred tax liability of approximately $46 million on this increase to our investment in Coca-Cola Enterprises. At the completion of this transaction, our ownership in Coca-Cola Enterprises was approximately 42 percent.

In September 1998, Coca-Cola Erfrischungsgetraenke AG (CCEAG), our anchor bottler in Germany, issued new shares valued at approximately $275 million to effect a merger with Nordwest Getraenke GmbH & Co. KG, another German bottler. Approximately 7.5 million shares were issued, resulting in a one-time noncash pretax gain for our Company of approximately $27 million. We provided deferred taxes of approximately $10 million on this gain. This issuance reduced our ownership in CCEAG from approximately 45 percent to approximately 40 percent.

In June 1998, Coca-Cola Enterprises completed its acquisition of CCBG Corporation and Texas Bottling Group, Inc., (collectively known as Coke Southwest). The transaction was valued at approximately $1.1 billion. Approximately 55 percent of the transaction was funded with the issuance of approximately 17.7 million shares of Coca-Cola Enterprises common stock, and the remaining portion was

funded through debt and assumed debt. The Coca-Cola Enterprises common stock issued in exchange for Coke Southwest was valued at an amount greater than the book value per share of our investment in Coca-Cola Enterprises. As a result of this transaction, our equity in the underlying net assets of Coca-Cola Enterprises increased, and we recorded a $257 million increase to our Company's investment basis in Coca-Cola Enterprises. Due to Coca-Cola Enterprises' share repurchase program, the increase in our investment in Coca-Cola Enterprises was recorded as an equity transaction, and no gain was recognized. We recorded a deferred tax liability of approximately $101 million on this increase to our investment in Coca-Cola Enterprises. At the completion of this transaction, our ownership in Coca-Cola Enterprises was approximately 42 percent.

In the second quarter of 1997, our Company and San Miguel Corporation sold our respective interests in Coca-Cola Bottlers Philippines, Inc. to Coca-Cola Amatil in exchange for approximately 293 million shares of Coca-Cola Amatil stock. In connection with this transaction, Coca-Cola Amatil issued

approximately 210 million shares to San Miguel valued at approximately $2.4 billion. The issuance to San Miguel resulted in a one-time noncash pretax gain for our Company of approximately $343 million. We provided deferred taxes of approximately $141.5 million on this gain. This transaction resulted in a dilution of our Company's 36 percent interest in Coca-Cola Amatil to 33 percent.

Also in the second quarter of 1997, our Company and the Cisneros Group sold our respective interests in Coca-Cola y Hit de Venezuela, S.A. to Panamerican Beverages, Inc. (Panamco) in exchange for approximately 30.6 million shares of Panamco stock. In connection with this transaction, Panamco issued approximately 13.6 million shares to the Cisneros Group valued at approximately $402 million. The issuance to the Cisneros Group resulted in a one-time noncash pretax gain for our Company of approximately $20 million. We provided deferred taxes of approximately $7.2 million on this gain. At the completion of this transaction, our ownership in Panamco was approximately 23 percent.

In the third quarter of 1996, our previously wholly owned subsidiary, Coca-Cola Erfrischungsgetraenke G.m.b.H. (CCEG), issued approximately 24.4 million shares of common stock as part of a merger with three independent German bottlers of our products. The shares were valued at approximately $925 million, based on the fair values of the assets of the three acquired bottling companies. In connection with CCEG's issuance of shares, a new corporation was established, Coca-Cola Erfrischungsgetraenke AG, and our ownership was reduced to 45 percent of the resulting corporation. As a result, we began accounting for our related investment by the equity method of accounting prospectively from the transaction date. This transaction resulted in a noncash pretax gain of $283 million for our Company. We provided deferred taxes of approximately $171 million related to this gain.

Also in the third quarter of 1996, Coca-Cola Amatil issued approximately 46 million shares in exchange for approximately $522 million. This issuance reduced our Company's ownership interest in Coca-Cola Amatil from approximately 39 percent to approximately 36 percent. This transaction resulted in a noncash pretax gain of $130 million for our Company. We provided deferred taxes of approximately $47 million on this gain.

In 1996, Coca-Cola FEMSA de Buenos Aires, S.A. (CCFBA) issued approximately 19 million shares to Coca-Cola FEMSA, S.A. de C.V. This issuance reduced our ownership in CCFBA from 49 percent to approximately 32 percent. We recognized a noncash pretax gain of approximately $18 million as a result of this transaction. In subsequent transactions, we disposed of our remaining interest in CCFBA.

NOTE 4: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following (in millions):

December 31,	1998	1997
Accrued marketing	$ 967	$ 992
Container deposits	14	30
Accrued compensation	166	152
Sales, payroll and other taxes	183	173
Accounts payable and other accrued expenses	1,811	1,902
	$ 3,141	$ 3,249

NOTE 5: SHORT-TERM BORROWINGS AND CREDIT ARRANGEMENTS

Loans and notes payable consist primarily of commercial paper issued in the United States. On December 31, 1998, we had $4.3 billion outstanding in commercial paper borrowings. In addition, we had $1.6 billion in lines of credit and other short-term credit facilities available, under which approximately $89 million was outstanding. Our weighted-average interest rates for commercial paper were approximately 5.2 and 5.8 percent at December 31, 1998 and 1997, respectively.

These facilities are subject to normal banking terms and conditions. Some of the financial arrangements require compensating balances, none of which is presently significant to our Company.

NOTE 6: LONG-TERM DEBT

Long-term debt consists of the following (in millions):

December 31,	1998	1997
53/4% German mark notes due 1998	$ -	$ 141
77/8% U.S. dollar notes due 1998	-	250
6% U.S. dollar notes due 2000	251	251
65/8% U.S. dollar notes due 2002	150	150
6% U.S. dollar notes due 2003	150	150
73/8% U.S. dollar notes due 2093	116	116
Other, due 1999 to 2013	23	140
	690	1,198
Less current portion	3	397
	$ 687	$ 801

After giving effect to interest rate management instruments (see Note 9), the principal amount of our long-term debt that had fixed and variable interest rates, respectively, was $190 million and $500 million on December 31, 1998, and $480 million and $718 million on December 31, 1997. The weighted-average interest rate on our Company's long-term debt was 6.2 percent for the years ended December 31, 1998 and 1997. Total interest paid was approximately $298 million, $264 million and $315 million in 1998, 1997 and 1996, respectively.

Maturities of long-term debt for the five years succeeding December 31, 1998, are as follows (in millions):

1999	2000	2001	2002	2003
$ 3	$ 254	$ 17	$ 150	$ 150

The above notes include various restrictions, none of which is presently significant to our Company.

NOTE 7: COMPREHENSIVE INCOME

Accumulated other comprehensive income consists of the following (in millions):

December 31,	1998	1997
Foreign currency translation adjustment	$ (1,320)	$ (1,372)
Unrealized gain on available-for-sale securities	11	58
Minimum pension liability	(41)	(37)
	$ (1,350)	$ (1,351)

A summary of the components of other comprehensive income for the years ended December 31, 1998, 1997 and 1996 is as follows (in millions):

December 31,	Before-Tax Amount	Income Tax	After-Tax Amount
1998			
Net change in unrealized gain (loss) on available-for-sale securities	$ (70)	$ 23	$ (47)
Net foreign currency translation	52	-	52
Minimum pension liability	(5)	1	(4)
Other comprehensive income	$ (23)	$ 24	$ 1

December 31,	Before-Tax Amount	Income Tax	After-Tax Amount
1997			
Net change in unrealized gain (loss) on available-for-sale securities	$ (163)	$ 65	$ (98)
Net foreign currency translation	(710)	-	(710)
Minimum pension liability	(10)	4	(6)
Other comprehensive income	$ (883)	$ 69	$ (814)

December 31,	Before-Tax Amount	Income Tax	After-Tax Amount
1996			
Net change in unrealized gain (loss) on available-for-sale securities	$ 107	$ (33)	$ 74
Net foreign currency translation	(238)	-	(238)
Minimum pension liability	(13)	5	(8)
Other comprehensive income	$ (144)	$ (28)	$ (172)

NOTE 8: FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS - The carrying amounts reflected in our consolidated balance sheets for cash, cash equivalents, marketable equity securities, marketable cost method investments, receivables, loans and notes payable and long-term debt approximate their respective fair values. Fair values are based primarily on quoted prices for those or similar instruments. A comparison of the carrying value and fair value of our hedging instruments is included in Note 9.

CERTAIN DEBT AND MARKETABLE EQUITY SECURITIES - Investments in debt and marketable equity securities, other than investments accounted for by the equity method, are categorized as either trading, available for sale or held to maturity. On December 31, 1998 and 1997, we had no trading securities. Securities categorized as available for sale

are stated at fair value, with unrealized gains and losses, net of deferred income taxes, reported as a component of accumulated other comprehensive income. Debt securities categorized as held to maturity are stated at amortized cost.

On December 31, 1998 and 1997, available-for-sale and held-to-maturity securities consisted of the following (in millions):

December 31,	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
1998				
Available-for-sale securities				
Equity securities	$ 304	$ 67	$ (48)	$ 323
Collateralized mortgage obligations	89	-	(1)	88
Other debt securities	11	-	-	11
	$ 404	$ 67	$ (49)	$ 422
Held-to-maturity securities				
Bank and corporate debt	$ 1,339	$ -	$ -	$ 1,339
Other debt securities	92	-	-	92
	$ 1,431	$ -	$ -	$ 1,431

December 31,	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
1997				
Available-for-sale securities				
Equity securities	$ 293	$ 93	$ (3)	$ 383
Collateralized mortgage				

obligations	132	-	(2)	130
Other debt securities	23	-	-	23
	$ 448	$ 93	$ (5)	$ 536
Held-to-maturity securities				
Bank and corporate debt	$ 1,569	$ -	$ -	$ 1,569
Other debt securities	22	-	-	22
	$ 1,591	$ -	$ -	$ 1,591

On December 31, 1998 and 1997, these investments were included in the following captions in our consolidated balance sheets (in millions):

December 31,	Available-for-Sale Securities	Held-to-Maturity Securities
1998		
Cash and cash equivalents	$ -	$ 1,227
Current marketable securities	79	80
Cost method investments, principally bottling companies	251	-
Marketable securities and other assets	92	124
	$ 422	$ 1,431
1997		
Cash and cash equivalents	$ -	$ 1,346
Current marketable securities	64	42
Cost method investments, principally bottling companies	336	-
Marketable securities and other assets	136	203
	$ 536	$ 1,591

The contractual maturities of these investments as of December 31, 1998, were as follows (in millions):

	Available-for-Sale Securities		Held-to-Maturity Securities	
	Cost	Fair Value	Amortized Cost	Fair Value
1999	$ 7	$ 7	$ 1,307	$ 1,307
2000-2003	4	4	124	124
Collateralized mortgage obligations	89	88	-	-
Equity securities	304	323	-	-
	$ 404	$ 422	$ 1,431	$ 1,431

For the years ended December 31, 1998 and 1997, gross realized gains and losses on sales of available-for-sale securities were not material. The cost of securities sold is based on the specific identification method.

NOTE 9: HEDGING TRANSACTIONS AND DERIVATIVE FINANCIAL INSTRUMENTS

Our Company uses derivative financial instruments primarily to reduce our exposure to adverse fluctuations in interest rates and foreign exchange rates and, to a lesser extent, to reduce our exposure to adverse fluctuations in commodity prices and other market risks. When entered into, these financial instruments are designated as hedges of underlying exposures. Because of the high correlation between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the instruments are generally offset by changes in the value of the underlying exposures. Virtually all our derivatives are

"over-the-counter" instruments. Our Company does not enter into derivative financial instruments for trading purposes.

The estimated fair values of derivatives used to hedge or modify our risks fluctuate over time. These fair value amounts should not be viewed in isolation but rather in relation to the fair values of the underlying hedging transactions and investments and to the overall reduction in our exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks.

The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure through our use of derivatives. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, exchange rates or other financial indices.

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures daily and any downgrade in credit rating receives immediate review. If a downgrade in the credit rating of a counterparty were to occur, we have provisions requiring collateral in the form of U.S. government securities for substantially all our transactions. To mitigate presettlement risk, minimum credit standards become more stringent as the duration of the derivative financial instrument increases. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. As a result, we consider the risk of counterparty default to be minimal.

INTEREST RATE MANAGEMENT - Our Company maintains a percentage of fixed and variable rate debt within defined parameters. We enter into interest rate swap agreements that maintain the fixed/variable mix within these parameters. These contracts had maturities ranging from one to five years on December 31, 1998. Variable rates are predominantly linked to the London Interbank Offered Rate. Any differences paid or received on interest rate swap agreements are recognized as adjustments to interest expense over the life of each swap, thereby adjusting the effective interest rate on the underlying obligation.

FOREIGN CURRENCY MANAGEMENT - The purpose of our foreign currency hedging activities is to reduce the risk that our eventual dollar net cash inflows resulting from sales outside the United States will be adversely affected by changes in exchange rates.

We enter into forward exchange contracts and purchase currency options (principally European currencies and Japanese yen) to hedge firm sale commitments denominated in foreign currencies. We also purchase currency options (principally European currencies and Japanese yen) to hedge certain anticipated sales. Premiums paid and realized gains and losses, including those on any terminated contracts, are included in prepaid expenses and other assets. These are recognized in income along with unrealized gains and losses in the same period the hedging transactions are realized. Approximately $43 million of realized losses and $52 million of realized gains on settled contracts entered into as hedges of firmly committed transactions that have not yet occurred were deferred on December 31, 1998 and 1997, respectively. Deferred gains/losses from hedging anticipated transactions were not material on December 31, 1998 or 1997. In the unlikely event that the underlying transaction terminates or becomes improbable, the deferred gains or losses on the associated derivative will be recorded in our income statement.

Gains and losses on derivative financial instruments that are designated and effective as hedges of net investments in international operations are included in share-owners' equity as a foreign currency translation adjustment, a component of accumulated other comprehensive income.

The following table presents the aggregate notional principal amounts, carrying values, fair values and maturities of our derivative financial instruments outstanding on December 31, 1998 and 1997 (in millions):

December 31,	Notional Principal Amounts	Carrying Values	Fair Values	Maturity
1998				
Interest rate management				

Swap agreements				
Assets	$ 325	$ 2	$ 19	1999-2003
Liabilities	200	(2)	(13)	2000-2003
Foreign currency management				
Forward contracts				
Assets	809	6	(54)	1999-2000
Liabilities	1,325	(6)	(73)	1999-2000
Swap agreements				
Assets	344	4	6	1999-2000
Liabilities	704	-	(51)	1999-2002
Purchased options				
Assets	232	5	3	1999
Other				
Liabilities	243	(25)	(26)	1999-2000
	$ 4,182	$ (16)	$ (189)	

December 31,	Notional Principal Amounts	Carrying Values	Fair Values	Maturity
1997				
Interest rate management				
Swap agreements				
Assets	$ 597	$ 4	$ 15	1998-2003
Liabilities	175	(1)	(12)	2000-2003
Foreign currency management				
Forward contracts				
Assets	1,286	27	93	1998-1999
Liabilities	465	(6)	18	1998-1999
Swap agreements				
Assets	178	1	3	1998
Liabilities	1,026	(4)	(28)	1998-2002
Purchased options				
Assets	1,051	34	109	1998
Other				
Assets	470	2	53	1998
Liabilities	68	(2)	-	1998
	$ 5,316	$ 55	$ 251	

Maturities of derivative financial instruments held on December 31, 1998, are as follows (in millions):

1999	2000	2001	2002-2003
$ 3,125	$ 641	$ 204	$ 212

NOTE 10: COMMITMENTS AND CONTINGENCIES

On December 31, 1998, we were contingently liable for guarantees of indebtedness owed by third parties in the amount of $391 million, of which $7 million related to independent bottling licensees. We do not consider it probable that we will be required to satisfy these guarantees.

We believe our exposure to concentrations of credit risk is limited, due to the diverse geographic areas covered by our operations.

We have committed to make future marketing expenditures of $722 million payable over the next 13 years. Additionally, under certain circumstances, we have committed to make future investments in bottling companies. However, we do not consider any of these commitments to be individually significant.

In December 1998, our Company signed an agreement with Cadbury

Schweppes plc to purchase beverage brands in countries around the world, (except in the United States, France and South Africa) and its concentrate plants in Ireland and Spain for approximately $1.85 billion. These brands include Schweppes and Canada Dry mixers, such as tonic water, club soda and ginger ale; Crush; Dr Pepper; and certain regional brands. These transactions are subject to certain conditions including approvals from regulatory authorities in various countries.

In December 1997, our Company announced its intent to acquire from beverage company Pernod Ricard, its Orangina brands, three bottling operations and one concentrate plant in France for approximately 5 billion French francs (approximately $890 million based on December 1998 exchange rates). This transaction remains subject to approvals from regulatory authorities of the French government.

NOTE 11: NET CHANGE IN OPERATING ASSETS AND LIABILITIES

The changes in operating assets and liabilities, net of effects of acquisitions and divestitures of businesses and unrealized exchange gains/losses, are as follows (in millions):

	1998	1997	1996
Increase in trade accounts receivable	$ (237)	$ (164)	$ (230)
Increase in inventories	(12)	(43)	(33)
Increase in prepaid expenses and other assets	(318)	(145)	(219)
Increase (decrease) in accounts payable and accrued expenses	(70)	299	361
Increase (decrease) in accrued taxes	120	393	(208)
Increase (decrease) in other liabilities	(33)	(387)	211
	$ (550)	$ (47)	$ (118)

NOTE 12: RESTRICTED STOCK, STOCK OPTIONS AND OTHER STOCK PLANS

Our Company currently sponsors restricted stock award plans and stock option plans. Our Company applies Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for our plans. Accordingly, no compensation cost has been recognized for our stock option plans. The compensation cost charged against income for our restricted stock award plans was $14 million in 1998, $56 million in 1997 and $63 million in 1996. For our Incentive Unit Agreements and Performance Unit Agreements, which were both paid off in 1997, the charge against income was $31 million in 1997 and $90 million in 1996. Had compensation cost for the stock option plans been determined based on the fair value at the grant dates for awards under the plans, our Company's net income and net income per share (basic and diluted) would have been as presented in the following table.

The pro forma amounts are indicated below (in millions, except per share amounts):

Year Ended December 31,	1998	1997	1996
Net income			
As reported	$ 3,533	$ 4,129	$ 3,492
Pro forma	$ 3,405	$ 4,026	$ 3,412
Basic net income per share			
As reported	$ 1.43	$ 1.67	$ 1.40
Pro forma	$ 1.38	$ 1.63	$ 1.37
Diluted net income per share			
As reported	$ 1.42	$ 1.64	$ 1.38
Pro forma	$ 1.36	$ 1.60	$ 1.35

Under the amended 1989 Restricted Stock Award Plan and the amended 1983 Restricted Stock Award Plan (the Restricted Stock Award Plans), 40 million and 24 million shares of restricted common stock, respectively, may be granted to certain officers and key employees of our Company.

On December 31, 1998, 33 million shares were available for grant under the Restricted Stock Award Plans. In 1998 there were

three grants totaling 707,300 shares of restricted stock, granted at an average price of $67.03. In 1997 and 1996, 162,000 and 210,000 shares of restricted stock were granted at $59.75 and $48.88, respectively. Participants are entitled to vote and receive dividends on the shares, and under the 1983 Restricted Stock Award Plan, participants are reimbursed by our Company for income taxes imposed on the award, but not for taxes generated by the reimbursement payment. The shares are subject to certain transfer restrictions and may be forfeited if a participant leaves our Company for reasons other than retirement, disability or death, absent a change in control of our Company.

Under our 1991 Stock Option Plan (the Option Plan), a maximum of 120 million shares of our common stock was approved to be issued or transferred to certain officers and employees pursuant to stock options and stock appreciation rights granted under the Option Plan. The stock appreciation rights permit the holder, upon surrendering all or part of the related stock option, to receive cash, common stock or a combination thereof, in an amount up to 100 percent of the difference between the market price and the option price. Options to purchase common stock under the Option Plan have been granted to Company employees at fair market value at the date of grant. Generally, stock options become exercisable over a three-year vesting period and expire 10 years from the date of grant.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1998, 1997 and 1996, respectively: dividend yields of 0.9, 1.0 and 1.0 percent; expected volatility of 24.1, 20.1 and 18.3 percent; risk-free interest rates of 4.0, 6.0 and 6.2 percent; and expected lives of four years for all years. The weighted-average fair value of options granted was $15.41, $13.92 and $11.43 for the years ended December 31, 1998, 1997 and 1996, respectively.

A summary of stock option activity under all plans is as follows (shares in millions):

<TABLE>
<CAPTION>

	1998		1997		1996	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding on January 1,	80	$ 33.22	78	$ 26.50	74	$ 20.74
Granted	17	65.91	13	59.79	14	48.86
Exercised	(16)	18.93	(10)	14.46	(9)	13.72
Forfeited/Expired	(1)	55.48	(1)	44.85	(1)	31.62
Outstanding on December 31,	80	$ 42.77	80	$ 33.22	78	$ 26.50
Exercisable on December 31,	52	$ 32.41	55	$ 24.62	51	$ 18.69
Shares available on December 31, for options that may be granted	18		34		46	

</TABLE>

The following table summarizes information about stock options at December 31, 1998 (shares in millions):

<TABLE>
<CAPTION>

	Outstanding Stock Options			Exercisable Stock Options	
Range of Exercise Prices	Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$ 4.00 to $ 10.00	4	1.3 years	$ 9.71	4	$ 9.71

$ 10.01	to	$ 20.00	4	2.5 years	$ 14.65	4	$ 14.65
$ 20.01	to	$ 30.00	18	5.0 years	$ 23.27	18	$ 23.27
$ 30.01	to	$ 40.00	13	6.8 years	$ 35.63	13	$ 35.63
$ 40.01	to	$ 50.00	12	7.8 years	$ 48.86	9	$ 48.86
$ 50.01	to	$ 60.00	12	8.8 years	$ 59.75	4	$ 59.74
$ 60.01	to	$ 86.75	17	9.8 years	$ 65.91	-	$ -
$ 4.00	to	$ 86.75	80	7.0 years	$ 42.77	52	$ 32.41

</TABLE>

In 1988, our Company entered into Incentive Unit Agreements whereby, subject to certain conditions, certain officers were given the right to receive cash awards based on the market value of 2.4 million shares of our common stock at the measurement dates. Under the Incentive Unit Agreements, an employee is reimbursed by our Company for income taxes imposed when the value of the units is paid, but not for taxes generated by the reimbursement payment. At December 31, 1996, approximately 1.6 million units were outstanding. In 1997, all outstanding units were paid at a price of $58.50 per unit.

In 1985, we entered into Performance Unit Agreements whereby certain officers were given the right to receive cash awards based on the difference in the market value of approximately 4.4 million shares of our common stock at the measurement dates and the base price of $2.58, the market value as of January 2, 1985. At December 31, 1996, approximately 2.9 million units were outstanding. In 1997, all outstanding units were paid based on a market price of $58.50 per unit.

NOTE 13: PENSION AND OTHER POSTRETIREMENT BENEFITS

Our Company sponsors and/or contributes to pension and postretirement health care and life insurance benefits plans covering substantially all U.S. employees and certain employees in international locations. We also sponsor nonqualified, unfunded defined benefit plans for certain officers and other employees. In addition, our Company and its subsidiaries have various pension plans and other forms of postretirement arrangements outside the United States.

Total pension expense for all benefit plans, including defined benefit plans and postretirement health care and life insurance benefit plans, amounted to approximately $119 million in 1998, $109 million in 1997 and $114 million in 1996. Net periodic cost for our pension and other benefit plans consists of the following (in millions):

	Pension Benefits		
Year Ended December 31,	1998	1997	1996
Service cost	$ 56	$ 49	$ 48
Interest cost	105	93	91
Expected return on plan assets	(105)	(95)	(84)
Amortization of prior service cost	3	7	6
Recognized net actuarial cost	9	14	12
Net periodic pension cost	$ 68	$ 68	$ 73

	Other Benefits		
Year Ended December 31,	1998	1997	1996
Service cost	$ 14	$ 11	$ 12
Interest cost	25	23	20
Expected return on plan assets	(1)	(1)	(1)
Recognized net actuarial cost	-	(1)	(2)
Net periodic cost	$ 38	$ 32	$ 29

In addition, we contribute to a Voluntary Employees' Beneficiary Association trust, which will be used to partially fund health care benefits for future retirees. In general, retiree health benefits are paid as covered expenses are

incurred.

The following table sets forth the change in benefit obligation for our benefit plans (in millions):

	Pension Benefits		Other Benefits	
December 31,	1998	1997	1998	1997
Benefit obligation at beginning of year	$ 1,488	$ 1,375	$ 327	$ 279
Service cost	56	49	14	11
Interest cost	105	93	25	23
Foreign currency exchange rate changes	25	(48)	-	-
Divestitures	-	(14)	-	-
Amendments	8	2	-	-
Actuarial (gain) loss	124	104	31	28
Benefits paid	(86)	(73)	(16)	(14)
Other	(3)	-	-	-
Benefit obligation at end of year	$ 1,717	$ 1,488	$ 381	$ 327

The following table sets forth the change in plan assets for our benefit plans (in millions):

	Pension Benefits		Other Benefits	
December 31,	1998	1997	1998	1997
Fair value of{1} plan assets at beginning of year	$ 1,408	$ 1,282	$ 40	$ 41
Actual return on plan assets	129	210	2	2
Employer contribution	25	28	10	10
Foreign currency exchange rate changes	18	(38)	-	-
Divestitures	-	(12)	-	-
Benefits paid	(68)	(62)	(16)	(13)
Other	4	-	-	-
Fair value of plan assets at end of year	$ 1,516	$ 1,408	$ 36	$ 40

{1} Pension benefit plan assets primarily consist of listed stocks, bonds and government securities. Other benefit plan assets consist of corporate bonds, government securities and short-term investments.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $536 million, $418 million and $149 million, respectively, as of December 31, 1998, and $472 million, $370 million and $128 million, respectively, as of December 31, 1997.

The accrued pension and other benefit costs recognized in our accompanying consolidated balance sheets is computed as follows (in millions):

	Pension Benefits		Other Benefits	
December 31,	1998	1997	1998	1997
Funded status	$ (201)	$ (80)	$ (345)	$ (287)
Unrecognized net (asset) liability at transition	-	(2)	-	-
Unrecognized prior service cost	43	41	4	5
Unrecognized net (gain) loss	(10)	(98)	10	(27)
Accrued pension asset (liability) included in consolidated				

balance sheets	$ (168)	$ (139)	$ (331)	$ (309)
Prepaid benefit cost	$ 54	$ 52	$ -	$ -
Accrued benefit liability	(303)	(267)	(331)	(309)
Accumulated other comprehensive income	64	59	-	-
Intangible asset	17	17	-	-
Net asset (liability) recognized	$ (168)	$ (139)	$ (331)	$ (309)

The assumptions used in computing the preceding information are as follows:

	Pension Benefits		
December 31,	1998	1997	1996
Discount rates	6-1/2%	7%	7-1/4%
Rates of increase in compensation levels	4-1/2%	4-3/4%	4-3/4%
Expected long-term rates of return on assets	8-3/4%	9%	8-1/2%

	Other Benefits		
December 31,	1998	1997	1996
Discount rates	6-3/4%	7-1/4%	7-3/4%
Rates of increase in compensation levels	4-1/2%	4-3/4%	5%
Expected long-term rates of return on assets	3%	3%	3%

The rate of increase in per capita costs of covered health care benefits is assumed to be 7 percent in 1999, decreasing gradually to 43/4 percent by the year 2003.

A one percentage point change in the assumed health care cost trend rate would have the following effects (in millions):

	One Percentage Point Increase	One Percentage Point Decrease
Effect on accumulated postretirement benefit obligation as of December 31, 1998	$ 45	$ (36)
Effect on net periodic postretirement benefit cost in 1998	$ 6	$ (5)

NOTE 14: INCOME TAXES

Income before income taxes consists of the following (in millions):

Year Ended December 31,	1998	1997	1996
United States	$ 1,979	$ 1,515	$ 1,168
International	3,219	4,540	3,428
	$ 5,198	$ 6,055	$ 4,596

Income tax expense (benefit) consists of the following (in millions):

Year Ended December 31,	United States	State & Local	International	Total

1998				
Current	$ 683	$ 91	$ 929	$ 1,703
Deferred	(73)	28	7	(38)
1997				
Current	$ 240	$ 45	$ 1,261	$ 1,546
Deferred	180	21	179	380
1996				
Current	$ 256	$ 79	$ 914	$ 1,249
Deferred	(264)	(29)	148	(145)

We made income tax payments of approximately $1,559 million, $982 million and $1,242 million in 1998, 1997 and 1996, respectively.

A reconciliation of the statutory U.S. federal rate and effective rates is as follows:

Year Ended December 31,	1998	1997	1996
Statutory U.S. federal rate	35.0%	35.0%	35.0%
State income taxes-net of federal benefit	1.0	1.0	1.0
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	(4.3)	(2.6)	(3.3)
Equity income	-	(.6)	(1.7)
Tax settlement	-	-	(7.0)
Other-net	.3	(1.0)	-
	32.0%	31.8%	24.0%

Our effective tax rate reflects the tax benefit derived from having significant operations outside the United States that are taxed at rates lower than the U.S. statutory rate of 35 percent, partially offset by the tax impact of certain gains recognized from previously discussed bottling transactions. These transactions are generally taxed at rates higher than our Company's effective tax rate on operations.

In 1996, we reached an agreement in principle with the U.S. Internal Revenue Service settling certain U.S.-related income tax matters, including issues in litigation related to our operations in Puerto Rico. This agreement resulted in a one-time reduction of $320 million to our 1996 income tax expense as a result of reversing previously accrued contingent income tax liabilities. Our 1996 effective tax rate would have been 31 percent, excluding the favorable impact of the settlement.

Appropriate U.S. and international taxes have been provided for earnings of subsidiary companies that are expected to be remitted to the parent company. Exclusive of amounts that would result in little or no tax if remitted, the cumulative amount of unremitted earnings from our international subsidiaries that is expected to be indefinitely reinvested was approximately $3.6 billion on December 31, 1998. The taxes that would be paid upon remittance of these indefinitely reinvested earnings are approximately $1.3 billion, based on current tax laws.

The tax effects of temporary differences and carryforwards that give rise to deferred tax assets and liabilities consist of the following (in millions):

December 31,	1998	1997
Deferred tax assets:		
Benefit plans	$ 309	$ 268
Liabilities and reserves	166	172
Net operating loss carryforwards	49	72
Other	176	89
Gross deferred tax assets	700	601
Valuation allowance	(18)	(21)
	$ 682	$ 580
Deferred tax liabilities:		
Property, plant and equipment	$ 244	$ 203
Equity investments	219	107
Intangible assets	139	164
Other	320	288
	$ 922	$ 762

Net deferred tax asset

(liability){1}	$ (240)	$ (182)

{1} Deferred tax assets of $184 million and $244 million have been included in the consolidated balance sheet caption "Marketable securities and other assets" at December 31, 1998 and 1997, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE COCA-COLA COMPANY AND SUBSIDIARIES

On December 31, 1998 and 1997, we had approximately $171 million and $139 million, respectively, of gross deferred tax assets located in countries outside the U.S.

On December 31, 1998, we had $196 million of operating loss carryforwards available to reduce future taxable income of certain international subsidiaries. Loss carryforwards of $119 million must be utilized within the next five years; $77 million can be utilized over an indefinite period. A valuation allowance has been provided for a portion of the deferred tax assets related to these loss carryforwards.

NOTE 15: NONRECURRING ITEMS

In the second quarter of 1998, we recorded a nonrecurring charge in selling, administrative and general expenses primarily related to the impairment of certain assets in North America of $25 million and Corporate of $48 million.

In the second quarter of 1997, we recorded a nonrecurring charge of $60 million in selling, administrative and general expenses related to enhancing manufacturing efficiencies in North America.

In 1996, we recorded provisions of approximately $276 million in selling, administrative and general expenses related to our plans for strengthening our worldwide system. Of this $276 million, approximately $130 million related to streamlining our operations, primarily in Greater Europe and Latin America.

The remainder, approximately $146 million, related to impairment charges to certain production facilities and reserves for losses on the disposal of other production facilities taken by The Minute Maid Company.

In connection with the launching of Project Infinity, we recorded an $80 million impairment charge in administrative and general expenses to recognize Project Infinity's impact on existing information systems.

Based on management's commitment to certain strategic actions during the third quarter of 1996, these impairment charges were recorded to reduce the carrying value of identified assets to fair value. Fair values were derived using a variety of methodologies, including cash flow analysis, estimates of sales proceeds and independent appraisals.

Also in 1996, we recorded a $28.5 million charge in administrative and general expenses as a result of our decision to make a contribution to The Coca-Cola Foundation, a not-for-profit charitable organization.

NOTE 16: OPERATING SEGMENTS

Our Company's operating structure includes operating segments: the North America Group (including The Minute Maid Company); the Africa Group; the Greater Europe Group; the Latin America Group; the Middle & Far East Group; and Corporate. The North America Group includes the United States and Canada.

SEGMENT PRODUCTS AND SERVICES - The business of our Company is nonalcoholic beverages, principally soft drinks, but also a variety of noncarbonated beverages. Our operating segments derive substantially all their revenues from the manufacture and sale of beverage concentrates and syrups with the exception of Corporate, which derives its revenues primarily from the licensing of our brands in connection with merchandise.

METHOD OF DETERMINING SEGMENT PROFIT OR LOSS - Management evaluates the performance of its operating segments separately to individually monitor the different factors affecting financial performance. Segment profit or loss includes substantially all of the segment's costs of production, distribution and administration. Our Company manages income taxes on a global basis. Thus, we evaluate segment performance based on profit or loss before income taxes, exclusive of any significant gains or losses on the disposition of investments or other assets. Our Company typically manages and evaluates equity investments and related income on a segment level. However, we manage certain significant investments, such as our equity interests in

Coca-Cola Enterprises, at the corporate level. We manage financial costs, such as exchange gains and losses and interest income and expense, on a global basis at the Corporate segment.

<TABLE>
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THE COCA-COLA COMPANY AND SUBSIDIARIES

Information about our Company's operations by operating segment is as follows (in millions):

<CAPTION>

	North America	Africa	Greater Europe	Latin America	Middle & Far East	Corporate	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1998							
Net operating revenues	$6,915	$603	$4,834	$2,244	$4,040{1}	$ 177	$18,813
Operating income	1,460{4}	216	1,473	999	1,299	(480){4}	4,967
Interest income						219	219
Interest expense						277	277
Equity income	(1)	3	(40)	68	(70)	72	32
Identifiable operating assets	4,543	381	1,857	1,779	2,105	1,794{2}	12,459
Investments{3}	141	73	2,010	1,629	2,218	615	6,686
Capital expenditures	293	19	216	72	107	156	863
Depreciation and amortization	238	24	92	93	118	80	645
Income before income taxes	1,468	209	1,391	1,075	1,232	(177)	5,198
1997							
Net operating revenues	$6,443	$582	$5,395	$2,124	$4,110	$ 214	$18,868
Operating income	1,311{5}	165	1,479	957	1,377	(288)	5,001
Interest income						211	211
Interest expense						258	258
Equity income	(6)	2	(16)	96	22	57	155
Identifiable operating assets	4,406	418	2,410	1,593	1,625	1,535{2}	11,987
Investments{3}	138	48	1,041	1,461	2,006	200	4,894
Capital expenditures	261	17	327	78	196	214	1,093
Depreciation and amortization	195	22	123	99	106	81	626
Income before income taxes	1,308	158	1,461	1,060	1,380	688	6,055
1996							
Net operating revenues	$6,050	$482	$5,959	$2,040	$3,964	$ 178	$18,673
Operating income{6}	949	118	1,277	815	1,239	(483)	3,915
Interest income						238	238
Interest expense						286	286
Equity income	(16)	1	59	37	73	57	211
Identifiable operating assets	3,796	326	2,896	1,405	1,464	2,056{2}	11,943
Investments{3}	145	20	802	1,234	1,400	568	4,169
Capital expenditures	261	32	379	79	121	118	990
Depreciation and amortization	188	12	190	83	84	76	633
Income before income taxes	919	109	1,326	847	1,290	105	4,596

Intercompany transfers between operating segments are not material.
Certain prior year amounts have been reclassified to conform to the current year presentation.
{1} Japan revenues represent approximately 76 percent of total Middle & Far East operating segment revenues.
{2} Corporate identifiable operating assets are composed principally of marketable securities, finance subsidiary receivables and fixed assets.
{3} Principally equity investments in bottling companies.
{4} Operating income was reduced by $25 million for North America and $48 million for Corporate for provisions related to the impairment of certain assets.
{5} Operating income for North America was reduced by $60 million for provisions related to enhancing manufacturing efficiencies.
{6} Operating income for North America, Africa, Greater Europe, Latin America and the Middle & Far East was reduced by $153 million, $7 million, $66 million, $32 million and $18 million, respectively, for provisions related to management's strategic plans to strengthen our worldwide system. Corporate operating income was reduced by $80 million for Project Infinity's impairment impact to existing systems and by $28.5 million for our decision to contribute to The Coca-Cola Foundation.
</TABLE>

<TABLE>
<CAPTION>

Compound Growth Rates Ending 1998	North America	Africa	Greater Europe	Latin America	Middle & Far East	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net operating revenues						
5 years	7%	19%	2%	6%	8%	6%
10 years	7%	15%	10%	15%	8%	9%

Operating income						
5 years	13%	7%	7%	12%	6%	10%
10 years	12%	12%	11%	19%	9%	12%

</TABLE>

NET OPERATING REVENUES BY OPERATING SEGMENT{1}

THE COCA-COLA COMPANY AND SUBSIDIARIES

[pie charts]

Year Ended December 31,	1998	1997	1996
Africa	3%	3%	3%
Latin America	12%	11%	11%
Middle & Far East	22%	22%	21%
Greater Europe	26%	29%	32%
North America	37%	35%	33%

OPERATING INCOME BY OPERATING SEGMENT {1}
{1} Charts and percentages are calculated exclusive of Corporate

[pie charts]

Year Ended December 31,	1998	1997	1996
Africa	4%	3%	3%
Latin America	18%	18%	18%
Middle & Far East	24%	26%	28%
Greater Europe	27%	28%	29%
North America	27%	25%	22%

REPORT OF INDEPENDENT AUDITORS

BOARD OF DIRECTORS AND SHARE OWNERS
THE COCA-COLA COMPANY

We have audited the accompanying consolidated balance sheets of The Coca-Cola Company and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, share-owners' equity, and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Coca-Cola Company and subsidiaries at December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG

Atlanta, Georgia
January 25, 1999

THE COCA-COLA COMPANY AND SUBSIDIARIES

<TABLE>
QUARTERLY DATA (UNAUDITED)
(In millions except per share data)
<CAPTION>

Year Ended December 31,	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year

1998					
Net operating revenues	$4,457	$5,151	$4,747	$4,458	$18,813
Gross profit	3,139	3,652	3,301	3,159	13,251
Net income	857	1,191	888	597	3,533
Basic net income per share	.35	.48	.36	.24	1.43
Diluted net income per share	.34	.48	.36	.24	1.42
1997					
Net operating revenues	$4,138	$5,075	$4,954	$4,701	$18,868
Gross profit	2,843	3,466	3,295	3,249	12,853
Net income	987	1,314	1,011	817	4,129
Basic net income per share	.40	.53	.41	.33	1.67
Diluted net income per share	.39	.52	.40	.33	1.64

The second quarter of 1998 includes a gain of approximately $191 million ($.03 per share after income taxes, basic and diluted) on the sale of our Italian bottling operations in northern and central Italy to Coca-Cola Beverages. The second quarter of 1998 also includes provisions of $73 million ($.02 per share after income taxes, basic and diluted) related to the impairment of certain assets in North America and Corporate.

The third quarter of 1998 includes a noncash gain on the issuance of stock by CCEAG of approximately $27 million ($.01 per share after income taxes, basic and diluted).

The first quarter of 1997 includes a gain of approximately $352 million ($.08 per share after income taxes, basic and diluted) on the sale of our 49 percent interest in Coca-Cola & Schweppes Beverages Ltd. to Coca-Cola Enterprises.

The second quarter of 1997 includes noncash gains on the issuance of stock by Coca-Cola Amatil of approximately $343 million ($.08 per share after income taxes, basic and diluted). The second quarter of 1997 also includes provisions related to enhancing manufacturing efficiencies in North America of $60 million ($.02 per share after income taxes, basic and diluted).

The third quarter of 1997 includes a gain of approximately $156 million ($.04 per share after income taxes, basic and diluted) on the sale of our 48 percent interest in Coca-Cola Beverages Ltd. of Canada and our 49 percent interest in The Coca-Cola Bottling Company of New York, Inc., to Coca-Cola Enterprises.

STOCK PRICES

Below are the New York Stock Exchange high, low and closing prices of The Coca-Cola Company's stock for each quarter of 1998 and 1997.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1998				
High	$ 79.31	$ 86.81	$ 88.94	$ 75.44
Low	62.25	71.88	53.63	55.38
Close	77.44	85.50	57.63	67.00
1997				
High	$ 63.25	$ 72.63	$ 71.94	$ 67.19
Low	51.13	52.75	55.06	51.94
Close	55.75	68.00	61.00	66.69

SHARE-OWNER INFORMATION

COMMON STOCK
Ticker symbol: KO
The Coca-Cola Company is one of 30 companies in the Dow Jones Industrial Average.
Share owners of record at year end: 388,641
Shares outstanding at year end: 2.47 billion

STOCK EXCHANGES

INSIDE THE UNITED STATES:
Common stock listed and traded: New York Stock Exchange, the principal market for our common stock.
Common stock traded: Boston, Chicago, Cincinnati, Pacific and Philadelphia stock exchanges.

OUTSIDE THE UNITED STATES:
Common stock listed and traded: The German exchange in Frankfurt and the Swiss exchange in Zurich.

DIVIDENDS
At its February 1999 meeting, our Board increased our quarterly dividend to 16 cents per share, equivalent to an annual dividend of 64 cents per share. The Company has increased dividends each of the last 37 years.

The Coca-Cola Company normally pays dividends four times a year, usually on April 1, July 1, October 1 and December 15. The Company has paid 311 consecutive quarterly dividends, beginning in 1920.

SHARE-OWNER ACCOUNT ASSISTANCE
For address changes, dividend checks, direct deposit of dividends, account consolidation, registration changes, lost stock certificates, stock holdings and the Dividend and Cash Investment Plan, please contact:

Registrar and Transfer Agent
First Chicago Trust Co., a division of EquiServe
P.O. Box 2500
Jersey City, NJ 07303-2500
Toll-free: (888) COKESHR (265-3747)
For hearing impaired: (201) 222-4955
E-mail: fctc_cocacola@em.fcnbd.com
Internet: www.equiserve.com

DIVIDEND AND CASH INVESTMENT PLAN
The Dividend and Cash Investment Plan permits share owners of record to reinvest dividends from Company stock in shares of The Coca-Cola Company. The Plan provides a convenient, economical and systematic method of acquiring additional shares of our common stock. All share owners of record are eligible to participate. Share owners also may purchase Company stock through voluntary cash investments of up to $125,000 per year.

At year end, 73 percent of the Company's share owners of record were participants in the Plan. In 1998, share owners invested $41 million in dividends and $98 million in cash in the Plan.

If your shares are held in street name by your broker and you are interested in participating in the Dividend and Cash Investment Plan, you may have your broker transfer the shares to First Chicago Trust Co. electronically through the Direct Registration System.

For more details on the Dividend and Cash Investment Plan please contact the Plan Administrator, First Chicago Trust Co., or visit the investor section of our Company's Web site, www.thecoca-colacompany.com, for more information.

SHARE-OWNER INTERNET ACCOUNT ACCESS
Share owners of record may access their accounts via the Internet to obtain share balance, current market price of shares, historical stock prices and the total value of their investment. In addition, they may sell or request issuance of Dividend and Cash Investment Plan shares.

For information on how to access this secure site, please call First Chicago Trust Co. toll-free at (877) 843-9327. For share owners of record outside North America, please call (201) 536-8071.

ANNUAL MEETING OF SHARE OWNERS
April 21,1999, 9 a.m. local time
The Playhouse Theatre
Du Pont Building
10th and Market Streets
Wilmington, Delaware

CORPORATE OFFICES
The Coca-Cola Company
One Coca-Cola Plaza
Atlanta, Georgia 30313

INSTITUTIONAL INVESTOR INQUIRIES
(404) 676-5766

INFORMATION RESOURCES

PUBLICATIONS

THE COMPANY'S ANNUAL REPORT, PROXY STATEMENT, FORM 10-K AND FORM 10-Q REPORTS ARE AVAILABLE FREE OF CHARGE UPON REQUEST FROM OUR INDUSTRY & CONSUMER AFFAIRS DEPARTMENT AT THE COMPANY'S CORPORATE ADDRESS, LISTED ABOVE.

INTERNET SITE
You can find our stock price, news and earnings releases and more financial information about our Company on our recently expanded Web site, www.thecoca-colacompany.com.

HOTLINE
The Company's hotline, (800) INVSTKO (468-7856), offers taped highlights from the most recent quarter and may be used to request the most recent quarterly results news release.

AUDIO ANNUAL REPORT
An audiocassette version of this report is available without charge as a service to the visually impaired. To receive a copy, please contact our Industry & Consumer Affairs Department at (800) 571-2653.

DUPLICATE MAILINGS
If you are receiving duplicate or unwanted copies of our publications, please contact First Chicago Trust Co. at (888) COKESHR (265-3747).

GLOSSARY

[Following are certain definitions extracted from page 65:]

DIVIDEND PAYOUT RATIO: Calculated by dividing cash dividends on common stock by net income available to common share owners.

ECONOMIC PROFIT: Income from continuing operations, after taxes, excluding interest, in excess of a computed capital charge for average operating capital employed.

FREE CASH FLOW: Cash provided by operations less cash used in investing activities. The Company uses free cash flow along with borrowings to pay dividends and make share repurchases.

NET DEBT AND NET CAPITAL: Debt and capital in excess of cash, cash equivalents and marketable securities not required for operations and certain temporary bottling investments.

RETURN ON CAPITAL: Calculated by dividing income from continuing operations - before changes in accounting principles, adjusted for interest expense - by average total capital.

RETURN ON COMMON EQUITY: Calculated by dividing income from continuing operations - before changes in accounting principles, less preferred stock dividends - by average common share-owners' equity.

TOTAL CAPITAL: Equals share-owners' equity plus interest-bearing debt.

TOTAL MARKET VALUE OF COMMON STOCK: Stock price at year end multiplied by the number of shares outstanding at year end.

Exhibit 21.1

<TABLE>

SUBSIDIARIES OF THE COCA-COLA COMPANY
AS OF DECEMBER 31, 1998

<CAPTION>

	Organized Under Laws of:	Percentages of Voting Power
<S>	<C>	<C>
The Coca-Cola Company	Delaware	
Subsidiaries:		
Barq's, Inc.	Mississippi	100
Bottling Investments Corporation	Delaware	100
ACCBC Holding Company	Georgia	100
Caribbean International Sales Corporation, Inc.	Nevada	100
Caribbean Refrescos, Inc.	Delaware	100
CRI Financial Corporation, Inc.	Delaware	100
Carolina Coca-Cola Bottling Investments, Inc.	Delaware	100
Coca-Cola Financial Corporation	Delaware	100
Coca-Cola Interamerican Corporation	Delaware	100
Montevideo Refrescos, S.A.	Uruguay	55.53
Coca-Cola South Asia Holdings, Inc.	Delaware	100
Coca-Cola (Thailand) Limited	Thailand	100
CTI Holdings, Inc.	Delaware	100
55th & 5th Avenue Corporation	New York	100
The Coca-Cola Export Corporation	Delaware	100
Atlantic Industries	Cayman Islands	100
Shanghai Shen-Mei Beverage and Food Co. Ltd. (Concentrate Division)	People's Republic of China	100
Coca-Cola National Vending Company, Limited	Japan	100
Barlan, Inc.	Delaware	100
Varoise de Concentres S.A.	France	100
Bharat Coca-Cola Bottling South East Private Limited	India	100
Coca-Cola G.m.b.H.	Germany	100
Coca-Cola Holdings (Middle East and North Africa) E.C.	Bahrain	100
Hindustan Coca-Cola Bottling North West Private Limited	India	100
S.A. Coca-Cola Financial Services N.V.	Belgium	99.20
Beverage Products, Ltd.	Delaware	100
Britco Foods Company Limited	India	100
Coca-Cola Canners of Southern Africa (Pty) Limited	South Africa	51.55
Coca-Cola China Limited	Hong Kong	100
Coca-Cola de Argentina S.A.	Argentina	100
Coca-Cola de Chile S.A.	Chile	100
Coca-Cola Ges.m.b.H.	Austria	100
Coca-Cola Industrias Ltda.	Brazil	100
Recofarma Industria do Amazonas Ltda.	Brazil	100
Coca-Cola Ltd.	Canada	100
The Minute Maid Company Canada Inc.	Canada	100
Coca-Cola (Japan) Company, Limited	Japan	100
Coca-Cola Korea Company, Limited	Korea	100
Coca-Cola Nigeria Limited	Nigeria	100
Coca-Cola Overseas Parent Limited	Delaware	100
Coca-Cola Holdings (Overseas) Limited	Delaware & Australia	100
Coca-Cola Beverages plc	Great Britain	50.52

</TABLE>

<TABLE>

SUBSIDIARIES OF THE COCA-COLA COMPANY
AS OF DECEMBER 31, 1998

continued from page 1

<CAPTION>

	Organized Under Laws of:	Percentages of Voting Power
<S>	<C>	<C>
Coca-Cola South Pacific Pty. Limited	Australia	100
Coca-Cola Southern Africa (Pty) Limited	South Africa	100
Conco Limited	Cayman Islands	100
International Beverages	Ireland	100
Coca-Cola Refreshments Moscow	Russia	100
Minute Maid SA	Switzerland	100

Refreshment Product Services, Inc.	Delaware	100
Coca-Cola de Colombia, S.A.	Colombia	100
Coca-Cola Holdings (Nederland) B.V.	Netherlands	100
Coca-Cola Holdings (United Kingdom) Limited	England and Wales	100
Coca-Cola Hungary Services, Ltd.	Hungary	90
Refrescos Envasados S.A.	Spain	100
The Inmex Corporation	Florida	100
Servicios Integrados de Administracion y Alta Gerencia, S.A. de C.V.	Mexico	100

</TABLE>

Other subsidiaries whose combined size is not significant:
Twelve domestic wholly owned subsidiaries consolidated
Eighty-five foreign wholly owned subsidiaries consolidated
Nine foreign majority-owned subsidiaries consolidated
One unconsolidated foreign subsidiary included on the equity method

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report on Form 10-K of The Coca-Cola Company of our report dated January 25, 1999, included in the 1998 Annual Report to Share Owners of The Coca-Cola Company.

Our audits also included the financial statement schedule of The Coca-Cola Company listed in Item 14(a). This schedule is the responsibility of The Coca-Cola Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the registration statements and related prospectuses of The Coca-Cola Company listed below of our report dated January 25, 1999 with respect to the consolidated financial statements of The Coca-Cola Company incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report on Form 10-K for the year ended December 31, 1998:

1. Registration Statement Number 2-58584 on Form S-8
2. Registration Statement Number 2-79973 on Form S-3
3. Registration Statement Number 2-88085 on Form S-8
4. Registration Statement Number 2-98787 on Form S-3
5. Registration Statement Number 33-21529 on Form S-8
6. Registration Statement Number 33-21530 on Form S-3
7. Registration Statement Number 33-26251 on Form S-8
8. Registration Statement Number 33-39840 on Form S-8
9. Registration Statement Number 33-45763 on Form S-3
10. Registration Statement Number 33-50743 on Form S-3
11. Registration Statement Number 33-61531 on Form S-3
12. Registration Statement Number 333-27607 on Form S-8

ERNST & YOUNG LLP

Atlanta, Georgia
March 26, 1999

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of The Coca-Cola Company (the "Company"), do hereby appoint JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of February 1999.

/s/ M. Douglas Ivester
Chairman of the Board,
Chief Executive Officer and Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ James E. Chestnut
Senior Vice President
and Chief Financial Officer
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, GARY P. FAYARD, Vice President and Controller of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this

15th day of February 1999.

/s/ Gary P. Fayard
Vice President and Controller
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, HERBERT A. ALLEN, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Herbert A. Allen
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, RONALD W. ALLEN, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Ronald W. Allen
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, CATHLEEN P. BLACK, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual

Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Cathleen P. Black
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, WARREN E. BUFFETT, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Warren E. Buffett
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, SUSAN B. KING, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Susan B. King
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, DONALD F. MCHENRY, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of

the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Donald F. McHenry
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, SAM NUNN, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Sam Nunn
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, PAUL F. OREFFICE, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Paul F. Oreffice
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, JAMES D. ROBINSON III, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of

the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ James D. Robinson III
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, PETER V. UEBERROTH, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ Peter V. Ueberroth
Director
The Coca-Cola Company

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS THAT I, JAMES B. WILLIAMS, a Director of The Coca-Cola Company (the "Company"), do hereby appoint M. DOUGLAS IVESTER, Chairman of the Board, Chief Executive Officer and a Director of the Company, JAMES E. CHESTNUT, Senior Vice President and Chief Financial Officer of the Company, JOSEPH R. GLADDEN, JR., Senior Vice President and General Counsel of the Company, SUSAN E. SHAW, Secretary of the Company, and CAROL C. HAYES, Assistant Secretary of the Company, or any one of them, my true and lawful attorneys-in-fact for me and in my name for the purpose of executing on my behalf in any and all capacities the Company's Annual Report for the year ended December 31, 1998 on Form 10-K, or any amendment or supplement thereto, and causing such Annual Report or any such amendment or supplement to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of February 1999.

/s/ James B. Williams
Director
The Coca-Cola Company

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THIS RESTATED FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE FINANCIAL STATEMENTS OF THE COCA-COLA COMPANY FOR THE YEAR
ENDED DECEMBER 31, 1996, AS SET FORTH IN ITS FORM 10-K FOR SUCH YEAR AND FOR
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</FN>

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THIS RESTATED FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF THE COCA-COLA COMPANY FOR THE YEAR ENDED DECEMBER 31, 1997, AS SET FORTH IN ITS FORM 10-K FOR SUCH YEAR AND FOR THE YEAR ENDED DECEMBER 31, 1998, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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THIS FINANCIAL DATA SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED
FROM THE FINANCIAL STATEMENTS OF THE COCA-COLA COMPANY FOR THE YEAR ENDED
DECEMBER 31, 1998, AS SET FORTH IN ITS FORM 10-K FOR SUCH YEAR, AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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EXHIBIT 99.1

CAUTIONARY STATEMENT RELATIVE TO FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the Act) provides a safe harbor for forward-looking statements made by or on behalf of the Company. The Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and in its reports to share owners. All statements which address operating performance, events or developments that the Company expects or anticipates will occur in the future, including statements relating to volume growth, share of sales and earnings per share growth, statements expressing general optimism about future operating results and non-historical Year 2000 information, are forward-looking statements within the meaning of the Act. The forward-looking statements are and will be based on management's then current views and assumptions regarding future events and operating performance.

The following are some of the factors that could affect the Company's financial performance or could cause actual results to differ materially from estimates contained in or underlying the Company's forward-looking statements:

- --The Company's ability to generate sufficient cash flows to support capital expansion plans, share repurchase programs and general operating activities.

- --Competitive product and pricing pressures and the Company's ability to gain or maintain share of sales in the global market as a result of actions by competitors. While the Company believes its opportunities for sustained, profitable growth are considerable, unanticipated actions of competitors could impact its earnings, share of sales and volume growth.

- --Changes in laws and regulations, including changes in accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws in domestic or foreign jurisdictions.

- --Fluctuations in the cost and availability of raw materials and the ability to maintain favorable supplier arrangements and relationships.

- --The Company's ability to achieve earnings forecasts, which are generated based on projected volumes and sales of many product types, some of which are more profitable than others. There can be no assurance that the Company will achieve the projected level or mix of product sales.

- --Interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations. Most of the Company's exposures to capital markets, including interest and foreign currency, are managed on a consolidated basis, which allows the Company to net certain exposures and, thus, take advantage of any natural offsets. The Company uses derivative financial instruments to reduce its net exposure to financial risks. There can be no assurance, however, that the Company's financial risk management program will be successful in reducing foreign currency exposures.

- --Economic and political conditions in international markets, including civil unrest, governmental changes and restrictions on the ability to transfer capital across borders.

- --The Company's ability to penetrate developing and emerging markets, which also depends on economic and political conditions, and how well the Company is able to acquire or form strategic business alliances with local bottlers and make necessary infrastructure enhancements to production facilities, distribution networks, sales equipment and technology. Moreover, the supply of products in developing markets must match the customers'

demand for those products, and due to product price and cultural differences, there can be no assurance of product acceptance in any particular market.

- --The effectiveness of the Company's advertising, marketing and promotional programs.

- --The uncertainties of litigation, as well as other risks and uncertainties detailed from time to time in the Company's Securities and Exchange Commission filings.

- --Adverse weather conditions, which could reduce demand for Company products.

- --The Company's ability and the ability of its Key Business Partners (critically important bottlers, customers, suppliers, vendors and public entities such as government regulatory agencies, utilities, financial entities and others) and other third parties to replace, modify or upgrade computer systems in ways that adequately address the Year 2000 problem. Given the numerous and significant uncertainties involved, there can be no assurance that Year 2000 related estimates and anticipated results will be achieved, and actual results could differ materially. Specific factors that might cause such material differences include, but are not limited to, the ability to identify and correct all relevant computer codes and embedded chips, unanticipated difficulties or delays in the implementation of Year 2000 project plans and the ability of third parties to adequately address their own Year 2000 issues.

- --The Company's ability to timely resolve issues relating to introduction of the European Union's common currency (the Euro).

The foregoing list of important factors is not exclusive.